Solvency and Financial Condition Report 2021

Zurich Insurance plc

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Zurich Insurance plc ("ZIP") has prepared and is required to disclose this report as an authorised insurance undertaking in accordance with and pursuant to Commission Delegated Regulation (EU) 2015/35 of October 10, 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (as amended and supplemented from time to time) (the "Regulation").

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It should be noted that past performance is not a guide to future performance.

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Any person requiring advice on this report should consult an independent advisor.

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Zurich Insurance plc

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All amounts in the Solvency and Financial Condition Report, unless otherwise stated, are shown in Euros, rounded to the nearest thousand or million, with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Glossary of terms used in this report

AOF	Ancillary Own Funds
ALM	Asset and Liability Management
ALMIC	Asset Liability Management and Investment Committee
Board	ZIP Board of Directors
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIFA	Critical or Important Functions or Activities
Company	Zurich Insurance plc
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ENID	Events not in Data
ERM	Enterprise Risk Management
EY	Ernst and Young
FCR	Financial Condition Report (Swiss regulation)
FINMA	Swiss Financial Market Supervisory Authority
FRNs	Floating Rate Notes
GAAP	Generally Accepted Accounting Principles
Group	Zurich Insurance Group
HR	Human Resources
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
LACDT	Loss Absorbing Capacity of Deferred Taxation
LTIP	Long Term Incentive Plans
Man Made Cat	Man-made catastrophe
MCBS	Market Consistent Balance Sheet
MCR	Minimum Capital Requirement
Nat Cat	Natural Catastrophe
NED	Non-Executive Director
NEP	Net Earned Premium
ORC	Operational Risk Committee
ORSA	Own Risk and Solvency Assessment
Own Funds	Available financial resources under Solvency II rules
PRA	Prudential Regulation Authority
QRTs	Quantitative Reporting Templates
RACE	Risk and Control Engine
RCC	Risk and Control Committee
Repos	Sale and Repurchase transactions
SAA	Strategic Asset Allocation
SCR	Solvency Capital Requirement
SF	Standard Formula
SFCR	Solvency and Financial Condition Report
SST	Swiss Solvency Test
STIP	Short Term Incentive Plans
TDS	Top Down Scenario
TPR	Temporary Permissions Regime
TRP	Total Risk Profiling
UPR	Unearned Premium Reserve
ZBAG	Zürich Beteiligungs-Aktiengesellschaft (Deutschland)
ZHIL	Zurich Holding Ireland Limited
ZIC	Zurich Insurance Company Ltd
ZIG	Zurich Insurance Group Ltd
ZIP	Zurich Insurance plc
ZIP HO	Zurich Insurance plc Head Office
ZRR	Zurich Group Remuneration Rules

Executive Summary

Overview

Zurich Insurance plc ("ZIP" or the "Company") is an insurance company headquartered in Dublin. The Company offers a broad range of non-life insurance products and services to a wide variety of retail and commercial customers. ZIP writes business in the domestic market in Ireland and out of 12 regulated branches established in Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden and UK.

The Company is regulated by the Central Bank of Ireland ("CBI") under the Solvency II framework, which applies across the European Economic Area ("EEA"). In addition, since December 31, 2020, the UK branch is also subject to regulation by the Prudential Regulation Authority ("PRA").

ZIP is an indirect wholly owned subsidiary of Zurich Insurance Company Ltd ("ZIC") the principal operating company in the Zurich Insurance Group (the "Group"), with headquarters in Zurich, Switzerland. ZIC is a wholly-owned subsidiary of Zurich Insurance Group Ltd, a company listed on the Swiss SIX Stock Exchange.

Financial strength

The Solvency II framework requires that the Company holds economic capital to cover the impact of a 1 in 200 year adverse event/series of adverse events. This is known as the Solvency Capital Requirement ("SCR"). The SCR for the Company is measured using an Internal Model which has been approved for use by the CBI.

The SCR ratio of the Company at December 31, 2021 was 163% (December 31, 2020: 137%). This ratio represented surplus funds of EUR 1,185m in excess of the SCR.

At December 31, 2021 the financial strength of ZIP was rated "AA" by Standard & Poors and "A+" by A.M. Best.

The Zurich Group manages its capital to maximise long-term shareholder value while maintaining financial strength within its "AA" target range, and meeting regulatory, solvency and rating agency requirements.

Strategy

The Company's strategic ambition is to become the preferred insurer for its retail customers and to be the leader in underwriting capabilities and customer focus in the commercial sector. The Company's strategy is to focus on customers, simplify its business and innovate to meet customer expectations.

The strategy of the Company builds on its unique footprint, its solid financial position, its balanced portfolio, its trusted brand and the skills, strengths and expertise of its people. The Company targets profitable growth and aims to improve the portfolio quality. It continues to sharpen its focus on customers, putting them at the core of the business to build long-term relationships and increase customer satisfaction and retention.

There were no material changes to the business profile of the Company during 2021.

Significant business or other events with a material impact on the Company during 2021

Brexit

The UK formally withdrew from the Single Market and Customs Union on January 31, 2020. A transition period then commenced until December 31, 2020. During the transition period, the regulatory landscape for the ZIP UK business was unchanged. The Temporary Permissions Regime ("TPR") commenced in the UK on January 1, 2021, for an expected period of 3 years. The ZIP UK Branch has been authorised by the UK Prudential Regulation Authority ("PRA") to continue its operations during the TPR. During the TPR, the ZIP UK branch will be subject to certain requirements defined by the PRA, in parallel to the CBI requirements for the entire business of the Company. The Company is working with the wider Zurich Group towards an end state solution for its UK business to be in place prior to the end of the TPR to ensure compliance with relevant regulatory requirements and achieve good customer outcomes. As part of this end state solution the Company plans to execute a portfolio transfer of its UK business to a UK branch of Zurich Insurance Company Ltd.

COVID-19

The COVID-19 pandemic continued through 2021 with a range of public health measures taken across the countries in which ZIP operates. The roll out of the vaccines has allowed the easing of societal restrictions and an economic rebound in 2021. Management has considered the effect of COVID-19 to the extent possible in its estimates and assumptions. Specifically, insurance liabilities reflect management's best estimate of the latest claims activity directly related to COVID-19 as well as ongoing legal proceedings.

Ukraine

ZIP has very limited direct exposure to Russia and Ukraine. The Company is committed to fully complying with all relevant sanctions regimes. Current volatility in financial markets is being monitored closely.

Executive Summary (continued)

Business and Performance (Section A)

The net earned premium ("NEP") in 2021 was EUR 3,204m, resulting in a net profit before tax of EUR 85m under Irish Generally Accepted Accounting Principles ("GAAP"). After tax charges of EUR 58m, the net profit after tax was EUR 26m.

Underwriting result by geography:

Underwriting profits were EUR 85m in 2021, compared to a loss of EUR 21m in 2020, driven by higher premium income across most branches, particularly in the UK, lower current year claims (as the result in 2020 was adversely impacted by COVID-19 related claims) and a reduced volume of large claim events. This was partly offset by an increase in natural catastrophe and weather related claims in Germany and Spain.

Underwriting result by line of business:

Underwriting profits were EUR 85m in 2021, compared to a loss of EUR 21m in 2020 due to higher profits in Property and General Liability offset by lower profits in Motor lines of business. Property reported higher premium income and lower current year claims (the result in 2020 was adversely impacted by COVID-19 related claims), partially offset by an increase in natural catastrophe and weather related claims. General Liability reported higher premium income and lower current year losses (the result in 2020 was adversely impacted by COVID-19 related claims). The Motor lines of business reported a higher volume of claims in 2021; the result in 2020 benefitted from a reduced claims frequency arising from COVID-19.

Investment return:

The investment return for 2021 was a profit of EUR 58m, which comprised of investment income of EUR 147m and capital losses of EUR 88m.

The investment income in 2021 decreased compared to 2020, largely due to a reduction in the income generated by equity securities. This was driven by a reduction in dividend income from subsidiary companies.

Capital losses in 2021 were incurred on the holdings of debt securities, driven by rising yields. Capital gains arose in 2020, driven by the value of debt securities. These gains were partly offset due to equity market performance in the early part of 2020. An equity hedge instrument was entered into with ZIC in May 2020 to mitigate the risk from changes in the value of equity securities. The equity hedge was substantially reduced in the second half of 2021.

System of Governance (Section B)

The ZIP Board of directors (the "Board") directs all aspects of the business and sets the corporate objectives and strategy to achieve them.

The Board meets on a regular basis, with the meetings normally held in the Head Office in Dublin. However, in 2021, all meetings were held remotely due to the impact of COVID-19 restrictions. The head office management team is based in Dublin and together with the managers in each ZIP branch are responsible for implementing the strategy of the Company.

The Board has the ultimate responsibility for compliance with applicable regulatory requirements. The Board has established an extensive system of governance, which includes risk management and internal control systems together with a number of committees and key functions (Internal Audit, Actuarial, Compliance and Risk Management), to ensure the sound and prudent management of the Company's business.

The Company employs a "three lines of defence" model that allows the key functions to review and independently challenge the running of the business, and report findings to the Board and other committees.

There were no material changes to the system of governance during 2021.

Executive Summary (continued)

Risk Profile (Section C)

The current material risks for the Company are:

- Underwriting risk: The risk of loss arising from unexpected high frequency or severity of insurance claims
- Market risk: The risk of unexpected loss arising from adverse financial market movements
- Credit risk: The risk of loss arising from counterparties failing to fulfil their financial obligations
- Operational risk: The risk of unexpected loss arising from the failure of internal processes, personnel or systems, or from unexpected external events
- Expense risk: The risk of loss arising from adverse movement in the ratio of operating expenses to business volume
- Pension risk: The risk of fluctuations in the net asset values of defined benefit pension schemes

These risks are measured using the Internal Model (which has been approved for use by the CBI under Solvency II), and are managed and mitigated in line with the stated appetite, under the risk management system.

In addition to the above risks, the other material risks for the Company are liquidity risk, strategic risk and reputation risk. These are not measured by the Internal Model, however are managed under the risk management system. As regards strategic risks, management has a process in place to identify and monitor these risks on an ongoing basis.

Risk concentrations exist in certain areas, such as exposure to insurance claims that may arise from natural and man-made catastrophe events, exposure to external factors such as inflation, and exposure to default risk with Group counterparties. These risk concentrations are monitored and mitigated by management actions as deemed necessary. An example is the reinsurance purchased against the impact of catastrophe events.

There were no material changes to the risk profile during 2021.

COVID-19

ZIP continues to monitor risks related to and resulting from COVID-19, and remains positioned to identify a range of mitigants in response to future developments.

Valuation for Solvency Purposes (Section D)

The Solvency II net assets at December 31, 2021 were EUR 2,721m, compared with Irish Generally Accepted Accounting Principles ("GAAP") net assets of EUR 2,783m.

There was no change during 2021 in the approach by the Company to valuing assets and liabilities according to both Solvency II and GAAP valuation principles. In addition to valuation differences, there are also a number of classification differences between Solvency II and GAAP.

Capital Management (Section E)

The Solvency Capital Requirement ("SCR") ratio for the Company at December 31, 2021 was 163%. The eligible Own Funds (details below) were EUR 3,053m compared to the SCR of EUR 1,868m.

Own Funds

Economic profits generated during 2021 were EUR 251m, offset by a dividend paid of EUR 135m resulting in an increase in Own Funds during the year of EUR 116m, to EUR 3,053m.

Under Solvency II, the Own Funds are classified in 3 Tiers (Tier 1 being the highest quality), based on defined criteria.

At December 31, 2021 an amount of EUR 2,718m was classified as Tier 1 Own Funds, an amount of EUR 228m was classified as Tier 2 Own Funds and an amount of EUR 107m was classified as Tier 3 Own Funds.

No Solvency II transitional measures were availed of and there was no benefit taken for the Solvency II matching or volatility adjustment, in the valuation of Own Funds as at December 31, 2021.

SCR

The Solvency Capital Requirement ("SCR") value at December 31, 2021 was EUR 1,868m (December 31, 2020: EUR 2,143m). This value reflects the risk profile of the Company.

There was no incidence of non-compliance with SCR coverage during 2021.

MCR

The Minimum Capital Requirement ("MCR") value at December 31, 2021 was EUR 840m and the MCR ratio at December 31, 2021 was 323%. Only the Tier 1 Own Funds were eligible to cover the MCR.

There was no incidence of non-compliance with MCR coverage during 2021.

Information on the SFCR

1. Requirements for the SFCR

Solvency II applies to all insurance companies and groups regulated in the European Union. A primary aim of Solvency II is to provide a risk-based approach to calculating and monitoring the required levels of capital for insurance companies. Insurance companies are required to produce a publicly available Solvency and Financial Condition Report ("SFCR") to assist customers and other stakeholders in understanding the types of business written, how the business is managed and the overall financial condition of the Company, including the regulatory capital position.

For insurance companies regulated by the Central Bank of Ireland ("CBI"), the Solvency and Financial Condition Report is produced in accordance with Article 52 of Statutory Instrument 485 of 2015, Articles 290 to 303 of Commission Delegated Regulation (EU) 2015/35 and the EIOPA guidelines on reporting and public disclosure (B05-15-109).

Included in the Appendix to this report are those Quantitative Reporting Templates ("QRTs") for year ended December 31, 2021, as required to be included according to Article 5 of Commission Implementing Regulation (EU) 2015/2452.

2. Note on auditability

The following QRTs were audited by Ernst and Young ("EY"):

- Balance Sheet (S02.01.02)
- Life and Health SLT Technical Provisions (S12.01.02)
- Non-life Technical Provisions (S17.01.02)
- Non-life Insurance Claims Information (S19.01.21)
- Own Funds (S23.01.01)

In accordance with the CBI's Requirement for External Audit of Solvency II Regulatory Returns/Public Disclosures, narrative sections of this report (sections D and E.1) were reviewed by the statutory auditors EY for consistency with the related QRTs.

3. Note on materiality

Information disclosed is considered as material if its omission or misstatement could influence the decision-making or the judgment of the users of the document, including the CBI.

4. Approval of the Solvency and Financial Condition Report

This report was reviewed and approved by the Board on March 31, 2022.

A. Business and Performance

A.1 Business profile

Zurich Insurance plc ("ZIP" or the "Company") is a non-life insurance company headquartered in Dublin.

ZIP is the principal legal entity of the Zurich Group for writing non-life insurance business in Europe.

ZIP writes business in the domestic market in Ireland and out of 12 regulated branches established in Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden and UK. From December 31, 2020, the UK branch is deemed authorised by the UK Prudential Regulation Authority to continue its operations under the Temporary Permissions Regime ("TPR"). The TPR has an expected duration of 3 years. Whilst in the TPR, the ZIP UK branch is subject to certain local requirements defined by the Prudential Regulation Authority ("PRA"), in parallel to the Central Bank of Ireland ("CBI") requirements that apply to the entire business of the Company.

Zurich Group

ZIP is an indirect wholly owned subsidiary of Zurich Insurance Company Ltd ("ZIC"), the principal operating company in the Zurich Insurance Group (the "Group") with headquarters in Zurich, Switzerland. ZIC is a wholly-owned subsidiary of Zurich Insurance Group Ltd ("ZIG"), a company listed on the Swiss SIX Stock Exchange.

Description of the holders of qualifying holdings in excess of 10% in the Company:

Table 1 Qualifying holdings (in excess 10%)

Name of entity with a qualifying holding in ZIP	Country of incorporation	Shareholding & voting power
Direct		
Zurich Holding Ireland Limited	Ireland	70.41%
Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	Germany	25.07%
Indirect		
Zurich Insurance Company Ltd	Switzerland	100%
Zurich Insurance Group Ltd	Switzerland	100%

A simplified structure chart showing the positioning of ZIP within the legal structure of the Group is shown in Chart 1. This chart also notes the publicly available reports on solvency and financial condition across the Group.

Name and contact details of the supervisory authority for the Company

ZIP is authorised by the CBI, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

Name and contact details of the supervisory authority for the Group

Group supervision of Zurich Insurance Group Ltd and its subsidiaries is carried out by the Swiss Financial Market Supervisory Authority ("FINMA") (Address: Laupenstrasse 27, 3003 Berne, Switzerland).

Name and contact details of the external auditor for the Company

Ernst and Young ("EY"), Ireland, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

List of material related undertakings including the name, legal form, country, proportion of ownership interest held and, if different, proportion of voting rights held

The list of ZIP's material subsidiaries at December 31, 2021, was as follows.

Table 2 Material related undertakings

Name of Related Undertaking	Activity	Legal Form	Country of incorporation	Shareholding and voting power
Wrightway Underwriting Limited	Underwriting agency	Limited Company	Ireland	100%
Serviaide S.A. Sociedad Unipersonal	Service provider to companies in Zurich	Limited Company	Spain	100%
Servizurich S.A. Sociedad Unipersonal	Service provider to companies in Zurich	Limited Company	Spain	100%
Zurich Engineering Inspection Services Ireland Limited	Provider of statutory engineering risk inspection services to Zurich clients	Limited Company	Ireland	100%

A detailed structure chart showing all the shareholdings of ZIP in other Zurich Group companies is shown in Chart 2.

Material lines of business and material geographical areas where business is carried out

Approximately 81% of the business is written through the branches in UK, Germany, Italy and Spain.

A. Business and Performance (continued)

The major lines of business written by ZIP are as follows:

- Fire and other damage to property
- Motor vehicle liability
- General liability
- Motor vehicle non-liability

Any significant business or other events that have occurred with material impact on ZIP

Brexit

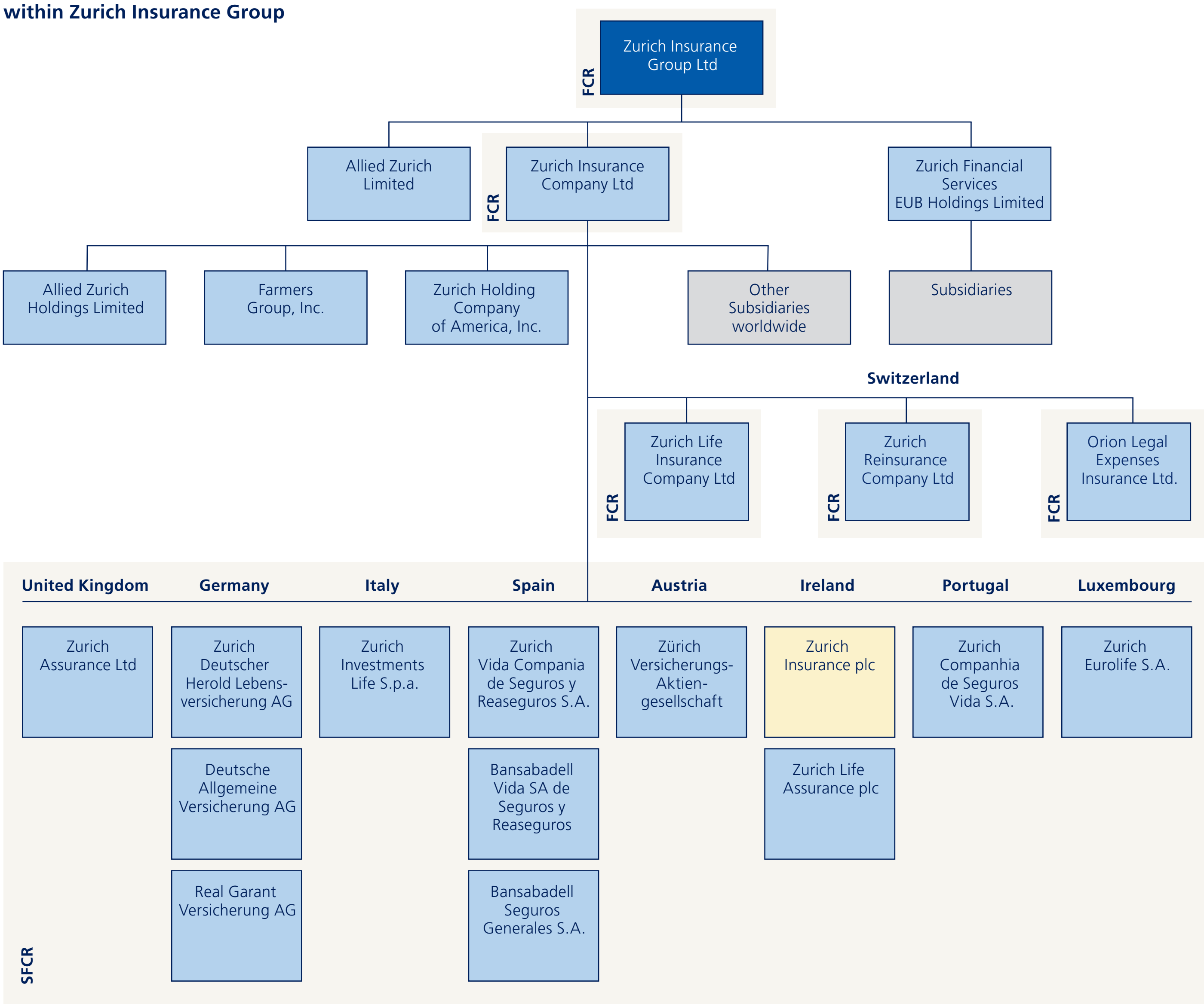
The UK formally withdrew from the Single Market and Customs Union on January 31, 2020. A transition period then commenced until December 31, 2020. During the transition period, the regulatory landscape for the ZIP UK business was unchanged. The TPR commenced in the UK on January 1, 2021, for an expected period of 3 years. The ZIP UK Branch has been authorised by the UK Prudential Regulation Authority ("PRA") to continue its operations during the TPR. During the TPR, the ZIP UK branch will be subject to certain requirements defined by the PRA, in parallel to the CBI requirements for the entire business of the Company. The Company is working with the wider Zurich Group towards an end state solution for its UK business to be in place prior to the end of the TPR to ensure compliance with relevant regulatory requirements and achieve good customer outcomes. As part of this end state solution the Company plans to execute a portfolio transfer of its UK business to a UK branch of Zurich Insurance Company Ltd.

COVID-19

The COVID-19 pandemic continued through 2021 with a range of public health measures taken across the countries in which ZIP operates. The roll out of the vaccines has allowed the easing of societal restrictions and an economic rebound in 2021. Management has considered the effect of COVID-19 to the extent possible in its estimates and assumptions. Specifically, insurance liabilities reflect management's best estimate of the latest claims activity directly related to COVID-19 as well as ongoing legal proceedings.

A. Business and Performance (continued)

Chart 1: Public reporting on solvency and financial condition within Zurich Insurance Group



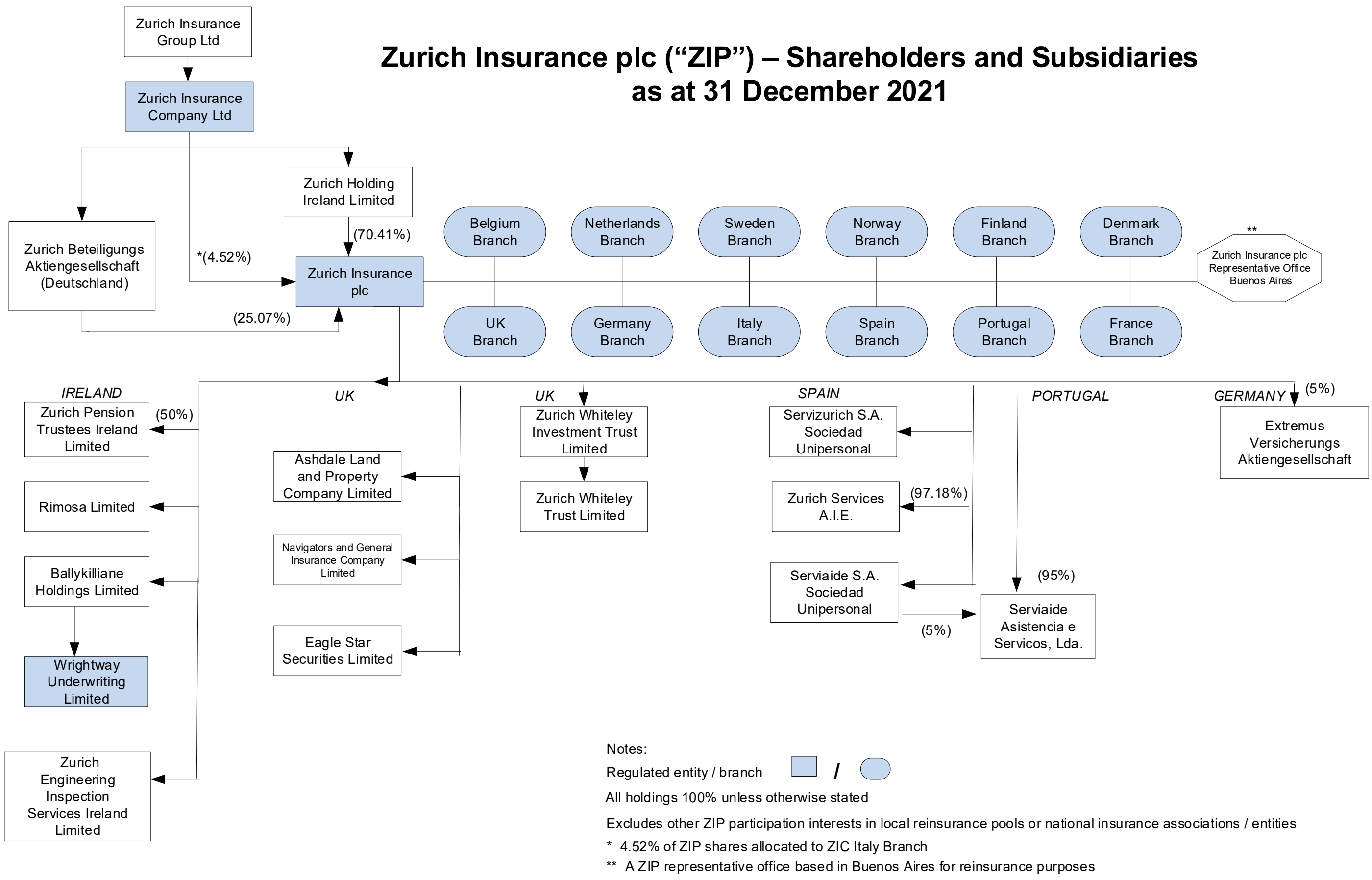
SFCR: Solvency and Financial Condition Report (Solvency II; from 2016) **FCR:** Financial Condition Report (Swiss regulation; from 2017)

Subsidiary Group of subsidiaries Current disclosure

Note: The purpose of the chart above is to provide a simplified overview of the Group's major subsidiaries (as reported at December 31, 2021), with special focus on the public reporting of their solvency and financial condition. Please note that this is a simplified representation showing entities that must publish such a report and therefore it may not comprehensively reflect the detailed legal ownership structure of the entities included in the overview. The ordering of the legal entities under each country is not indicative of ownership; these are independent legal entities.

A. Business and Performance (continued)

Chart 2: ZIP shareholders and subsidiaries



A. Business and Performance (continued)

A.2 Underwriting performance

Overview of financial performance

The values reported in Section A are prepared under Irish Generally Accepted Accounting Principles ("GAAP") for the year ended December 31, 2021. Underwriting profits were EUR 85m (2020: EUR 21m loss). The investment return was EUR 58m (2020: EUR 187m) and other income was EUR 1m (2020: EUR 1m). The total of other charges, interest and tax was EUR 118m (2020: EUR 172m). The resulting net profit after tax was EUR 26m (2020: EUR 5m loss).

The tables below detail the performance by location in 2021, the corresponding results for 2020, and a variance analysis.

Table 3 Underwriting performance by geographical location – 2021

in EUR thousands for 2021	UK	Germany	Italy	Spain	Other	Total
Net Earned Premiums	1,101,328	748,645	535,954	382,221	436,245	3,204,393
Net Claims Incurred	(679,751)	(580,989)	(346,073)	(277,744)	(315,021)	(2,199,578)
Other Technical Income	15,377	11,660	73	997	2,434	30,541
Technical Expenses	(361,633)	(228,987)	(138,132)	(158,987)	(62,758)	(950,497)
Underwriting Result	75,321	(49,671)	51,822	(53,513)	60,900	84,859
Investment Return	7,890	56,242	43,942	28,928	(78,585)	58,417
Other Income	297	120	581	(179)	(63)	756
Other Charges	(28,714)	(6,758)	(4,278)	(9,480)	(7,542)	(56,772)
Interest	(1,439)	(8)	(352)	(210)	(1,212)	(3,221)
Tax	(15,463)	5,558	(50,041)	17,722	(15,358)	(57,582)
Net Income after Tax	**37,892**	**5,483**	**41,674**	**(16,732)**	**(41,859)**	**26,458**

Table 4 Underwriting performance by geographical location – 2020

in EUR thousands for 2020	UK	Germany	Italy	Spain	Other	Total
Net Earned Premiums	969,119	727,010	521,512	367,284	394,531	2,979,456
Net Claims Incurred	(686,358)	(514,785)	(345,788)	(243,721)	(290,671)	(2,081,323)
Other Technical Income	19,744	7,980	34	3,028	2,663	33,449
Technical Expenses	(334,637)	(230,818)	(153,953)	(160,612)	(72,234)	(952,254)
Underwriting Result	(32,132)	(10,613)	21,805	(34,021)	34,289	(20,672)
Investment Return	133,712	57,222	21,628	31,422	(56,721)	187,263
Other Income	(133)	114	326	(50)	258	515
Other Charges	(99,308)	(31,238)	(871)	(4,622)	1,937	(134,102)
Interest	(1,385)	(29)	(687)	(262)	(1,431)	(3,794)
Tax	(4,398)	(11,226)	(21,791)	2,993	230	(34,192)
Net Income after Tax	**(3,644)**	**4,230**	**20,410**	**(4,540)**	**(21,438)**	**(4,982)**

A. Business and Performance (continued)

Table 5 Underwriting performance by geographical location – Variance

variance in EUR thousands	UK	Germany	Italy	Spain	Other	Total
Net Earned Premiums	132,209	21,635	14,442	14,937	41,714	224,937
Net Claims Incurred	6,607	(66,204)	(285)	(34,023)	(24,350)	(118,255)
Other Technical Income	(4,367)	3,680	39	(2,031)	(229)	(2,908)
Technical Expenses	(26,996)	1,831	15,821	1,625	9,476	1,757
Underwriting Result	107,453	(39,058)	30,017	(19,492)	26,611	105,531
Investment Return	(125,822)	(980)	22,314	(2,494)	(21,864)	(128,846)
Other Income	430	6	255	(129)	(321)	241
Other Charges	70,594	24,480	(3,407)	(4,858)	(9,479)	77,330
Interest	(54)	21	335	52	219	573
Tax	(11,065)	16,784	(28,250)	14,729	(15,588)	(23,390)
Net Income after Tax	**41,536**	**1,253**	**21,264**	**(12,192)**	**(20,422)**	**31,439**

The net profit after tax for 2021 was EUR 31m favourable to the result for 2020. The underwriting result in 2021 was a profit of EUR 85m which was EUR 106m favourable to the result in 2020. The investment return in 2021 was EUR 58m which was EUR 129m lower than the result in 2020. The total of other income/charges and interest was EUR 78m favourable to the corresponding result for 2020. The tax charge in 2021 was higher by EUR 23m compared to 2020.

Underwriting performance

Total net earned premium was EUR 3,204m in 2021, EUR 225m higher than in 2020 with increases across most branches.

As shown above, the underwriting result was EUR 106m favourable compared to 2020 driven by the higher net earned premiums, particularly in the UK, lower current year claims (as the result in 2020 was adversely impacted by COVID-19 related claims) and a reduced volume of large claims events.

Investment performance

The investment return was EUR 58m in 2021, EUR 129m lower than the 2020 result. The investment return in 2021 comprised investment income of EUR 147m and capital losses of EUR 88m. Capital losses in 2021 were incurred on the holdings of debt securities driven by rising yields. These losses were partly offset by gains generated from the exposure to real estate and equities. Capital gains arose in 2020, driven by the value of debt securities. These gains were partly offset due to equity market performance in the early part of 2020. An equity hedge instrument was entered into with ZIC in May 2020 to mitigate the risk from changes in the value of equity securities. The equity hedge was substantially reduced in the second half of 2021.

Underwriting performance by geographic location

Drivers of underwriting performance, particular to certain branches, are further analysed below.

UK

There was an underwriting profit of EUR 75m in 2021, EUR 107m favourable to the result in 2020. This was driven by higher net earned premiums, lower current year claims (as the result in 2020 was adversely impacted by COVID-19 related claims) and a reduced volume of large claims events. This was offset by a lower level of favourable development in the value of the claims for prior year claims events and higher technical expenses.

Germany

There was an underwriting loss of EUR 50m in 2021, EUR 39m adverse to the result in 2020. This was driven by an increase in weather related claims due to flooding events, partly offset by higher net earned premiums, a higher level of favourable development in the value of the claims for prior year claims events, a reduced volume of large claims events and lower technical expenses.

Italy

There was an underwriting profit of EUR 52m in 2021, EUR 30m favourable to the result in 2020. This was driven by higher net earned premiums, lower technical expenses, a higher level of favourable development in the value of claims for prior year claims events and reduced weather related claims, offset by a higher volume of claims; the result in 2020 benefitted from reduced claims frequency during COVID-19 lockdown periods.

A. Business and Performance (continued)

Spain

There was an underwriting loss of EUR 54m in 2021, EUR 19m adverse to the result in 2020. This was driven by an increase in weather related claims, an increase in the volume of large claims events, a lower level of favourable development in the value of the claims for prior year claims events and a higher volume of claims; the result in 2020 benefitted from reduced claims frequency arising from COVID-19. This was offset by higher net earned premiums and lower technical expenses.

Other locations

There was an underwriting profit of EUR 61m in 2021, EUR 27m favourable to the result in 2020. The result in 2021 benefitted from higher net earned premium, offset by an increase in claims incurred.

Underwriting performance by line of business

The tables below detail the performance by line of business in 2021, the corresponding results for 2020 and a variance analysis.

Table 6 Underwriting performance by line of business – 2021

in EUR thousands for 2021	Fire and other damage to property	Motor vehicle liability	General liability	Motor vehicle (non-liability)	Other	Total
Net Earned Premiums	1,124,787	650,735	701,128	369,676	358,067	3,204,393
Net Claims Incurred	(798,691)	(476,369)	(446,074)	(278,154)	(200,290)	(2,199,578)
		–	–			
Other Technical Income	11,031	3,497	5,037	2,394	8,582	30,541
		–	–			
Technical Expenses	(434,361)	(126,651)	(167,675)	(80,667)	(141,145)	(950,499)
		–	–			
Underwriting Result	(97,234)	51,212	92,416	13,249	25,216	84,859

Table 7 Underwriting performance by line of business – 2020

in EUR thousands for 2020	Fire and other damage to property	Motor vehicle liability	General liability	Motor vehicle (non-liability)	Other	Total
Net Earned Premiums	1,038,182	620,314	602,208	358,698	360,054	2,979,456
Net Claims Incurred	(843,198)	(420,769)	(370,718)	(220,638)	(226,000)	(2,081,323)
		–	–			
Other Technical Income	17,031	3,301	5,536	2,127	5,454	33,449
		–	–			
Technical Expenses	(413,399)	(128,790)	(166,435)	(89,560)	(154,070)	(952,254)
		–	–			
Underwriting Result	(201,384)	74,056	70,591	50,627	(14,562)	(20,672)

Table 8 Underwriting performance by line of business – Variance

variance in EUR thousands	Fire and other damage to property	Motor vehicle liability	General liability	Motor vehicle (non-liability)	Other	Total
Net Earned Premiums	86,605	98,920	30,421	10,978	(1,987)	224,937
Net Claims Incurred	44,507	(75,356)	(55,600)	(57,516)	25,710	(118,255)
Other Technical Income	(6,000)	(499)	196	267	3,128	(2,908)
Technical Expenses	(20,962)	(1,240)	2,139	8,893	12,925	1,755
Underwriting Result	104,150	21,825	(22,844)	(37,378)	39,776	105,529

Fire and other damage to property

There was an underwriting loss of EUR 97m in 2021, EUR 104m favourable to the result in 2020, driven by higher net earned premiums and lower current year claims, as the result in 2020 was adversely impacted by an increased level of business interruption claims arising from COVID-19. The result in 2021 was adversely impacted by weather related claims due to natural catastrophe and weather related events and higher technical expenses.

A. Business and Performance (continued)

Motor vehicle (liability)

There was an underwriting profit of EUR 51m in 2021, EUR 22m adverse to the result in 2020, driven by a higher volume of claims; the result in 2020 benefitted from a reduced volume of claims arising from COVID-19. The result in 2021 was positively impacted by higher net earned premiums and lower technical expenses.

General liability

There was an underwriting profit of EUR 92m in 2021, EUR 23m favourable to the result in 2020. The result in 2021 benefited from higher net earned premiums and a lower level of claims for current year business (the result in 2020 was adversely impacted by COVID-19 related claims), offset by a lower level of favourable development in the value of the claims for prior year claims events.

Motor vehicle (non-liability)

There was an underwriting profit of EUR 13m in 2021, EUR 37m adverse to the result in 2020, driven by a higher volume of claims; the result in 2020 benefitted from a reduced volume of claims arising from COVID-19. The result in 2021 was positively impacted by higher net earned premiums and lower technical expenses.

Other lines of business

There was an underwriting profit of EUR 25m in 2021, EUR 40m favourable to the result in 2020. The result in 2021 was driven by a lower level of claims for current year business and lower technical expenses. This was offset by a lower level of favourable development in the value of the claims for prior year claims events and lower net earned premiums.

A.3 Investment performance

The tables below detail the investment performance in 2021, the corresponding performance for 2020 and a variance analysis.

Table 9 Investment Performance – 2021

in EUR thousands for 2021	Investment Income	Gains/losses	Total Result
Cash and Cash Equivalents	(30)	–	(30)
Equities	9,802	(53,552)	(43,750)
Debt Securities (including preference shares)	105,832	(99,675)	6,157
Real Estate Held for Investment	40,230	68,558	108,788
Mortgage Loans	207	–	207
Other Loans	7,164	(23)	7,141
Other Investments	–	(3,672)	(3,672)
Investment result, gross	163,205	(88,364)	74,841
Investment expenses	(16,424)	–	(16,424)
Investment result, net	146,781	(88,364)	58,417

Table 10 Investment Performance – 2020

in EUR thousands for 2020	Investment Income	Gains/losses	Total Result
Cash and Cash Equivalents	16	–	16
Equities	19,036	(71,757)	(52,721)
Debt Securities (including preference shares)	108,458	94,282	202,740
Real Estate Held for Investment	42,288	(569)	41,719
Mortgage Loans	9	–	9
Other Loans	11,875	(838)	11,037
Other Investments	–	1,263	1,263
Investment result, gross	181,682	22,381	204,063
Investment expenses	(16,800)	–	(16,800)
Investment result, net	164,882	22,381	187,263

A. Business and Performance (continued)

Table 11 Investment Performance – Variance

variance in EUR thousands	Investment Income	Gains/losses	Total Result
Cash and Cash Equivalents	(46)	–	(46)
Equities	(9,234)	18,205	8,971
Debt Securities (including preference shares)	(2,626)	(193,957)	(196,583)
Real Estate Held for Investment	(2,058)	69,127	67,069
Mortgage Loans	198	–	198
Other Loans	(4,711)	815	(3,896)
Other Investments	–	(4,935)	(4,935)
Investment result, gross	(18,477)	(110,745)	(129,222)
Investment expenses	376	–	376
Investment result, net	(18,101)	(110,745)	(128,846)

Investment performance is dependent on financial markets.

COVID-19

The distribution of vaccines and the easing of lockdowns resulted in an economic rebound during 2021. Despite the challenge presented by the emergence of new variants, global gross domestic product grew, completing the transition from recovery to expansion.

Key points to note in relation to the investment performance by asset class in 2021:

Equities

There was an improvement in the investment performance compared to 2020. In 2020 capital losses were incurred as a result of equity market falls in the early part of the year. An equity hedge instrument was entered into with ZIC in May 2020 to mitigate the risk from changes in the value of the holdings of equity securities. The equity hedge was substantially reduced in the second half of 2021.

Debt securities (including preference shares)

There was a marginal decrease in investment income compared to 2020. Capital losses in 2021 were driven by higher yields during the year as a result of inflation concerns and less accommodative fiscal policies announced by the major Central Banks. Capital gains were achieved in 2020 due to lower credit spreads and yield compression.

Real estate

Real estate income is presented net of operating expenses. There was a decrease in income compared to 2020. Capital gains in 2021 were driven by rising market values.

Other loans

This section includes investments in infrastructure private debt securities and affiliated loans. During 2021, the Company increased its exposure to infrastructure debt and initiated a European middle-market loans mandate.

Other investments

This largely relates to the performance of currency hedge instruments. Gains in 2021 and 2020 were offset by losses on the underlying assets.

Investment expenses

The expenses incurred were marginally higher in 2021 compared to 2020. Investment expenses are reported at an aggregate level, excluding real estate expenses, and are not allocated by asset class.

Note on securitised investments

Asset backed securities of EUR 545m were held at December 31, 2021, compared to EUR 460m held at December 31, 2020. The valuation reflects the fair value of those securities, based on quoted prices where available or alternatively based on recognised valuation approaches. The average credit rating of this portfolio was A+. The majority of holdings are the highest AAA grade. Investment guidelines and monitoring controls are in place for the external managers who manage these portfolios, to ensure adherence to the investment strategy of the Company, as approved by the Board.

A.4 Performance of other activities

Other charges of EUR 57m incurred in 2021 related to other provisions, including business reorganisation, litigation costs, and charitable donations.

A tax charge of EUR 58m was incurred by the Company in 2021. This amount was based on the tax charge in each of the 13 countries where the Company has permanent establishments. The tax regulations are different across the 13 countries, reflecting each country's fiscal policies, and this includes variations in the tax rates applied.

(These results can be seen in Table 3 above).

Leasing arrangements

There were no financial lease arrangements as at December 31, 2021.

A number of branches have various operating leases for office space, IT and other equipment. Operating leases were accounted for in line with IFRS16.

A.5 Any additional information

Other than as noted above, no other events occurred in 2021 which had a material impact on the business or performance of the Company.

B. System of Governance

B.1 General information on the system of governance

The Board

The focal point of the Zurich Insurance plc ("ZIP" or the "Company") system of governance is its board of directors (the "Board") which directs all aspects of ZIP's business except where the Board is required, as a matter of law, to refer an issue to ZIP's shareholders. The Board is responsible for effective oversight of ZIP's business. The Board may exercise its own powers or delegate as it deems appropriate to either persons or committees.

The terms of reference of the Board provide that it will, amongst other matters:

- Approve the corporate plans and set the strategy to achieve them
- Ensure that the organisation conducts its affairs in an ethical, legal and responsible manner
- Set and oversee a robust and transparent organisational structure with effective communication and reporting channels
- Set and oversee an adequate and effective internal control framework that includes well-functioning Risk Management, Actuarial, Compliance and Internal Audit functions as well as an appropriate financial reporting and accounting framework
- Set and oversee policies on key areas such as: risk, reserving, compliance, internal audit, outsourcing, fitness and probity, business continuity, accounting, staff remuneration and pensions, board diversity, customer relations and financial, market, liquidity, credit and operational risks and systems
- Set risk appetite and overall risk tolerance limits
- Set and oversee the strategy for the management of material risks including, inter alia, liquidity risk
- Approve material changes to the Internal Model

Committees of the Board

The Board has established the following committees which report directly to it:

- The **Audit Committee** assists the Board in controlling, overseeing and coordinating internal and external audit activities and processes. It also monitors the financial reporting process and reviews the annual financial statements and regulatory filings, as well as overseeing the activities of the Compliance function and reviewing key actuarial reports, including reports on the valuation of the Technical Provisions and sensitivities therein.
- The **Board Risk Committee** serves as a focal point for oversight of the Enterprise Risk Management ("ERM") framework. It reviews current exposures and makes recommendations to the Board on risk appetite and future risk strategy as well as overseeing the Risk Management function.
- The **Nomination Committee** assists and supports the Board in considering personnel matters. It oversees the Human Resources ("HR") process for directors and senior management and, where appropriate, makes recommendations to the Board on HR Strategy and succession planning. The Nomination Committee also plays an active role in diversity and inclusion, including setting targets for Board diversity, monitoring Board succession planning through a diversity lens and monitoring progress made on the strategy and action plans in place for diversity and inclusion (this is a topic which is also considered by the Board).

The Board has elected not to establish a remuneration committee and instead relies on the similar committee which exists at Group level.

Executive Management and Management Committees

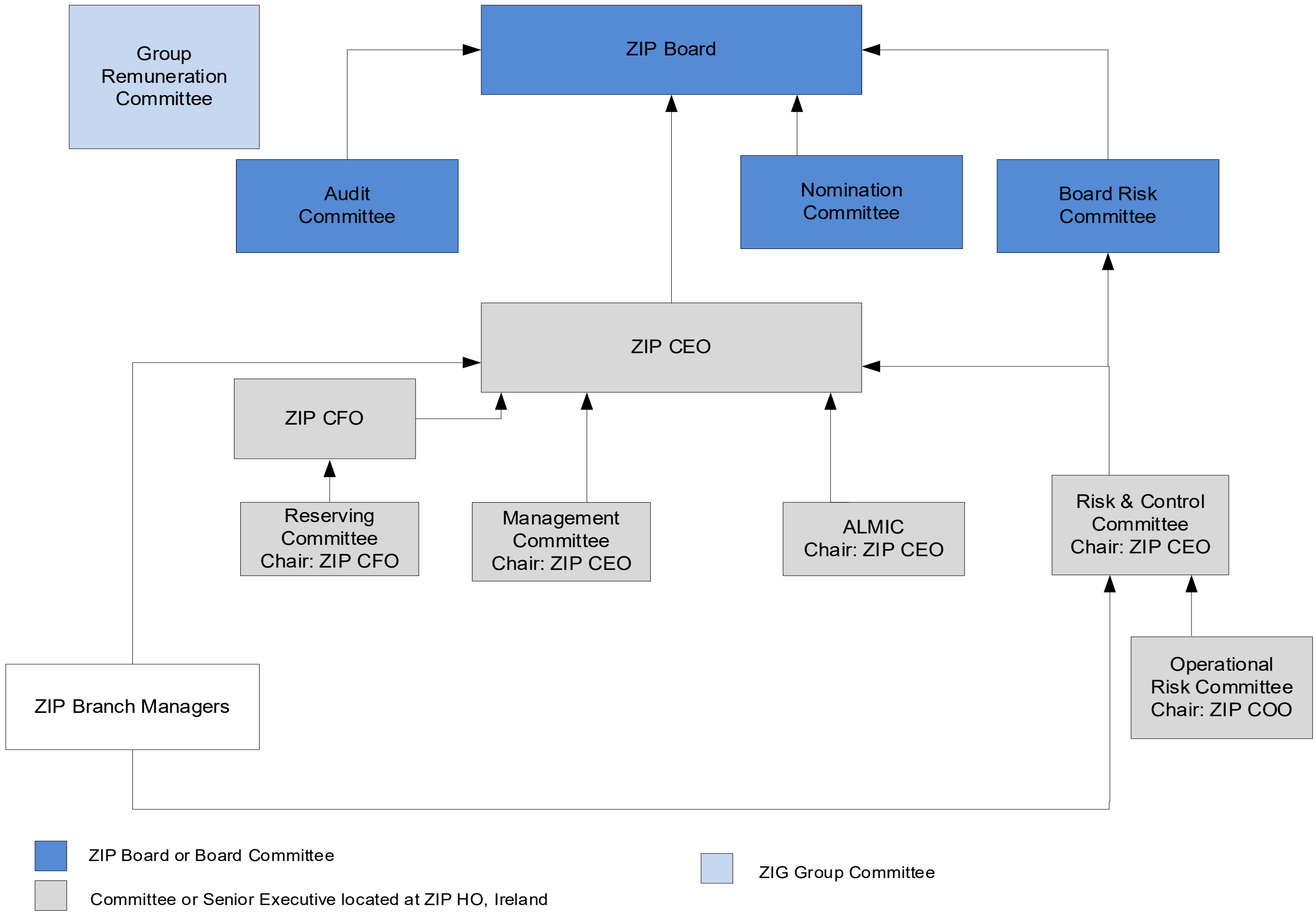
The Board has delegated broad executive powers to the Chief Executive Officer ("CEO") to manage and operate ZIP's business. The following key management committees have been established to assist and support the CEO and other senior management in fulfilling their responsibilities:

- The **Management Committee** assists and supports the CEO in managing and overseeing all the business and operations of ZIP including its branches.
- The **Risk and Control Committee** ("RCC") assists the CEO and members of the Management Committee by providing an integrated assurance forum to manage, control, oversee and coordinate risk management, compliance and internal control activities.
- The **Asset Liability Management and Investment Committee** ("ALMIC") assists the CEO and the Chief Financial Officer ("CFO") in managing and overseeing the investment of ZIP's portfolio of investment assets in accordance with the investment strategy.
- The **Reserving Committee** assists the CFO and the Head of Actuarial Function in managing, controlling, overseeing and coordinating ZIP's reserving activities.
- The **Operational Risk Committee** ("ORC") assists the CEO and Chief Risk Officer ("CRO") in managing, controlling, overseeing and coordinating operational risk management and internal control activities.

B. System of Governance (continued)

The governance reporting structure is summarised in the chart below.

Chart 3: Summary corporate governance reporting structures



Key functions

- The **Risk Management** function, led by the CRO is responsible for facilitating the implementation and effective operation of the ERM framework, reporting on risk exposures and making recommendations to the Board on risk appetite and other risk management matters. The Risk Management function is also responsible for the appropriateness of the methodology (and related aspects) of the Internal Model. Further information on the risk management system is contained in section B.3 of this report.
- The **Compliance** function, led by the Chief Compliance Officer, is responsible for being a trusted advisor, enabling the business to manage its compliance risks and providing independent challenge, monitoring and assurance. The Compliance function advises the Board on compliance with laws and regulations, identifies key compliance risks, facilitates and challenges an integrated control framework and assesses the adequacy of measures taken to prevent non-compliance. Further information on the Compliance function is contained in section B.4 of this report.
- The **Internal Audit** function, led by the Head of Internal Audit, is responsible for providing independent and objective assurance to the Board, the Audit Committee and the RCC on the adequacy and effectiveness of ZIP's risk management, internal control and governance processes. Further information on the Internal Audit function is contained in section B.5 of this report.
- The **Actuarial** function, led by the Head of Actuarial Function, is responsible for carrying out the actuarial activities of ZIP, including the provision of regular reports to the Board on the valuation of Technical Provisions. The Actuarial function co-operates closely with the Risk Management function on matters relating to the Internal Model. Further information on the Actuarial function is contained in section B.6 of this report.

Each of the Risk Management, Compliance and Actuarial functions reports to and has access to the Board independent of their own management reporting line (to the CEO or CFO as the case may be), and has the right to receive all relevant information and be appropriately resourced to perform their respective role.

The Internal Audit function is outsourced to the Group Internal Audit function. An appropriate service level agreement is in place to ensure that sufficient resources with appropriate capability and competence are provided to deliver the audits contained in ZIP's approved internal audit plan. If the independence or objectivity of the Internal Audit function is impaired, details of the impairment must be disclosed to the Chairperson of the Audit Committee who will be responsible for reporting it to the Board.

The table below summarises the regularity with which each of these functions report to the Board (and/or Board Committee).

Table 12 ZIP key functions

Function name	Responsible role title	Report mechanism into Board
Risk Management Function	Chief Risk Officer	• Report to the Board Risk Committee (quarterly) • Report to the Board (periodically as required)
Compliance Function	Chief Compliance Officer	• Report to the Audit Committee (quarterly)
Internal Audit Function	Head of Internal Audit	• Report to the Audit Committee (quarterly)
Actuarial Function	Head of Actuarial Function	• Report to the Audit Committee (quarterly) • Report to the Board as required (e.g. annual Actuarial Function report)

Branch governance

A branch manager is appointed, who is responsible for the business and operations in each branch. Each branch manager reports to the CEO.

Branch management committees are in place to assist and support the branch manager to develop, manage and oversee the business of the branch and to implement ZIP's strategy, policies and business plans in the branch.

Branch risk and control committees assist and support the branch manager to manage and oversee the internal audit, risk management, compliance and internal control activities in the branch.

Material changes in the system of governance

There were no material changes to the system of governance during 2021.

Remuneration

The Board has determined that it is appropriate for ZIP to rely on the Group Remuneration Committee rather than establish its own remuneration committee. The Board has reviewed and adopted the Zurich Group Remuneration Rules ("ZRR") as ZIP's remuneration policy without material deviation.

The ZRR establish a balanced and effectively managed remuneration system for employees, which ensures competitive total remuneration opportunities for which the resulting awards are adjusted depending on the results achieved. The short- and long-term incentive plans ("STIP" and "LTIP") aim to align the remuneration architecture with the achievement of key financial objectives, the execution of the business strategy, the risk management framework and the operational plans. The Board is responsible for ensuring that ZIP's remuneration practices do not encourage excessive risk taking.

The variable remuneration is largely determined by the achievements against pre-defined financial and non-financial measures which are aligned with the meeting of strategic objectives. For the most senior employees the remuneration architecture is structured in a way that puts more emphasis on the variable remuneration elements, with a higher weighting on average towards the long-term.

For senior employees, including those individuals who hold positions considered as key risk taker roles, a large proportion of their remuneration is deferred over the long term and is dependent on long-term company performance. The performance based target shares guaranteed under the LTIP only vest if certain performance criteria are met.

Independent non-executive members of the Board receive fixed remuneration as an annual fee which is not subject to the achievement of any specific performance criteria.

Board members and key function holders are, where relevant, members of their respective country pension schemes and all arrangements are subject to the standard rules of those schemes. For Board members and key function holders which are directly employed by the Company, there are no supplementary pension or early retirement arrangements in place. This is aligned with the position for other employees of the Company.

Material transactions with Zurich Group companies during 2021

A number of reinsurance contracts were entered into with Zurich Insurance Company ("ZIC") during the year, the principal arrangements being:

- Quota Share contracts across personal and commercial lines of business
- Reinsurance arrangements to facilitate international programme business
- Non-proportional reinsurance contracts to protect against single large claims events in individual lines of business
- Reinsurance to protect against accumulated claims from natural and man-made catastrophe events
- Reinsurance to protect against adverse development in the liability lines of business

The reinsurance arrangements referred to above were also in place during 2020 with broadly similar terms and conditions.

In January 2021, term loans with ZIC of EUR 368m and GBP 340m matured and the proceeds were invested in term loans of equal amounts with ZIC.

Currency hedge instruments were entered into with ZIC throughout 2021 to mitigate foreign exchange risk. Similar arrangements were in place in 2020.

An equity hedge instrument was entered into with ZIC in May 2020 to mitigate the risk from changes in the value of the holdings of equity securities. The equity hedge was substantially reduced in the second half of 2021.

Where appropriate, intra-group transactions are entered into on terms similar to third-party transactions. Material intra-group transactions are subject to approval by the Board.

B.2 Fit and Proper requirements

Irish insurance companies must be satisfied that persons who perform specified roles comply with the Fitness and Probity Standards which are issued by the Central Bank of Ireland ("CBI"), and the Company fully implements this requirement. In common with all employees of the Company, these persons are required to comply with the Zurich Group's Code of Conduct, which outlines the ethical standards required in carrying out their roles.

The Fitness and Probity Standards apply to people who are likely to significantly influence the conduct of the business of ZIP or who are responsible for ensuring its compliance with relevant obligations. They also apply to people who deal directly with customers, for example in an advisory capacity or with respect to claims and complaints.

The Fitness and Probity Standards require those performing these roles to be competent and capable, honest, ethical, act with integrity and be financially sound.

The Board has approved a Fit and Proper Policy and implemented controls to ensure that it meets these requirements. Checks are carried out in advance of any person being appointed to such a role to obtain:

- Evidence of compliance with certain minimum competency standards
- Evidence of professional qualification(s)
- Evidence of Continuing Professional Development (where applicable)
- References
- Record of previous experience
- Satisfactory checks in relation to CBI records, sanctions, directorships, judgements, bankruptcies

Persons who perform these roles are required to certify annually that they agree to abide by the Fitness and Probity Standards and that they will notify the Company of any material changes to the information previously provided. In the event changes have occurred, the relevant checks will be re-performed to ensure the individual continues to comply with the relevant standards.

A person will neither be appointed to a role nor be allowed to remain in a role unless ZIP is satisfied with the results of the checks carried out.

B.3 Risk management system including the Own Risk and Solvency Assessment

Overview of the risk management system

Taking risk is inherent to the insurance business; however such risk-taking needs to be made in an informed and disciplined manner, and within a pre-determined risk appetite and tolerance. The ERM framework embedded in the system of governance is designed to achieve this objective.

A "three lines of defence" approach is applied across the Company, so that risks are clearly identified, assessed, owned, managed and monitored as follows:

- First line: business managers take risks in carrying out their roles and are responsible for day-to-day risk management
- Second line: the Risk Management function oversees the overall risk management framework, and helps manage risk. Other governance and control functions, such as Compliance and Actuarial, help the business manage and control specific types of risks
- Third line: the Internal Audit function, amongst other duties, provides independent assurance regarding the adequacy and effectiveness of the risk management framework, internal controls and governance processes

Implementation of the risk management system

The Board is responsible for ensuring that the rules and procedures for decision-making are well defined, transparent and supported through appropriate risk management and culture. At least annually the Board approves a risk appetite statement which details the Company's willingness and capacity to accept volatility to achieve its strategic objectives, based on:

- Economic capital adequacy
- Earnings target levels and stability
- Financial flexibility and stability
- Selective risk taking within defined boundaries across material risk types
- A reasonable balance of risk and return, aligned with economic and financial objectives
- Protection of the brand and reputation through promotion and embedding of ZIP and Group values and ethics throughout the organisation

The Board requires periodic assurance from management that its risk management requirements are being met. To achieve this, risk tolerances are approved by the Board at least annually as part of the setting of risk appetite. The risk tolerances define the maximum willingness to take risk, both on an overall basis and also with respect to individual types of risks. The risk tolerances are set with due regard for circumstances that may give rise to increased risk.

The levels of risk exposure against the risk tolerances are measured and reported, both at legal entity and branch level (where appropriate to do so), using metrics defined in ZIP's risk appetite statement. The ERM framework is designed to support decision-making by providing consistent, reliable and timely risk information, thereby protecting the business from undesired deviations from its risk appetite and strategy.

The output from the risk management system, and in particular from the Internal Model, is used across the Company in business decisions such as underwriting, reinsurance purchasing and investment management.

The risk management function

As part of the ERM framework, the Risk Management function coordinates with other functions, including Compliance, Legal, Actuarial and Finance, to develop and operate methodologies to identify, manage and mitigate designated types of risk. The Risk Management function measures and reports the actual risk profile against the agreed risk tolerances, both overall and for specific risk types, to identify breaches or potential breaches. This is done using data from the Internal Model and other information, with escalation taking place through the system of governance as required.

The CRO is responsible for the implementation and effective operation of the ERM framework across ZIP. The CRO regularly reports risk matters to the CEO and senior management through the RCC and to the Board through the Board Risk Committee.

Risk policy

The Board has approved a risk management policy, which refers to the Zurich Group risk policy as its primary risk governance document. For each type of risk, the policy specifies the requirements, roles and responsibilities, monitoring and reporting procedures, and describes the parameters for acceptable risk-taking. Periodic assessments are carried out across the organisation to verify that the requirements of the policy are being met.

The Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment ("ORSA") is an overarching process which brings together the results from various processes employed by the Company as part of its ERM framework. The ORSA process consolidates the various outputs and provides an analysis of the risk capital required to be held in respect of all of the Company's risks, both currently and over the business planning horizon. The ORSA process is embedded within the ERM framework, and is aligned with capital management activities. The risk and capital assessments in the ORSA take account of ZIP's risk profile, its approved risk appetite and its business strategy. The assessments and conclusions arising from the ORSA are used in the Company's business decision-making processes, including decisions about:

- Whether the Company's strategy remains appropriate
- Whether to retain, transfer or otherwise mitigate risks
- How best to optimise the Company's management of capital
- Which segments to underwrite and how to establish appropriate premium levels
- Whether the business plan is aligned with risk appetite
- Other strategic matters relevant to risk appetite

A key part of the ORSA process is the annual Total Risk Profiling ("TRP") process, carried out by senior management in each location where the Company operates. This process enables the identification, assessment, mitigation and monitoring of risks that threaten the ability to achieve the strategic objectives and business plan, and informs the stress tests and scenarios that are considered in the ORSA report.

The Risk Management function manages the ORSA process and drafts the ORSA report which is reviewed by management and recommended for approval by the Board prior to submission to the CBI. Other functions contribute to the ORSA as appropriate, particularly in defining appropriate scenarios and stress tests for inclusion.

The Board is responsible for directing and overseeing the ORSA process. It plays an active role in the ORSA, challenging its outcome and suggesting a range of adverse scenarios to test. As part of the ORSA, the Board also challenges the assumptions behind the calculation of the Solvency Capital Requirement ("SCR") to ensure that they are appropriate in view of the assessment of the risks.

B. System of Governance (continued)

Chart 4: ZIP ORSA process

The ORSA process is governed by the ORSA policy, which includes the following:

- Roles and responsibilities within the ORSA process
- Processes and procedures for conducting the ORSA
- Links with the wider risk and capital management frameworks
- Frequency and timeline for production of the ORSA report

The cornerstone of the ORSA is an assessment of the current and planned risk profiles, together with stress tests of those profiles and a determination of the resulting capital requirements, including:

- An analysis of the current capital position under stressed conditions
- Consideration of the current and likely future risks inherent to the business strategy and plan as identified by the ERM framework
- A forward-looking assessment of the risk capital position over the planning horizon and implications for strategy
- Determination of the Company's overall solvency needs, including its target capital ratio in accordance with its risk appetite

The ORSA process takes place annually, with more frequent updates only where necessary, to reflect material changes in the risk profile including major acquisitions or divestments, major shifts in product mix, or other major changes in the business, operating or external environment.

Internal Model governance

ZIP uses an internal model approved by the CBI for calculating its regulatory SCR. The model measures the capital required for each of the material risks to which ZIP is exposed to and aggregates the results to produce the SCR. The Internal Model is used extensively throughout the business to manage risk in relation to capital and earnings. For example, the model is used to allocate economic capital as a reference point for numerous processes including insurance portfolio and asset portfolio management, business planning and pricing analysis. It is further used to monitor accumulations of risks especially natural catastrophe risks.

While the SCR represents the capital required by regulation, the Board targets to hold a higher level of capital in its risk appetite statement. The appropriate buffer capital over the SCR is set annually and serves to mitigate short term volatility in the capital ratio and hence to reduce the likelihood of breaching the regulatory capital requirement.

The Board has approved an Internal Model governance policy to ensure appropriate governance of the Internal Model. The policy is reviewed and approved by the Board at least annually. The CRO has been delegated responsibility by the Board for implementing the policy, in particular the appropriateness of the Internal Model methodology, which is also reviewed at least annually. The CRO may approve minor changes to the methodology, while major changes must be approved by the Board (on the recommendation of the CRO) and the CBI.

The CRO is also responsible for ensuring that an appropriate validation function is in place for the Internal Model which includes the requirement to produce an annual validation report for the Board.

The validation process is governed by a policy which is also approved by the Board. Certain aspects of the validation process are carried out independently by the Group Insurance and Model Risk team under a service level agreement.

The CRO is supported in the oversight of model governance by the Capital Model Forum, which meets at least quarterly and includes representatives from relevant management functions.

The CFO has responsibility for the calculation of the SCR, using the Internal Model and the operation of the related internal controls, and is supported in this role by representatives from the Finance, Actuarial and Risk Management functions. The CRO and CFO both report to the Board (or one of its committees) in relation to the methodology and results of the Internal Model.

There were no material changes to the Internal Model governance during 2021.

B.4 Internal control system

The Company has adopted principles and tools used by the Group in relation to internal controls, with adaptation to local requirements. The controls support financial reporting processes (including Internal Model results production) and the wider operations, including underwriting and claims management.

Accountability for the design and operational effectiveness of each control resides with the relevant management function in ZIP in each location where there are business operations. The responsibility for performing the relevant controls may be delegated, subject to certain conditions (e.g. the control delegate must have sufficient knowledge to perform the control). The certification process is managed using the Risk and Control Engine ("RACE") tool.

The Risk Management and Finance functions support the implementation of the internal control framework and ensure the framework is consistently applied. They do this by monitoring and reporting on the certification process and investigating with relevant personnel when exceptions occur.

Control deficiencies require remediation action plans to be put in place and these action plans are tracked on RACE and reported to the ORC, RCC and the Board Risk Committee on a quarterly basis.

Internal and external auditors also regularly report their conclusions, observations and recommendations that arise as a result of their independent reviews and testing of the internal controls.

Other key elements of the internal control system include administrative and accounting procedures, appropriate reporting arrangements at all levels of the Company, and the activities of the Compliance function which are described below.

Compliance function

The Compliance function is underpinned by the Compliance policy and a compliance plan. The Compliance policy defines the responsibilities, competencies and reporting duties of the Compliance function. The compliance plan sets out the planned activities of the Compliance function taking into account all relevant activities undertaken within the Company and their respective exposures to compliance risk.

As part of a comprehensive program, the Compliance function implements and monitors compliance policies and guidance and ensures that all employees receive regular compliance training, including annual training on the Zurich Group Code of Conduct.

The Chief Compliance Officer operates under the ultimate responsibility of, and reports to, the Board. The branch compliance officers report to the branch manager and also to the Chief Compliance Officer.

The Chief Compliance Officer facilitates and supports compliance with applicable regulatory requirements. Local compliance officers in each branch are accountable for the execution of the compliance plan in their respective branch.

B.5 Internal audit function

As noted in Section B.1, the Internal Audit function for ZIP is outsourced to the Group Internal Audit team. A senior member of the Group Audit team is appointed as the Head of Internal Audit for ZIP and is responsible for providing assurance to the Board and the Audit Committee on the adequacy and effectiveness of ZIP's risk management, internal control and governance processes.

The Board has approved an Internal Audit policy which provides for the development of a risk-based audit plan, based on the full spectrum of business risks and any specific concerns raised by the Audit Committee or other stakeholders. The Audit Committee is responsible for approving the annual audit plan. The audit plan is executed in accordance with defined operating standards, which incorporate and comply with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Key issues observed by the Internal Audit function during its audit work are communicated to the responsible management function, the CEO and the Audit Committee using its suite of reporting tools.

The Internal Audit function has operational independence to carry out its tasks and to report to and advise the Board (through the Audit Committee). The Internal Audit policy provides that if the independence or objectivity of the Internal Audit function is impaired, then details of the impairment must be disclosed to the Chairperson of the Audit Committee and will be disclosed in its Internal Audit report to the Board.

B.6 Actuarial function

The Head of Actuarial Function is responsible for the Actuarial function and for the tasks carried out by that function in accordance with the Solvency II framework and the requirements of the CBI's Domestic Actuarial Regime in Ireland. All actuarial function staff report to the Head of Actuarial Function.

The primary responsibilities of the Actuarial function are:

- Coordination and validation of the calculation of Technical Provisions
- Opining on the Company's underwriting policy and on the adequacy of the Company's reinsurance arrangements
- Contributing to the effective implementation of the risk management system

The Actuarial function provides independent and objective assurance to the Board and its committees. In particular, the Actuarial function reports to the Board on its activities at least annually, documenting the tasks performed, identifying any deficiencies where relevant and giving recommendations as to how they should be remedied. The Actuarial function also provides independent and objective assurance to the Audit Committee in respect of the valuation of Technical Provisions.

The Actuarial function is independent of the operational management of the business and of the activities it reviews as part of its control responsibilities. It receives relevant inputs from other functions, with appropriately governed processes in place for the production and delivery of those inputs.

B.7 Outsourcing

Outsourcing refers to an arrangement by which a business capability that would otherwise be performed by a unit or function within a Company is instead performed by a service provider.

The Board has approved an outsourcing policy which serves as the primary document for requirements and standards in relation to outsourcing management and governance. The policy is updated and approved by the Board annually.

B. System of Governance (continued)

The Company enters into outsourcing arrangements with service providers (either within the Group or external to the Group) only where it has identified benefits in doing so and provided that the arrangement is not likely to undermine the continuous and satisfactory service to policyholders, impair the quality of the Company's system of governance or unduly increase operational risk. The benefits arising from outsourcing include increased efficiencies within particular processes and/or the ability to avail of specific expertise. The risks associated with outsourcing to service providers are recognised and appropriately managed in accordance with the Company's outsourcing policy which requires, amongst other things, that:

- All regulatory requirements, including those relating to critical or important functions or activities ("CIFA"), are met.
- Risk and control assessments should be conducted prior to any decision to outsource a CIFA and then periodically during the life of the outsourcing arrangement.
- CIFA service providers should be selected and managed in such a way as to avoid undue concentration risk.

The Chief Operating Officer has management responsibility for outsourcing governance. The Board has the overall responsibility.

Any proposal to outsource a CIFA is thoroughly examined by those with approval authority before any decision is taken to proceed. The proposed arrangement is notified to the CBI to allow for appropriate consultation if required.

Internal Audit is the only function of the Company which is fully outsourced whereas all other functions are managed within the Company with an element of service support from outsourced service providers.

The CIFA activities which are outsourced to counterparties within the Group are shown in the following table:

Table 13 Outsourcing to Zurich Group

Activity or Function that is outsourced	Location of service provider
Internal Audit Function	Switzerland
Accounting systems	Switzerland
Actuarial services	Switzerland
Investment Management services	Ireland, Switzerland
International Product Underwriting	Switzerland
Financial Accounting and Reporting services, Finance operations, Financial services	Ireland, Germany, Hong Kong, Poland, Spain, Switzerland
Global Catastrophe Management	Switzerland
Investment Accounting & Administration	Germany, Switzerland, Ireland, Spain, Hong Kong
Risk and Control of Strategic Suppliers	Switzerland
Solvency II support services	Switzerland
IT services	Germany, Ireland, Switzerland
Underwriting support services	Germany, Switzerland
Underwriting referrals	Switzerland
Pricing Center of Excellence	Slovakia, Switzerland
Claims – Large Referrals, Claims handling and support services	Switzerland
Treasury Services	Ireland
Auxiliary support services provided to Spain Branch via Economic Interest Group Company	Spain
Operations and Enterprise services	Germany, Spain, Switzerland

B. System of Governance (continued)

The CIFA activities which are outsourced to external third parties are:

Table 14 Outsourcing to external suppliers

Activity or Function that is outsourced	Location of service provider
Claims handling and support services	Belgium, Netherlands, France, Germany, Ireland, Italy, Spain, Sweden, Denmark, Norway, UK, Canada, India
Telecommunications, call centres, document logistics, postal, printing, storage	UK, Germany, Spain, Italy, Portugal, France, Belgium, Netherlands
Finance operations, Financial services, Investment services	UK, Germany, Italy, Bulgaria, India
Underwriting delegated authority	UK
Underwriting support services	India, UK
IT services	Belgium, Germany, Italy, Spain, Portugal, UK, Hungary, India, Czech Republic

B.8 Any other information

Assessment of system of governance

During each calendar year, internal reviews are performed that consider the adequacy of individual components of the system of governance. The reviews are overseen by the Board or one of its Committees and typically involve feedback from the relevant management functions (including, where appropriate, the key functions).

The system of governance is considered to be adequate in relation to the nature, scale and complexity of the risks inherent in the business of the Company.

Other material information

No other information regarding the system of governance is considered material for the purpose of this report.

C. Risk Profile

Introduction

This section analyses the main risks for Zurich Insurance plc ("ZIP" or the "Company"). These include all the risks measured in the Internal Model and other risks not measured in the Internal Model.

The range of risks faced by the Company are typical of a non-life insurance company: Underwriting risk, Market risk, Credit risk, Liquidity risk, Operational risk, Pension risk, Expense risk, Strategic risk and Reputational risk. A framework is in place to monitor and mitigate these risks, as described in this section.

The measuring of risks in the Internal Model results in the calculation of Solvency Capital Requirement ("SCR"), which represents the modelled value of an adverse 1 in 200 year event (an event with a 0.5% probability of occurring in the next year for the Company). The SCR value is calculated by modelling the value of 1 in 200 year modelled losses for individual risks and then aggregating and applying diversification on the basis that not all of the 1 in 200 year modelled losses across risk types would occur at the same time. Finally, a number of post aggregation steps are applied to reach the SCR. Further detail on the SCR calculation is provided in section E.

The elements of the SCR result of EUR 1,868m at December 31, 2021 are shown in the Appendix: QRT S25.03.21

The Own Funds available to meet the SCR at December 31, 2021 were EUR 3,053m and the SCR ratio was 163%. Therefore the Company had excess Own Funds of EUR 1,185m over the SCR.

C.1 Underwriting risk

This risk refers to the potential economic loss arising from an unexpectedly high frequency of insurance claims and/or an unexpectedly high severity of insurance claims.

In the Internal Model the underwriting risk is measured under the following categories:

- Premium & unearned premium reserve ("UPR") risk: the risk measured is that insurance claims from the insurance business in the next year (unexpired and future risks) will deviate adversely from the expected insurance claims. The risks for future insurance claims relating to natural catastrophe ("Nat Cat") events are measured separately (see Nat Cat risk detail below). The exposures at December 31, 2021 were the planned earned premiums for 2022 and the planned unearned premiums at December 31, 2022. There was no material change in the value of the exposure to these risks in 2021.
- Reserve risk: the risk measured is that for expired risks the insurance claims reserves booked prove to be insufficient to cover the ultimate value of the claims. The exposures at December 31, 2021 were the insurance claims reserves booked at that date. There was no material change in the value of the exposure to this risk in 2021.
- Nat Cat risk: the risk measured is that insurance claims in the next year due to natural catastrophe events (affecting multiple insurance policies) will deviate adversely from the expected claims for such events. The exposures used for measuring Nat Cat risk at December 31, 2021 were the sums insured which are expected to be exposed to Nat Cat risks in 2022. There was no material change in the value of the exposure to this risk in 2021.

As at December 31, 2021, there was significant reinsurance protection in place to protect against the underwriting exposures noted above, including extensive protection in place to mitigate the impact of natural catastrophe events as well as protection against single large claims events.

Risk measure

The underwriting risks were measured by the Internal Model in both 2021 and 2020. For Nat Cat the measurement of risks in the Internal Model is enabled by the use of an external (industry recognised) Nat Cat model.

At December 31, 2021, the SCR for these risks (which were part of the diversified SCR of EUR 1,868m) was as follows:

- Premium, UPR & Reserve risks (the three risks diversified): EUR 943m
- Nat Cat risk: EUR 291m

These values can be compared to the available Own Funds of EUR 3,053m at December 31, 2021, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

Risk concentrations

Premium, UPR and Nat Cat Risks

The main area of concentration risk arises from potential Nat Cat and man-made catastrophe events. The potential concentrations of Nat Cat risk are identified by mapping exposures of the Company to peril regions, and modelling the potential claims, with reinsurance purchased to appropriately manage these exposures to the agreed risk appetite. The level of this reinsurance cover is reviewed and approved annually. The experience in monitoring potential exposures from Nat Cat is also applicable to the concentrated risks posed by man-made catastrophes. Exposures to claims in the workers' injury and property lines of business are reviewed, to identify areas of significant concentrations, and appropriate action is taken to mitigate as necessary. Other lines of business are also assessed, such as liability and motor, although the concentration risk across these lines is not as significant.

Reserve risk

Concentration risk can arise where external factors (e.g. court judgments, widespread inflation) can affect an entire class of business and thereby the value of all of the insurance claim reserves held in that class. Such potential events are monitored by the Head of Actuarial Function and reported to the Reserving Committee.

Risk mitigation

The scale and scope of the business, with insurance written in Ireland and out of 12 overseas branches, results in significant diversification of underwriting risks, due to the relative independence of the drivers of adverse insurance claims in each location.

In addition, the implementation of the reinsurance strategy, approved annually by the ZIP Board of directors (the "Board"), cedes significant underwriting risks through proportional and non-proportional reinsurance treaties and facultative single-risk placements. This includes reinsurance to protect against accumulated claims from natural and man-made catastrophe events.

Premium, UPR and Nat Cat risks

An extensive underwriting governance framework is in place, with the objective of minimising unintended risk taking.

The key aspects of the framework are:

- Limits in place to underwriting authority, with specific approvals required for transactions involving new products or where established capacity limits may be exceeded.
- Guidelines are issued to ensure accurate and consistent setting of premiums and implementation of these guidelines is subject to regular review.
- A variety of reserving and modelling methods used to aid understanding of the risks inherent in the insurance business being written.
- A "Virtuous Circle" process is in place to ensure a culture of continuous collaboration between underwriting, actuarial, claims, sales and distribution, finance, risk management and risk engineering teams. The objective is to communicate, inform and ensure a common understanding, interpretation and approach to managing the risks being written.
- Potential new emerging risk exposures are monitored through an emerging risk group, which has cross-functional expertise to identify, assess and recommend actions for such risks.
- Regular reviews by management of the underwriting results by line of business, with actions taken on growing or shrinking the different businesses based on both past and expected performance.
- For Nat Cat risk, an industry recognised model is used to identify accumulations and perils, principally windstorm, earthquake and flood. The output from this model, adapted for the specifics of the Company where deemed necessary, is used to inform future underwriting and pricing decisions and guide the levels of reinsurance purchased against potential claims from Nat Cat events.

Reserve risk

The implementation of ZIP's reserving policy, along with the "Virtuous Circle" process described above, mitigates the risk that the insurance claims reserves are misstated, and thereby could be subject to unexpected claims.

The reserves booked are valued based on the work performed by qualified and experienced actuaries, taking into consideration the latest available facts, historical trends and past payment patterns. In reaching the final booked amounts, actuarial analyses are performed as appropriate. The insurance claims reserves are regularly reviewed by the Head of Actuarial Function and reported to the Reserving Committee, including the in the reserves held for different lines of business.

C. Risk Profile (continued)

Monitoring of risk mitigation

There are a number of tools used for risk mitigation, in particular:

- The underwriting performance for each business is reviewed by management on a regular basis as part of the financial performance reviews. Actions are taken to address issues identified
- The value of the insurance reserves is reviewed quarterly at the Reserving Committee, which includes analysis of why estimates have changed from quarter to quarter
- The performance of reinsurance contracts is monitored and reported

Sensitivities

Underwriting risks the Company is sensitive to:

- Legal judgments and political decisions
- Movements in inflation and interest rates
- Uncertainty on frequency and valuation of individual large claims
- Environmental factors impacting the level of Nat Cat events
- Market competition/capacity and pricing adequacy
- Emerging trends in terrorism activity and pandemic events
- Technology trends impacting the business mix
- Future claims experience differs to historic claims development due to changing claims handling processes and claims environment

A systematic process is in place to capture specific instances of how these uncertainties could affect each line of business, and these are reviewed at the Reserving Committee.

Results from the Internal Model are used to measure potential modelled losses with different likelihoods. For illustration, a selection of the modelled sensitivities as at December 31, 2021 is shown below. The amounts reflect the severity of modelled losses, net of reinsurance, that are modelled to occur at a stated frequency. For example, a one in 10 year Nat Cat modelled loss event would result in losses of EUR 92m, equating to 5% of the diversified SCR.

a) Premium, unearned premium and reserve risk:

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(427)	(23%)
1 in 50 year losses	(724)	(39%)

b) Nat Cat risk:

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(92)	(5%)
1 in 50 year losses	(187)	(10%)

C.2 Market risk (including investment credit risk)

Market risk

This risk refers to the potential economic loss arising from adverse financial market movements. This risk arises from the holding of financial assets and liabilities whose values are subject to such movements. The main risk factors are analysed below.

Equities and real estate market prices

Exposure to these risks arises from holdings of common stocks and equity unit trusts and from direct holdings in property. Exposure also arises from investments in listed property companies and property funds, and holdings of property debt securities such as mortgages and mortgage-backed securities.

The risk measured is that market prices for equities and real estate will move adversely, resulting in unexpected losses. There was an increase in the value of the exposure to real estate in 2021. During the second half of 2021, an equity hedge instrument was substantially reduced. This resulted in an increase in the value of the exposure to equity securities in 2021.

Interest rates

Exposure to this risk arises mainly from holdings of debt securities, loans and receivables, and from the financial liabilities held for insurance claims and other liabilities.

Movements in interest rates are largely driven by central bank monetary policies and expected changes in the economic and inflation outlook. The risk is measured by considering the impact of changes in interest rates and/or changes in the shape of yield curves, impacting the values of assets and financial liabilities and resulting in unexpected losses. A cornerstone of mitigating the interest rate risk is to match the maturity profile of the insurance claims reserves with a similar maturity profile for the related assets.

There was no material change in the value of the exposure to this risk in 2021.

Credit spreads and sovereign spreads

The main exposure to spread risks arises from holdings of corporate debt securities and holdings of Euro-zone government bonds. For corporate debt securities the risk measured is that there will be movement in credit spreads, for example driven by an increase in the expected probability of default, thereby impacting the value of the assets and resulting in unexpected losses. For Euro-zone government bonds, the risk measured is that there will be movement in sovereign spreads, thereby impacting the value of the bonds and resulting in unexpected losses.

There was no material change in the value of the exposure to the sovereign spread and credit spread risks in 2021.

Currency exchange rates

The risk measured is that there will be exchange rate movements resulting in unexpected losses, as reported in Euro, the reporting currency for the Company. Euro is the main currency denomination of the geography in which ZIP operates, however certain cashflows are denominated in other currencies, mainly the British pound and smaller amounts in Danish krone, Swedish krona, Norwegian krone and the U.S. dollar.

The exposure to risk arises from foreign exchange transactions and holding non-Euro currencies, mitigated by currency hedges in place.

There was no material change in the value of the exposure to this risk in 2021.

Investment credit risk

This risk refers to the potential economic loss arising from third parties (external to the Group) failing to fulfil their financial obligations on investment instruments. The credit risk relating to such investment instruments with Group counterparties is covered in section C.3.

The exposure to this risk arises from the holding of investment instruments as detailed below.

C. Risk Profile (continued)

Cash and cash equivalents

The exposures to this risk are the holdings of cash and cash equivalents in financial institutions and in money market funds. The risk arising is that the institutions would default or partially default, on their obligations.

There was no material change in the value of the exposure to this risk in 2021.

Debt securities

The exposures to this risk are the debt securities held. The risk arising is that counterparties would default on their obligations. The counterparties include governments and corporates.

There was no material change in the value of the exposure to this risk in 2021.

Sale and Repurchase Agreements

A portion of the government bond portfolio is subject to Sale and Repurchase transactions ("Repos"). This entails the lending of government bonds to a third party in exchange for cash. The quantity of government bonds that can be used as an asset in Repo transactions is restricted, ensuring that the Company always has significant holdings of highly liquid bonds available. The cash received is then invested in Floating Rate Notes ("FRNs"), for which market risk is measured, in line with other investments. The investment in FRNs is structured to ensure that any interest rate risk is minimised, as the cash borrowings and FRNs have similar interest rate durations. Investment guidelines for the FRN portfolio are in place for the asset managers setting out limits relating to credit quality and issuer exposure. The portfolio is required to have an average credit quality of A+ in order to limit credit risk.

The credit risk arising from Repos is that the counterparties would default on their obligations to return the government bonds, though this risk is significantly mitigated by the cash collateral provided by the counterparties.

The value of Repos outstanding as at December 31, 2021 was EUR 307m.

Derivatives

The exposure to this risk arises from derivative instruments entered into, and the risk arising is that there would be a default by the counterparty. The value of exposure to this risk is not material; derivatives are used solely for hedging purposes.

Risk measure

The market and investment credit risks were measured by the Internal Model in both 2021 and 2020. The measurement of these risks in the Internal Model is supported by the use of an external (industry recognised) model.

At December 31, 2021, the SCR for these risks (which was part of the diversified SCR of EUR 1,868m) was EUR 717m.

This value can be compared to the available Own Funds of EUR 3,053m at December 31, 2021, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

Risk concentration

There were no material risk concentrations at December 31, 2021. The largest value individual holdings are in government issued securities, which are held in order to match the maturity profile of the financial liabilities. Issuer limits are in place for non-government exposures to ensure no material concentrations arise.

Risk mitigation

Prudent person principle

Under Solvency II it is a requirement that investments are managed in accordance with the prudent person principle, which compels companies to invest in a manner to ensure the security, quality, liquidity and profitability of the investment portfolio. Market and investment credit risks for the Company are managed in accordance with the "prudent person principle". The investment management team targets excess risk adjusted returns relative to liabilities, by applying a systematic and structured investment process. The Company is focused on asset and liability management and when formulating its strategic asset allocation ("SAA"), it takes both asset and liability exposures into account. The SAA includes limits on exposures to specific asset classes, such as equities and real estate. The market risk capital requirement associated with the SAA, and the actual values versus the upper and lower limits for the various asset classes, are monitored on an ongoing basis. The investment team monitors the portfolio using the Company's investment applications which provide up-to-date views of the portfolio and its risk exposures. A comprehensive reporting package is prepared for the quarterly Asset Liability Management and Investment Committee ("ALMIC") meetings. Updates from the ALMIC meetings are given to the Board.

Other processes and policies in place to reinforce the prudent person principle are:

- Holding well diversified portfolios, across all asset classes
- Having a liquidity policy that specifies limits on holdings of less liquid assets and subjects the portfolio to extreme stress scenario analysis
- Due diligence on asset managers prior to appointing them to manage mandates
- Using established custodian banks to safeguard invested securities
- The use of derivatives solely for hedging purposes.
- Investments which are not admitted to trading on a regulated financial market are subject to restriction through limits on both asset classes and less liquid assets.

Monitoring of risk mitigation

The performance of the investment portfolio is reviewed quarterly in the ALMIC, with reporting on adherence to the SAA and compliance with the investment risk management policies. These include adherence to the limits on holdings of an individual issuer and appropriate matching of the maturity profile of financial assets with that of the financial liabilities.

Sensitivities

Market and investment credit risks for the Company are sensitive to:

- Macro-economic performance
- Political developments
- Demographic trends
- Environmental factors

Results from the Internal Model are used to measure potential losses with different likelihoods. A selection of the modelled sensitivities as at December 31, 2021 is shown below. For example, a one in 10 year market loss event would result in losses of EUR 335m, equating to 18% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(335)	(18%)
1 in 50 year losses	(556)	(30%)

The risks associated with the Company's investment portfolio are monitored in detail at the ALMIC. A selection of sensitivities to financial market events, (as at December 31, 2021) is set out in the table below.

	Impact (EUR m)	SCR ratio impact (ppt)
+25% on equity values	90	5%
–25% on equity values	(90)	(5%)
–50bp parallel shift on yields	3	0%
+50bp parallel shift on yields	(12)	(1%)
–50bp parallel shift on credit spreads	90	5%
+50bp parallel shift on credit spreads	(84)	(4%)

C.3 Credit risk

This risk refers to the potential economic loss arising from counterparties failing to fulfil their financial obligations, other than those risks for third party investment instruments (see Section C.2).

This credit risk is measured separately for:

- Third party reinsurance assets
- Third party receivables
- Intra-Group assets

C. Risk Profile (continued)

Third party reinsurance assets

The exposures to this risk are balances arising from third parties under existing reinsurance contracts. Such contracts are entered in accordance with the reinsurance strategy.

The counterparties are reinsurance entities and the risk measured is that these counterparties would default or partially default on their obligations. The potential loss of value due to rating migration risk is also measured; this is the potential reduction in the value of reinsurance assets if counterparties were downgraded. There was an increase in the value of these exposures in 2021, arising from a reinsurance contract entered into during the year, for run-off business in Spain. This reinsurance contract is a step in the process to ultimately dispose of this run-off portfolio. The ceded reserves are fully collateralised minimising credit risk.

Third party receivables

The exposures are premiums due from counterparties and amounts due on co-insurance arrangements and other contractual obligations. The counterparties are policyholders, agents, brokers, intermediaries and other insurance companies, and the risk measured is that the counterparties would default or partially default on their obligations. There was no material change in the value of the exposure to this risk in 2021.

Intra-Group assets

The exposures are amounts due from Group counterparties in respect of reinsurance contracts, loans, investments and other amounts due under contractual obligations. The risk measured is that the Group counterparties would default or partially default on their obligations. Also measured is the rating migration risk, the potential reduction in the value of the assets if the counterparty was downgraded. There was no material change in the value of the exposure to this risk in 2021.

Risk measures

These credit risks were measured by the Internal Model in both 2021 and 2020. At December 31, 2021, the SCR for these risks (which were part of the diversified SCR of EUR 1,868m) was as follows:

- Third party reinsurance assets credit risk: EUR 62m
- Third party receivables credit risk: EUR 35m
- Intra-Group assets credit risk: EUR 231m

These values can be compared to the available Own Funds at December 31, 2021 of EUR 3,053m, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

Risk concentration

Concentration of credit risk towards third parties can arise from significant amounts due under reinsurance contracts. These exposures are subject to monitoring on an on-going basis to ensure that concentrations are acceptable, based on the credit rating of the counterparty or the collateral provided.

Similar to 2020, there were material concentrations of intra-Group assets at December 31, 2021, largely due to the reinsurance contracts in place.

Risk mitigation

Third party reinsurance assets

An authorised list of approved counterparties, who represent good credit quality and a high willingness to pay, is maintained. As a guiding principle, a minimum credit rating of "A–" is required for long duration reinsurance arrangements and "BBB–" for short duration reinsurance arrangements. On placement, reinsurance counterparties must be on this authorised list or a specific exemption must be granted. The balances due from reinsurers are reviewed on a periodic basis against limits, which are set according to credit ratings. Collateral is requested to mitigate credit risks where deemed necessary and there are limits and quality criteria in place for acceptable collateral.

Third party receivables

The objective is to minimise overdue balances, whilst maintaining customer relationships. Overdue accounts are escalated as required. Policies and standards are in place to manage and monitor credit risk related to intermediaries. Intermediaries are required to maintain segregated cash accounts for policyholder money and must satisfy minimum requirements on capitalisation, reputation and experience, and provide short-dated business credit terms.

Intra-Group assets

Exposures are monitored and reported on a regular basis, based on the prevailing financial strength of the Group counterparties. The financial strength of the Group counterparties can be assessed using detailed financial data, in addition to external ratings. The concentration of exposures to Group counterparties is addressed in the risk appetite statement of the Company.

Monitoring of risk mitigation

The level of overdue balances by location and by duration, is monitored at least quarterly. Actions are initiated to address any issues identified in this review.

The financial strength of relevant Group counterparties is monitored on a regular basis, including their capital position, to assess the appropriateness of the level of exposures. The concentration of risk arising from the exposures to Group counterparties is assessed against defined risk appetite limits.

Sensitivities

Credit risk for the Company is sensitive to:

Third party reinsurance assets

– Occurrence of large claim events and or natural catastrophe events impacting financial resources of reinsurers

Third party receivables

– Economic indicators impacting collections (e.g. unemployment rates).

Intra-Group assets

– Volatility in the financial strength of Group counterparties
– Adverse business performance of Group counterparties

Results from the Internal Model are used to measure the potential losses with different likelihoods. A selection of the modelled sensitivities as at December 31, 2021 is shown below. For example, a one in 10 year third party reinsurance asset loss event would result in losses of EUR 6m, less than 1% of the diversified SCR.

a) Third party reinsurance assets

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(6)	0%
1 in 50 year losses	(30)	(2%)

b) Third party receivables

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(7)	0%
1 in 50 year losses	(21)	(1%)

C. Risk Profile (continued)

c) Intra-Group assets

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(34)	(2%)
1 in 50 year losses	(111)	(6%)

C.4 Liquidity risk

Liquidity risk is the risk of insufficient liquid financial resources being available to meet financial obligations when they fall due.

Risk measure and risk concentration

As a general insurance company, ZIP is not vulnerable to mass surrenders or other such calls on its liquidity, as may happen to other financial institutions. Liquidity risk is not measured in the Internal Model. The risk is managed through the implementation of the Company's liquidity policy which includes a quarterly stress testing process. The most likely events that could cause liquidity issues are:

- Claims arising from a catastrophe event, possibly combined with a default on related reinsurance
- Bank default event

There are a number of sources of liquidity for the Company including:

- Portfolio of readily available realisable government bonds
- Cash held in local bank accounts
- Cash held in the central cash pool
- Sales of securities other than government bonds
- Closing of Repo transactions
- Commitments provided to the Company under the Ancillary Own Funds ("AOF")

The liquidity position is reported to the ALMIC on a quarterly basis, with the elements of the investment portfolio analysed by liquidity quality on a rating of 1 to 4, from strongest to weakest. For example, highly rated Government bonds are classified as rating 1.

Expected profit included in future premiums

The total amount of expected gross profit in future premiums at December 31, 2021 was EUR 774m. These expected future profits are not relied on in liquidity planning.

Risk mitigation

As noted, liquidity risk is the risk of insufficient liquid financial resources being available to meet financial obligations when they fall due. To mitigate this risk a cash allocation is mandatory as part of the SAA.

In addition, there are limits in place to protect liquidity as follows:

- Limits are in place on mismatches between assets and liabilities of different currencies
- Limits are in place on concentration for debt security holdings, tapering with credit quality to minimise counterparty default risk
- Limits are in place for holdings of assets deemed less liquid, such as real estate

Liquidity stress tests

The resilience to modelled catastrophic claim events and other extreme negative cash flow scenarios is regularly tested and reported to the ALMIC. All liquidity stress tests were passed at December 31, 2021.

C. Risk Profile (continued)

C.5 Operational risk

Operational risk relates to the risk of losses due to inadequate or failed internal processes or systems, failure of personnel, the impact from external events such as failures in outsourcing arrangements, changes in legislation or tax laws, and external fraud, including cyber attacks.

This includes the risk arising from the outsourcing of certain key services to Group counterparties.

A Top Down Scenario ("TDS") framework is used to identify and measure operational risks. Under the TDS, a scenario-based approach is applied to assess, model and quantify the operational risks under extreme circumstances. The assessment is made in each location where the Company operates. For each scenario, the management in each branch are required to estimate the frequency and the severity of possible losses, both from a most likely and a worst case perspective. Results are then aggregated.

There was no material change to the value of the exposures to this risk during 2021.

Risk measure

The risks (sourced from the TDS process) were measured by the Internal Model in 2021 and 2020.

At December 31, 2021 the SCR for operational risk (which was part of the diversified SCR of EUR 1,868m), was EUR 415m. The value of the risk decreased in 2021 following the annual reassessment of the various TDS scenarios.

This value can be compared to the available Own Funds of EUR 3,053m at December 31, 2021, which are held to provide protection against a 1 in 200 year loss event, considering all modelled risk types.

Risk concentration

Many of the risk drivers are country specific (e.g. laws, regulations, projects, customer facing activities), which then results in risk diversification when the risks are aggregated.

Concentration of risk can arise from processes and systems that are shared across locations and also where changes in legislative, regulatory or tax laws are implemented on a Europe-wide basis. These risks are monitored closely at the Operational Risk Committee ("ORC") and other relevant committees.

Risk mitigation

The effective operation of the internal control system (as described in Section B.4) is an important mitigating factor for operational risk, and the implementation of this system is monitored on an ongoing basis.

There are a number of other tools used to minimise the risk of operational losses.

- Risk policies including escalation procedures for reporting security and data breaches, claims events, business disruptions, fraud, financial crime and other concerns
- Risk exposure tracking and monitoring
- Risk awareness and understanding of controls is achieved through communication to staff and training
- Data held by business partners is protected through contractual arrangements and controls that are designed to secure data in accordance with both regulatory requirements and the information security policies
- Risks associated with strategic suppliers are regularly assessed to verify that suppliers remain financially viable and able to deliver services, and also to manage geographic and supplier concentration risks

C. Risk Profile (continued)

Actions are taken to reduce the likelihood of events occurring that could lead to a disruption of business including:

- Understanding the organisation's environment, vulnerabilities, and business processes
- Identifying potential disruptions that pose risk to continuity of operations
- Understanding the potential consequences of such events
- Implementing strategies to mitigate the risk of business disruption
- Maintaining a crisis management response capability that is flexible, trained and readily available at short notice

Monitoring of risk mitigation

The status of operational risks is reviewed quarterly at the ORC and the Risk and Control Committee ("RCC") meetings, and includes, but is not limited to, monitoring in respect of:

- Changes in risk exposures
- Actual operational loss data, including root-cause analysis of specific events and near misses exceeding a defined threshold
- Control framework effectiveness and tracking of action plans
- Performance against defined risk appetite

Sensitivities

Operational risk for the Company is subject to the following sensitivities:

- Legal judgments and political decisions
- Environmental factors
- Technology trends
- Project activity
- Recruitment and training procedures

Results from the Internal Model are used to measure the potential losses with different likelihoods. A selection of the modelled sensitivities as at December 31, 2021 is shown below. For example, a one in 10 year operational loss event would result in losses of EUR 174m, equating to 9% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(174)	(9%)
1 in 50 year losses	(299)	(16%)

C.6 Other material risks

C.6.1 Pension risk

This risk refers to the potential economic loss due to the assets held in defined benefit pension funds being insufficient to meet the obligations to the members of the pension funds when these obligations become due, resulting in the Company potentially being required to bridge the shortfall.

The elements of this risk measured in the Internal Model are:

- Longevity risk: The risk that mortality of scheme members is different from that which is expected
- Market risk: The risk associated with the movement in the values of the assets and liabilities in the pension fund schemes, where the values can be impacted by movements in financial markets

There was no material change in the value of the exposure to this risk during 2021.

Risk measure

The risks were measured by the Internal Model in both 2021 and 2020. At December 31, 2021, the SCR for pension risk (which was part of the diversified SCR of EUR 1,868m) was EUR 183m.

This value can be compared to the available Own Funds of EUR 3,053m at December 31, 2021, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

Risk concentration

The Company operates defined benefit pension schemes in Ireland, Italy, Belgium, Germany, Portugal, Netherlands and France. The concentration risk within these schemes is managed either internally or by external pension trustees, dependent on the location of the scheme.

Risk mitigation
The pension schemes are monitored on an ongoing basis in order to decide whether any actions need to be taken to ensure the liabilities can be met. External pension consultants are engaged to value the schemes on a regular basis and a full actuarial valuation report is carried out every three years, where required under statutory regulations. If necessary the pension trustees will submit proposals to senior management (e.g. revised funding plan) for their approval.

Monitoring of risk mitigation
The position of the pension schemes is reviewed by senior management and/or the pension trustees on a regular basis and an annual report is prepared for the larger schemes which is provided to the Company's management.

Sensitivities
Movements in interest rates and mortality rates are the key sensitivities for pension risk. Results from the Internal Model are used to measure the potential losses with different likelihoods. A selection of the modelled sensitivities as at December 31, 2021 is shown below. For example, a one in 10 year pension loss event would result in losses of EUR 91m, equating to 5% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(91)	(5%)
1 in 50 year losses	(146)	(8%)

Other sensitivities for pension risk which are not measured in the Internal Model (such as changes in the mix of single/married members or changes in inflation rates) are assessed annually, to ensure they continue not to be material.

C.6.2 Expense Risk
This risk is the potential economic loss due to adverse development in the value of expenses, relative to business volumes.

The main components of the expense base are commission costs and administration expenses.

There was no material change in the value of the exposure to this risk during 2021.

Risk measure
The risk was measured by the Internal Model in both 2021 and 2020. At December 31, 2021, the SCR for expense risk (which was part of the diversified SCR of EUR 1,868m) was EUR 315m.

This value can be compared to the available Own Funds of EUR 3,053m at December 31, 2021, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

Risk concentration
The majority of the risk drivers are country specific (e.g. changes in business volumes) which then results in significant risk diversification when the risks are aggregated.

Risk mitigation
Expenses are monitored by the management in each location on an ongoing basis and corrective actions are taken where necessary to address adverse trends, such as changes in business volumes.

Monitoring of risk mitigation
The expense performance for each business is reviewed by management on a regular basis as part of the overall financial performance reviews.

Sensitivities
Adverse movements in the volume of business, changes in commission rates, wage inflation or technology developments are key sensitivities for this risk. Results from the Internal Model are used to measure the potential losses with different likelihoods. A selection of the modelled sensitivities as at December 31, 2021 is shown below. For example, a one in 10 year expense event would result in losses of EUR 157m, equating to 9% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(157)	(8%)
1 in 50 year losses	(251)	(13%)

C. Risk Profile (continued)

C.6.3 Strategic risk
Strategic risk is the risk that unexpected losses will occur due to not achieving strategic targets. Drivers of the risk are:

- Inadequate assessment of strategic plans
- Ineffective implementation of strategic plans
- Unexpected changes to assumptions underlying strategic plans

Risk measure
Strategic risk is not explicitly measured in the Internal Model. The risks of not delivering on strategy are captured elsewhere in the Internal Model such as in the Premium risk, Operational risk and Expense risk modules.

Risk concentration
This risk exists across the locations where the Company operates, with significant geographical diversification arising.

Risk mitigation
Strategic risks are identified through risk assessment tools, including the Total Risk Profiling ("TRP") process. This process enables the identification, assessment and monitoring of risks that threaten the ability to achieve the strategic objectives and business plan. Using the TRP process, senior management has identified the current strategic risks to include information security and data protection risks, third party (including outsourcing) risks, macro-economic and geopolitical risks, regulatory risks and risks associated with Brexit. All risks identified on the TRP are assigned actions to ensure they are managed and monitored appropriately.

Sensitivities
In 2021, the scenarios in relation to Brexit were updated. The scenarios assessed indicated a range of possible impacts, with available capital management actions identified, if required.

C.6.4 Reputation risk
This is the risk of economic loss due to losing the trust of stakeholders.

Risk measure
Reputation risk is not explicitly measured in the Internal Model. The risks are captured elsewhere in the Internal Model, such as in the Premium risk, Operational risk and Expense risk modules.

Risk concentration.
The risks exist at all the locations where the Company operates and where management and employees have the responsibility to maintain the good reputation of the Company.

Risk mitigation
All risks, if materialising, also have potential consequences for reputation; therefore effectively managing each type of risk helps reduce the threat of reputation risk. Reputation is preserved by adhering to applicable laws and regulations, and by following the core values and principles of the Group Code of Conduct which details good business practices. Each employee is required to carry out training on these topics, at least annually.

C.6.5 Scenarios
Scenarios are defined by the Company as events which could negatively impact the economic capital and are not fully reflected in the modelling of the individual risk types in the Internal Model. In effect, scenarios can be added to augment the SCR. At December 31, 2021, the impact of adding scenarios was to increase the SCR by EUR 67m.

C.7 Any other information

Stress scenarios in 2021

Background

A number of stresses and scenarios were calculated in 2021 based on reasonably foreseeable events, albeit with a low probability of occurring. The calculation of these scenarios allowed the Board to compare the impact of these events on the solvency capital position of the Company, and thereby consider the resilience of the Company to such events. The calculation of the scenarios also allowed the Board to validate the SCR as measured in the Internal Model.

Processes and reporting

The scenarios were defined with the involvement of the Board. The impact of the scenarios was measured using historical data, supplemented by models and expert judgments, and the results were reported in the 2021 Own Risk and Solvency Assessment ("ORSA"), which was approved by the Board and submitted to the Central Bank of Ireland ("CBI").

Results

Of the stress tests and scenarios considered, none have been identified which would reduce the level of assets below the level of liabilities and so directly threaten ZIP's ability to meet its obligations to policyholders. However, certain scenarios would reduce the Own Funds below the target capital level and so would require capital management actions to be implemented.

It was concluded that the risks identified from the scenarios are adequately addressed as part of the regular risk management activities of the Company.

Management actions

Management actions were identified which could restore the target capital position. These included a reduction in the level of dividends to be paid over the plan period.

D. Valuation for Solvency Purposes

Solvency II and Irish GAAP valuations

The methods and assumptions applied by the Company for the valuation of assets, technical provisions and other liabilities follow the approaches prescribed under Solvency II valuation rules and Irish Generally Accepted Accounting Principles ("GAAP").

The statutory financial statements of Zurich Insurance plc ("ZIP" or the "Company") are prepared in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and adopted by the Institute of Chartered Accountants in Ireland and Irish law) and thus Irish GAAP rules apply in the valuation process.

Solvency II valuation rules are used to produce the economic balance sheet which is known as the Market Consistent Balance Sheet ("MCBS"). The fundamental accounting principle in Solvency II is that assets and liabilities are recorded according to the value of expected future cashflows, the cashflow accounting principle.

The different accounting rules result in significant differences in the values of assets and liabilities, with a resulting difference in the net value of assets of EUR 62m at December 31, 2021 (December 31, 2020: EUR 217m).

The variances in the valuations of assets and liabilities between the MCBS and the Irish GAAP Balance Sheet at December 31, 2021 are shown in the table below.

Table 15
Balance sheets

in EUR thousands, as at December 31 2021	Solvency II MCBS	Irish GAAP	Variance
Assets			
Goodwill	–	6,748	(6,748)
Deferred acquisition costs	–	258,120	(258,120)
Intangible assets	–	108,658	(108,658)
Deferred tax assets	3,106	5,970	(2,865)
Pension scheme surplus	109,784	109,922	(138)
Property, plant & equipment held for own use	179,884	179,799	85
Investments (other than assets held for index-linked and unit-linked contracts)	6,753,039	7,094,798	(341,759)
Loans and mortgages	2,352,217	1,760,022	592,195
Reinsurance recoverables	11,370,722	13,178,211	(1,807,489)
Deposits to cedants	9,962	9,962	–
Insurance & intermediaries receivables	499,468	1,679,912	(1,180,444)
Reinsurance receivables	606,540	274,376	332,164
Receivables (trade, not insurance)	476,968	474,675	2,293
Cash and cash equivalents	255,194	445,835	(190,641)
Any other assets, not elsewhere shown	199,053	493,325	(294,272)
Total assets	**22,815,937**	**26,080,335**	**(3,264,397)**
Liabilities			
Technical provisions – non-life	16,715,470	19,689,841	(2,974,371)
Technical provisions – life (excluding index-linked and unit-linked)	900,705	705,724	194,981
Contingent liabilities	17,858	–	17,858
Provisions other than technical provisions	135,310	151,189	(15,878)
Pension scheme deficit	34,429	34,567	(138)
Deposits from reinsurers	13,228	13,228	–
Deferred tax liabilities	279,346	279,817	(471)
Derivative liabilities	15,865	15,865	–
Debts owed to credit institutions (incl. Bank Overdraft)	24,776	23,744	1,032
Financial liabilities other than debts owed to credit institutions	131,977	133,009	(1,032)
Insurance and intermediaries payables	164,776	197,602	(32,826)
Reinsurance payables	101,875	401,548	(299,673)
Payables (trade, not insurance)	826,493	822,625	3,868
Subordinated liabilities	103,556	103,602	(46)
Any other liabilities, not elsewhere shown	628,823	724,821	(95,997)
Total liabilities	**20,094,487**	**23,297,180**	**(3,202,693)**
Excess of assets over liabilities	**2,721,450**	**2,783,154**	**(61,704)**

D. Valuation for Solvency Purposes (continued)

D.1 Assets

Table 16 provides quantitative information on the variances between the valuation of assets in the MCBS compared to the values reported under Irish GAAP.

Table 16 Comparison of Asset Valuations

in EUR thousands, as at December 31 2021	Solvency II MCBS	Irish GAAP	Variance
Goodwill	–	6,748	(6,748)
Deferred acquisition costs	–	258,120	(258,120)
Intangible assets	–	108,658	(108,658)
Deferred tax assets	3,106	5,970	(2,865)
Pension scheme surplus	109,784	109,922	(138)
Property, plant & equipment held for own use	179,884	179,799	85
Investments (other than assets held for index-linked and unit-linked contracts)	6,753,039	7,094,798	(341,759)
Loans and mortgages	2,352,217	1,760,022	592,195
Reinsurance recoverables	11,370,722	13,178,211	(1,807,489)
Deposits to cedants	9,962	9,962	–
Insurance & intermediaries receivables	499,468	1,679,912	(1,180,444)
Reinsurance receivables	606,540	274,376	332,164
Receivables (trade, not insurance)	476,968	474,675	2,293
Cash and cash equivalents	255,194	445,835	(190,641)
Any other assets, not elsewhere shown	199,053	493,325	(294,272)
Total assets	**22,815,937**	**26,080,335**	**(3,264,397)**

As shown above, the assets in the MCBS at December 31, 2021 were EUR 3,264m lower than those reported under Irish GAAP. The table below explains the reasons for the variances in the valuation of the assets between the MCBS and Irish GAAP at December 31, 2021. The largest variances relate to the different approaches to measuring and classifying the Technical Provisions in the MCBS compared to Irish GAAP, and the consequent impact on the related reinsurance asset values.

D. Valuation for Solvency Purposes (continued)

**Table 17
Comparison of valuation bases – Assets**

Asset class	
Goodwill	Goodwill is reported in Irish GAAP subject to valuation checks. In the MCBS goodwill is not identified as a separate asset in the market place and as such does not represent an "economic value" that can be separately sold or transferred.
Intangible Assets	Intangible assets are reported in Irish GAAP subject to valuation checks. In the MCBS intangible assets are recognised only when they can be sold separately and a valuation can be derived from a quoted market price, in an active market, for the same or a similar intangible asset.
Deferred acquisition costs ("DAC")	DAC is recognised at cost in Irish GAAP and amortised on a periodic basis that reflects the earning pattern of the associated unearned premiums. DAC is not recognised in the MCBS as it does not have a future cash flow.
Deferred tax assets	Deferred tax assets are recognised in Irish GAAP for expected future tax credits. In the MCBS, deferred tax also arises due to the valuation differences between the MCBS and Irish GAAP values.
Investments (other than assets held for index-linked and unit-linked contracts)	In general, financial assets are measured at fair value, in both Irish GAAP and the MCBS. The fair values of financial assets traded in active markets are based on quoted bid prices on the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Assets that are not traded in an active market are valued using an internal valuation with inputs based on the best information available about the assumptions that market participants would use when pricing the asset. Further information can be found in section D.4. The following assets were valued at cost/amortised cost in Irish GAAP and at fair value in the MCBS: – Debt securities held to maturity. There are also presentation differences in the MCBS compared to Irish GAAP; in particular accrued interest is reported in any other assets under Irish GAAP whereas it is reported with the underlying asset values in the MCBS.
Loans and Mortgages	Certain loans and mortgages are classified as investments or cash and cash equivalents under Irish GAAP, whereas all are classified as loans and mortgages in the MCBS.
Reinsurance recoverables	Under Irish GAAP this balance includes the share of the Unearned Premium Provision ("UPR") liability which is expected to be ceded to reinsurers. In the MCBS, this ceded UPR liability is reflected in the ceded Premium Provision liability, which consists of the expected future reinsurance recoveries offset by expected premiums payable to reinsurers. As a consequence of these conceptual differences between UPR under Irish GAAP and the Premium Provision in the MCBS, the related reinsurance recoverable asset has a significantly lower value in the MCBS.
Insurance and intermediaries receivables	Under Irish GAAP this balance represents all the premiums due from policyholders and intermediaries, on expired and unexpired risks. In the MCBS the value of the premiums due on unexpired risks is netted in the Premium Provision Liability, hence the lower value of these assets in the MCBS.
Reinsurance receivables	Under Irish GAAP this balance represents all the reinsurance balances contractually due to be collected. In the MCBS the value of the future reinsurance receivables on unexpired risks is netted in the Premium Provision asset, hence the lower value of these assets in the MCBS.
Receivables (trade, not insurance)	Trade receivables include dividends, tax and other income, and are recognised at fair value in both the MCBS and under Irish GAAP. The variance relates to dividends receivable, which are reported in any other assets in Irish GAAP.
Any other assets, not elsewhere shown	Under Irish GAAP this balance includes accrued premiums and accrued interest. In the MCBS the value of accrued premiums is included in the Premium Provision liability, hence the lower value of these assets in the MCBS. The additional variance relates to the different classification of accrued interest and dividends receivable, as referred to above.

D.2 Technical provisions

The Technical Provisions are set to cover unpaid claims and future expenses which arise from the writing of insurance policies. The Technical Provision calculation takes into account factors that can influence their value, some of which are subjective and some of which are dependent on future events. These factors include future inflation projections, historical trends and patterns of claim payments, pending levels of unpaid claims and types of coverage. In addition, court decisions and economic conditions may affect the ultimate cost of claims settlement and, as a result, the estimation of Technical Provisions.

The time required to learn of and settle claims can vary significantly by line of business. Short-tail claims, such as those for motor-vehicle and property damage, are normally reported soon after the incident and are generally settled within months of the incident. Long-tail claims such as bodily injury, asbestos related and product liability, can take years to develop and additional time to settle. For these long-tail claims, information concerning the event, such as the required medical treatment for bodily injury claims, may not be readily available. Accordingly, the analysis of claims for long-tail lines of business is generally more challenging and subject to greater uncertainties than for short-tail claims. The Company uses a number of generally accepted actuarial methods to estimate and evaluate the amount of Technical Provisions required.

Although the underlying principles are aligned, there are significant differences in the measurement and classification of Technical Provisions in the MCBS, compared to Irish GAAP.

The gross Technical Provisions in the MCBS at December 31, 2021 were EUR 2,779m lower than those reported under Irish GAAP, as shown below.

Table 18 Comparison of Valuations – Technical Provisions

in EUR thousands, as at December 31 2021	Solvency II MCBS	Irish GAAP	Variance
General Liability	8,711,582	9,656,781	(945,199)
General Liability – Risk margin	109,035	–	109,035
Motor Vehicle Liability	2,474,366	2,221,305	253,061
Motor Vehicle Liability – Risk margin	50,598	–	50,598
Fire and Other Damage to Property	3,752,151	5,066,475	(1,314,324)
Fire and Other Damage to Property – Risk margin	49,871	–	49,871
Motor Non Liability	384,493	1,149,663	(765,170)
Motor Non Liability – Risk margin	14,699	–	14,699
Other*	1,141,747	1,595,617	(453,870)
Other – Risk margin*	26,928	–	26,928
Life**	823,171	705,724	117,447
Life – Risk margin**	77,534	–	77,534
Total	**17,616,176**	**20,395,565**	**(2,779,389)**

* Other lines of business include income protection, credit and surety, legal expenses, medical expenses, marine, aviation, other transport insurance and miscellaneous insurance.
** Life balances relate to claims settled by annuities rather than a single payment.

D. Valuation for Solvency Purposes (continued)

The table below explains the variances in the value of the Technical Provisions between the MCBS and Irish GAAP at December 31, 2021.

Table 19
Comparison of valuation bases – Technical provisions

Item	
Unexpired risks i.e. insurance policies which are accounted, however the risk coverage period has not fully elapsed.	Under Irish GAAP the UPR effectively represents the premium written on unexpired risks. The corresponding assets in Irish GAAP are premiums received or receivable. In the MCBS (and in accordance with Solvency II accounting rules) the UPR liability is effectively replaced with the Premium Provision, which consists of the expected future claims and expense payments, offset by expected future premiums on existing policies. Also, the definition of insurance policy boundaries and inception dates is wider in the MCBS than under Irish GAAP, for example including a category of bound but not incepted policies.
Discounting (time value of money)	Under Irish GAAP discounting is only applied to annuity reserves. In the MCBS discounting is applied to all of the Technical Provisions, reducing the value of these liabilities.
Profit recognition	Under Irish GAAP profits and losses arising from insurance policies are booked as they occur over the duration of the insurance policies. In the MCBS profits and losses arising are booked on the recognition of the insurance policies.
Margin for uncertainty/ ENID/Man-Made Cat	There is an option under Irish GAAP to book margin in addition to the best estimate of Technical Provisions, based on the expert judgement of the management. This is not allowed for in the MCBS where the Technical Provisions are booked at best estimate. However there is an explicit requirement to consider booking additional reserves in the MCBS for Events not in Data (“ENID”); these are potential future claims which are not reflected in the history of past claims development. In addition, an allowance for Man-Made Cat (“MMC”) events is included in the Premium Provision, this is to ensure consistency of risks between the Technical Provision and the approved Internal Model.
Risk margin	Under Solvency II, a reserve is required for the value that another (re)insurer would require for taking on the reported liabilities at the valuation date, over and above best estimate value. There is no requirement for an equivalent reserve under Irish GAAP.

Indication of the level of uncertainty

The Technical Provision calculation takes into account factors that can influence their value, some of which are subjective and some of which are dependent on future events. These factors include future inflation projections, historical trends and patterns of claim payments, pending levels of unpaid claims and types of coverage. In addition, court decisions and economic conditions may affect the ultimate cost of claims settlement and, as a result the estimation of Technical Provisions.

The main sources of uncertainty with regard to the future cost of existing claims include the following:

- The final settlement cost of open claims cannot be known precisely, as it depends on factors such as court decisions on liability or the prognosis for recovery from injuries
- Material adverse or favourable developments in large claims may occur
- Actual future claims inflation may differ from that assumed
- The social, legal, technological or economic environment may differ from that assumed, e.g. there may be a retrospective change in legislation which increases the claim cost beyond that which has been allowed for
- Change in the underlying mix of business or types of coverage over time or the emergence of new claim types or other events not included in the historical data may result in a different claims development pattern from that extrapolated from the historical data
- Additional uncertainty stems from future expenses and premiums

Significant additional uncertainty arises in relation to the Technical Provisions for future claims where the potential claims event has not yet occurred. There is significant uncertainty around what the actual loss ratio from this future business will ultimately be and consequently uncertainty in the value of future profits included in the MCBS.

The valuation of the Technical Provisions includes assumptions around certain future management actions such as assuming a similar reinsurance structure will continue in place and certain underwriting or claims initiatives are achieved. As these are future events there is a degree of uncertainty in the extent to which these actions may occur.

An active approach is taken by management to identify sources of uncertainty, quantify them and take actions to mitigate their potential impact.

The COVID-19 pandemic has had significant and far-reaching impacts across the insurance industry and the global economy overall. The global nature of the pandemic, and the varying government actions taken to mitigate it, make the potential claims (including the wide range of related coverage issues generated) inherently more difficult to model than traditional catastrophic claims or other claims events with a consequent increase in uncertainty around them. Management has considered the effect of COVID-19, to the extent possible, in its estimates and assumptions. Specifically, insurance liabilities reflect management's best estimate of the latest claims activity directly related to COVID-19 as well as ongoing legal proceedings.

Matching adjustment

No matching adjustment was applied to the valuation of the Technical Provisions in the MCBS at December 31, 2021.

Volatility adjustment

No volatility adjustment was applied to the valuation of the Technical Provisions in the MCBS at December 31, 2021.

Transitional risk-free interest rate-term structure

The transitional risk-free interest rate-term structure was not used in the valuation of Technical Provisions in the MCBS at December 31, 2021.

Transitional deduction

The transitional deduction was not used at December 31, 2021.

Recoverables from reinsurance contracts

There were reinsurance recoverables of EUR 11.4bn at December 31, 2021, as reported in the MCBS. These largely related to the non-proportional and proportional reinsurance contracts in place with Group counterparties.

Change in assumptions

Standard actuarial assumptions were updated in the course of setting the level of Technical Provisions at December 31, 2021. There was no significant change in standalone assumptions during 2021.

Special Purpose Vehicles

There were no special purpose vehicles at December 31, 2021.

D.3 Other liabilities

The other liabilities reported in the MCBS at December 31, 2021 were EUR 423m lower than in the Irish GAAP Balance Sheet as shown below.

Table 20 Comparison of Valuations – Other Liabilities

in EUR thousands, as at December 31 2021	Solvency II MCBS	Irish GAAP	Variance
Contingent liabilities	17,858	–	17,858
Provisions other than technical provisions	135,310	151,189	(15,878)
Pension scheme deficit	34,429	34,567	(138)
Deposits from reinsurers	13,228	13,228	–
Deferred tax liabilities	279,346	279,817	(471)
Derivative liabilities	15,865	15,865	–
Debts owed to credit institutions (incl. Bank Overdraft)	24,776	23,744	1,032
Financial liabilities other than debts owed to credit institutions	131,977	133,009	(1,032)
Insurance and intermediaries payables	164,776	197,602	(32,826)
Reinsurance payables	101,875	401,548	(299,673)
Payables (trade, not insurance)	826,493	822,625	3,868
Subordinated liabilities	103,556	103,602	(46)
Any other liabilities, not elsewhere shown	628,823	724,821	(95,997)
Other Liabilities	**2,478,312**	**2,901,615**	**(423,304)**

D. Valuation for Solvency Purposes (continued)

The table below explains the reasons for the significant variances in the valuations for other liabilities between Irish GAAP and in the MCBS at December 31, 2021.

Table 21 Comparison of valuation bases – Other liabilities

Class of other liabilities	
Contingent liabilities	Under Solvency II material contingent liabilities are recognised in the MCBS. They are valued at the best estimate of the cost required to settle the present obligation at the balance sheet date.
Provisions other than Technical Provisions	In both the MCBS and Irish GAAP these provisions are valued at the best estimate of the cost required to settle the present obligation at the balance sheet date. The variance is due to an amount of deferred income recorded in Irish GAAP; this income is not deferred in the MCBS under Solvency II accounting principles.
Deferred tax liabilities	Deferred tax liabilities are recognised in Irish GAAP for expected future tax charges. In the MCBS, deferred tax also arises due to the valuation differences between the MCBS and Irish GAAP values.
Insurance & intermediaries payables	All insurance and intermediaries' payables are measured at fair value and reported in other liabilities under Irish GAAP. In the MCBS any such liabilities which relate to unexpired risks are reported in the Technical Provisions, as they relate to future cashflows.
Reinsurance payables	All reinsurance payables are measured at fair value and reported in other liabilities under Irish GAAP. In the MCBS any such liabilities which relate to unexpired risks are reported in the Technical Provisions, as they relate to future cashflows.
Other liabilities	All other liabilities are measured at fair value and reported in other liabilities under Irish GAAP. In the MCBS any such liabilities which relate to unexpired risks are reported in the Technical Provisions, as they relate to future cashflows.

Duration of liabilities (other than Technical Provisions)

The liabilities (other than Technical Provisions) are generally short term in nature, that is they will be discharged in less than one year, except for:

- A subordinated loan of EUR 104m which has no maturity date; this instrument is classified as Tier 3 Own Funds under Solvency II rules
- Amounts of EUR 90m due on operating leases with a term in excess of one year
- Pension scheme deficits of EUR 34m; the pension scheme obligations will be ultimately discharged over the lifetime of the employees who are members of the pension schemes
- Other provisions, e.g. restructuring provisions or litigation provisions, whose timing depends on the conclusion of the restructuring or the outcome of the underlying potential liability

Pension schemes

ZIP operates defined benefit pension schemes for its employees in certain branches. The pension scheme valuations are based on appropriate International Accounting Standards (IAS 19). There is no valuation difference between Solvency II and Irish GAAP. The liabilities of the pension schemes represent the present value of all projected cash flows discounted using the appropriate discount rate. These future cash flows include pension payments to currently retired members, deferred members and active members of the scheme. The assets in the pension schemes are a combination of bonds, equities and other assets including cash. A breakdown of the assets is included below.

Table 22 Defined Benefit Scheme Assets

in EUR millions, as at December 31 2021	Market Value	Proportion
Equities	211	24%
Bonds	535	59%
Other	149	17%
Total Assets	895	100%

Deferred taxes

Deferred taxes under Solvency II are calculated based on the difference between the Solvency II values ascribed to assets and liabilities and the values ascribed to the same assets and liabilities for tax purposes. These differences give rise to both deferred tax assets and deferred tax liabilities which are calculated in each branch at the applicable tax rate. In addition, carry forward tax losses also give rise to deferred tax assets.

Deferred tax assets are only booked following the passing of recoverability tests, which are carried out in each branch. The recoverability tests consider the source of the deferred tax assets and are designed in accordance with recognised accounting principles. In summary, they require evidencing the ability to recover the deferred tax assets in the branch against the deferred tax liabilities in the branch at the same reference date and, if necessary, against the tax payable on probable future taxable profits in the branch.

Applying this approach, the Company reported net deferred tax assets of EUR 3m and net deferred tax liabilities of EUR 280m in the MCBS as at December 31, 2021. These deferred tax balances reported in the MCBS at December 31, 2021 included an amount of EUR 43m related to carry forward tax losses. These carry forward tax losses were not subject to any time limitation and can, in principle, be carried forward indefinitely. At December 31, 2021, there was an amount of EUR 266m related to carry forward tax losses, which was not recognised in the MCBS.

D.4 Alternative methods for valuation

At December 31, 2021 invested assets of EUR 546m were valued using an alternative valuation method. The significant items included were as follows:

- Private debt securities of EUR 272m were valued using comparable publicly quoted debt securities. Adjustments were made to the valuation for the credit profile and liquidity of the private debt securities.
- Collateralised securities of EUR 274m were valued using either market values or comparable securities. For those valued using comparable securities, adjustments were made to the valuation for the credit profile, liquidity and trading of the collateralised securities.

D.5 Any other information

Going concern

The Directors have concluded that it is reasonable to assume the Company will continue as a going concern over the next twelve months and have therefore produced the SFCR on that basis. This conclusion is based on an assessment of the Company's capital position, liquidity resources, reinsurance arrangements and the credit rating of its parent.

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

Overview of capital management

Background

Zurich Insurance plc ("ZIP" or the "Company") manages its capital with primary focus on the Solvency II regime.

The available financial resources under Solvency II are known as the Own Funds.

The capital requirements under Solvency II are known as the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR"). The regulatory requirement is that Own Funds should exceed the SCR; the MCR is a relevant metric only in extreme capital distress situations. The SCR value always significantly exceeds the MCR value.

The SCR value for ZIP is measured using an Internal Model, which has been approved by the Central Bank of Ireland ("CBI").

The ratio of Own Funds to the SCR is known as the SCR ratio. If the SCR ratio is less than 100% (or trending towards that level in the next 3 months) then the CBI must be notified and in the event that the SCR ratio is below 100% then a realistic recovery plan must be approved by the ZIP Board of directors (the "Board") and provided to the CBI within 2 months of the date of the breach. This plan should include the actions to restore the SCR ratio above 100% within 6 months, from the date of the breach.

The SCR ratio at December 31, 2021 was 163%, representing an excess of EUR 1,185m of Own Funds held over the SCR value. The corresponding metrics at December 31, 2020 were an SCR ratio of 137% and an excess value of EUR 795m of Own Funds held over the SCR value.

The MCR calculation is based on the business volume and mix; the ratio of Own Funds to the MCR is known as the MCR ratio. If the MCR ratio is below 100%, or trending below 100%, then this is an extreme event which could result in regulatory intervention in the running of the Company. The MCR ratio at December 31, 2021 was 323%.

Capital Management policy of the Company

The primary objective of the capital management policy is to support the Company in meeting its regulatory capital requirements. Processes and reporting are in place to meet this objective. The capital management policy outlines the actions available to the management and Board at different levels of the SCR ratio.

The capital management policy also outlines the expectations of stakeholders, other than the regulator, in the capital position of the Company and how these are met.

Processes

A full production run of the Own Funds, SCR and MCR values takes place quarterly, with the results reported to the Board and filed with the CBI. Between quarters the values of the Own Funds and the SCR are monitored on a regular basis, taking account of known movements in values since the previous quarterly report.

Changes in 2021

During 2021 there was no material change in the capital management objectives, policies or processes of the Company.

Capital management actions in 2021

The equity hedge instrument was substantially reduced in the second half of 2021.

E.1 Own Funds

Own Funds

The Own Funds are the sum of Basic Own Funds and Ancillary Own Funds ("AOF").

Basic Own Funds is the excess of assets over liabilities in the Market Consistent Balance Sheet ("MCBS"), subject to certain adjustments applied in accordance with Solvency II rules.

The calculation of Basic Own Funds takes place quarterly through the production of the MCBS. The MCBS is prepared using inputs from the finance reporting teams across the ZIP branches, on a common accounting platform, then aggregated by the ZIP Head Office finance team in Dublin. There are extensive controls in place throughout the process to provide assurance on the results. The timelines for the quarterly production of the MCBS are set to meet regulatory quarterly reporting requirements. The value of the Own Funds is approved by the Chief Financial Officer ("CFO") quarterly and the annual Own Funds value is also approved by the Board, in their approval of the regulatory submissions to the CBI.

AOF are effectively unconditional capital commitments to the Company which can qualify as Own Funds under Solvency II rules; there are defined criteria for what qualifies as AOF and regulatory approval is required. AOF items are not recorded in the MCBS. In 2020 the Company received approval from the CBI to record EUR 228m AOF as Tier 2 Own Funds.

Between the quarterly production runs, an estimate of the Own Funds value is calculated on a regular basis to provide an input to an estimated SCR ratio. The drivers considered in the estimate of Own Funds between quarters include, amongst other items, the impact of financial market movements and the incidence of large insurance claims.

Planning of Own Funds

Annually, the Own Funds are planned forward considering planned profit generation, planned changes in risk profile and planned capital activities. This planning is aligned with the production of the business plan, based on the business strategy approved by the Board.

Structure and tiering of Own Funds

The Own Funds of ZIP at December 31, 2021 were EUR 3,053m.

Tiering is applied to the Own Funds, in accordance with the Solvency II rules. The tiering rules determine the eligibility of Own Funds to meet the SCR and MCR and are based on the deemed quality of the capital.

The Tier 1 Own Funds of ZIP at December 31, 2021 were EUR 2,718m comprising of

- Ordinary share capital (fully paid) EUR 8m
- Capital contribution (fully paid) EUR 395m
- Reconciliation Reserve EUR 2,315m

These items met the criteria for Tier 1 Own Funds including the availability to immediately absorb future losses.

The reconciliation reserve is the excess of assets over liabilities, less other basic Own Fund items, such as share capital. Its future value is subject to volatility, as illustrated by the sensitivities reported in Section C. The calculation of the reconciliation reserve is shown in the table below.

Table 23
Reconciliation reserve

in EUR thousands	December 31, 2021	December 31, 2020
MCBS : excess of Assets over Liabilities	2,721,449	2,605,817
Issued share capital	(8,158)	(8,158)
Share premium	–	–
Capital contribution	(395,041)	(395,041)
Deferred Tax	(3,106)	(4,999)
Reconciliation Reserve	2,315,145	2,197,619

The Tier 2 Own Funds at December 31, 2021 were EUR 228m. This related to the AOF approved by the CBI during 2020.

The Tier 3 Own Funds at December 31, 2021 were EUR 107m, comprised of a subordinated loan of EUR 104m and deferred tax assets of EUR 3m. Detail on deferred tax is provided in Section D.3.

E. Capital Management (continued)

There was no significant change during the year in the value of the subordinated loan, which is provided by Zurich Insurance Company ("ZIC"). The loan has no specified repayment date.

Eligibility and availability of Own Funds

At December 31, 2021, all of the Tier 1 Own Funds were eligible and available for meeting the SCR and MCR.

At December 31, 2021, all of the Tier 2 Own Funds and Tier 3 Own Funds were eligible and available for meeting the SCR however were not eligible or available for meeting the MCR. The Tier 1 Own Funds far exceeded the MCR.

Duration and loss absorbency of Own Funds

There was no time limitation to the Tier 1 Own Funds of EUR 2,718m, at December 31, 2021.

The Tier 2 Own Funds of EUR 228m, at December 31, 2021 related to the AOF which has a term limit of 5 years from December 3, 2020 the date of approval by the CBI.

Of the Tier 3 Own Funds of EUR 107m, the EUR 104m subordinated loan is perpetual in nature, however this loan can be repaid by the Company with a minimum notice period of 5 years.

The total Own Funds of EUR 3,053m were available to absorb losses; no triggers were required for creating their loss absorbency.

Own Funds requiring supervisory approval or subject to transitional arrangements

Capital contributions of EUR 395m held at December 31, 2021 were approved by the CBI as Tier I Own Funds in prior years.

In 2020, the Company executed an AOF transaction within the meaning of the Solvency II Directive (2009/138/EC). The underlying nature of the AOF was a commitment by the shareholders of the Company, ZHIL, ZIC and ZBAG, to provide EUR 228m cash capital contributions to the Company on demand. The approval of the AOF by the CBI on December 3, 2020 allowed the Company to record the amount of EUR 228m as Tier 2 Own Funds. The AOF has a term of 5 years from the date of approval by the CBI.

No amounts included in the Own Funds at December 31, 2021 were subject to transitional arrangements.

Deductions from Own Funds and transferability of Own Funds

No deductions from Own Funds were relevant at December 31, 2021 and no restrictions existed at December 31, 2021 which affected the transferability of Own Funds within the Company.

Changes in Own Funds

A comparison of the Own Funds at December 31, 2021 and December 31, 2020, were as follows:

Table 24 Changes in Own Funds

in EUR thousands	December 31, 2021	December 31, 2020
Tier 1	2,718,344	2,600,818
Tier 2	228,000	228,000
Tier 3	106,662	108,580
Total	3,053,006	2,937,398

There was an increase of EUR 118m in Tier 1 Own Funds during 2021. Economic profits of EUR 253m were offset by a dividend paid of EUR 135m.

There was no change in the value of the Tier 2 Own Funds during 2021.

There was a reduction of EUR 2m in Tier 3 Own Funds during 2021, due to a decrease in the value of the deferred tax assets during the year.

There were no other movements in Own Funds during 2021.

E. Capital Management (continued)

Reconciliation to Irish GAAP Shareholders equity

Table 25 Reconciliation of Irish GAAP shareholders equity to MCBS excess assets over liabilities

in EUR thousands	December 31, 2021	December 31, 2020
Net Irish GAAP shareholders equity	2,783,154	2,822,918
Profit recognition	472,627	368,353
Value of claims provision	(106,499)	(249,387)
Risk Margin reserve	(328,664)	(344,527)
Intangible assets	(109,791)	(101,624)
Fair value investments	13,015	52,154
Deferred Tax	(2,393)	57,930
MCBS excess assets over Liabilities	2,721,449	2,605,817

The key explanations for the reconciling items are as follows:

Profit recognition

- The profit is recognised in the MCBS at the recognition date of the insurance contracts, whereas under Irish GAAP the profits and losses are recognised over the duration of the insurance contracts. The recognition of profit in the MCBS is based on the expected future cash flows, discounted for the time value of money.
- A wider scope of insurance contracts is considered in the MCBS compared to Irish GAAP, in accordance with Solvency II contract boundary and contract recognition rules.

Value of claims provision

- Discounting for the time value of money is applied in the MCBS, when valuing all future insurance claims; under Irish GAAP these discounting adjustments are only applied for future claims which will be paid by annuities.
- There is a requirement to book additional reserves in the MCBS, such as for Events not in Data (“ENID”) and non-claims handling expenses required to run off the reserves.

Risk margin reserve

- In the MCBS this reserve is the value that another (re)insurer would require to take on insurance liabilities, above the best estimate value of the insurance liabilities. There is no requirement for an equivalent reserve under Irish GAAP.

Intangible assets and deferred acquisition costs

- These assets recorded in Irish GAAP are considered to have nil value in the MCBS, as they do not generate future cash flows.

Fair value investments

- Certain investments are not reported at market value under Irish GAAP, whereas these are reported at market value in the MCBS. This is relevant for a small element of the investment portfolio, such as the assets designated as held for maturity in Irish GAAP.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

SCR

The SCR is the modelled value of a 1 in 200 year modelled loss event, occurring in the next year. The SCR at December 31, 2021 was EUR 1,868m. The breakdown of this result is shown in the Appendix: QRT 25.03.21.

MCR

The MCR value is based on the business volume and business mix. The MCR is subject to a minimum value of 25% of the SCR or a maximum value of 45% of the SCR.

The MCR at December 31, 2021 was EUR 840m.

The inputs used to calculate the MCR value are shown in the Appendix: QRT S.28.01.01. These inputs were the value of the Technical Provisions as at December 31, 2021 and the value of the written premium in 2021, both net of reinsurance.

Movements in SCR and MCR

The SCR decreased by 13% during 2021, from EUR 2,143m to EUR 1,868m.

The drivers for changes in the SCR during 2021 were:

- Updates of exposures and risk measures
- Updates of the business plan

E. Capital Management (continued)

Table 26 Analysis of SCR movements in 2021

EUR m	December 31, 2021	December 31, 2020	Variance
Premium, Reserve & UPR risk	943	876	67
Nat Cat risk	291	262	29
Market/ALM risk	717	605	112
Expense risk	315	292	24
Reinsurance credit risk	62	61	–
Receivables credit risk	35	26	9
Pension risk	183	192	(9)
Operational risk	415	428	(12)
Total undiversified risk	2,961	2,741	220
Diversified	36.2%	37.3%	(1.1%)
Aggregated risk (diversified)	1,868	1,702	166
Post-aggregation steps (*)	–	441	(441)
SCR	1,868	2,143	(275)

*see detail provided later in this section.

The MCR increased by 1% during 2021.

Purposes for which ZIP is using the Internal Model

In addition to using an Internal Model for the calculation of the SCR, the Internal Model is used widely by the Company, in particular for:

- Pricing – the setting of premium values to earn a target return on economic capital; this economic capital is derived from the Internal Model
- Business planning, strategy and performance management reviews – using economic return metrics, derived from the Internal Model
- Risk management – the measurement of risks within the business includes the use of results from the Internal Model
- Purchase of reinsurance – results from the Internal Model are a key input to deciding on the level of reinsurance coverage purchased
- Investment portfolio mix – results from the Internal Model are used in setting the strategic asset allocation ("SAA"). In addition, the economic return on investments is monitored relative to the level of economic capital deployed, derived from the Internal Model
- Capital Management – results from the Internal Model are a key input in future capital planning and any capital action decisions
- Reserving – the Internal Model is used to assess the strength of booked reserves

Scope of the Internal Model in terms of business units and risk categories

Internal Model results are produced by risk type for each branch and subsidiary of the Company, and also for the legal entity, and are then aggregated over risk types to produce the final results. The value of the risk types measured in the Internal Model are shown above and described in Section C.

Methods used in the Internal Model for the probability distribution forecast

The probability distribution forecast is an estimation of the probabilities for modelled future outcomes. In the Internal Model 200,000 simulations of risk type results for the following year are generated. The modelling of natural catastrophe risk and market risk makes use of external industry recognised models. These simulated results by risk type are aggregated to produce the aggregated probability distribution forecast. The aggregation is achieved by applying a copula to the sum of the individual risk type results, to reflect the diversification effect. A copula is a statistical method used to help calculate the association or dependence between variables.

The 199,000th adverse result of the aggregated results is then selected, being the equivalent of a 1 in 200 year modelled loss event occurring in the next year.

The post-aggregation steps then take place to determine the final value of the SCR:

– Allowance for expected result in the following year
– Allowance for tax absorbency benefit
– Addition of certain scenarios (if necessary) to augment the modelling of individual risk types
– Addition of the dynamic model result, which measures credit risk with Group counterparties

The Internal Model is run on the Risk Modelling Platform which has been developed by the Zurich Group.

Data used in Internal Model

A policy is in place for ensuring the data used in the Internal Model is accurate, complete and appropriate. Roles and responsibilities are defined and documented for each of the steps in the SCR result production process.

Central to the data policy is the adherence to the risk based control framework, which applies to all elements of the SCR result production process. Compliance with controls, across all relevant locations in the SCR production process, is recorded on a central database.

The data used in the Internal Model is in scope for the annual review by the Independent Validation function.

SCR disclosures Irish law avails of the disclosure exemption proposed under Article 51(2) of the Solvency II Directive, until December 31, 2021.

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

The duration-based equity risk sub-module was not used at December 31, 2021.

E.4 Differences between the Standard Formula and the Internal Model used

The Standard Formula is designed by the European Insurance and Occupational Pensions Authority ("EIOPA") to fit the business profile of an average insurance company in the European Economic Area ("EEA"), for example a company predominantly exposed to insurance risks in one country. The business profile of ZIP does not fit with the business profile of an average insurance company in the EEA given the scale and size of its operations, writing insurance business in Ireland and out of 12 regulated branches.

The Internal Model approved by the CBI to measure the Company's SCR better reflects the actual risk profile of the Company than the Standard Formula.

The divergence of the Internal Model and Standard Formula approaches is shown in the table below.

E. Capital Management (continued)

Table 27
Comparison between the Standard Formula and the Internal Model

Risk Type & comparative view	Internal Model ("IM")	Standard Formula ("SF")
Premium, UPR & Reserve Risk	The volatility factors applied are based on historical experience of the Company, supplemented with expert judgment. Geographical diversification is based on correlation factors between branches and segments. Non proportional reinsurance is allowed for appropriately in the modelling. Additional Reserve risk scenarios are added to allow for further volatility due to events that may not have occurred in the past but that may impact the reserves in the future. These are based on the ENIDs developed as part of the Solvency II Technical Provisions ("SII TPs") process.	The volatility factors are based on market wide experience, with the calibration being appropriate for an average sized insurer in the EEA, which would operate in a single market, with a limited product and customer base.
Man Made Cat	Man Made Cat risks are allowed for by explicit consideration and quantification of scenarios which are relevant to the specific underwriting exposures of the Company.	The Man Made Cat risks are measured based on defined shocks.
Nat Cat	An exposure-based probabilistic model populated with actual Company exposure data is used and there is the facility to reflect the various forms of policy conditions.	Industry wide scenarios are used.
Lapse/Expense Risk	Expense risk is measured as the risk of a loss that arises if the actual expenses loading exceeds the expected expense loading.	The lapse risk is calculated as the potential increase in Technical Provisions resulting from the discontinuance of insurance policies.
Market Risk	The risk is derived from simulations of assets and liabilities, covering a wide range of financial market impacts. The calibration is done using market factors which are sourced externally.	Defined shocks are applied to assets and liabilities. The shock factors are applied to asset classes and do not consider the granular asset positions held.
Operational Risk	The modelling considers the actual operational loss history of the Company and relevant industry factors, to inform the identification and assessment of operational risk scenarios, including their likelihood and severity.	A formula is applied; the key elements of the formula are earned premiums and Technical Provisions.
Pension Risk	Pension market risk is measured using the market risk model. Pension longevity risk is measured based on industry data.	The Pension market risk is measured using the market risk model. Pension longevity risk is not considered.
Diversification	A copula approach is applied for risk type aggregation which allows for tail dependence but remains comparatively simple to calibrate. The main set of input parameters is the bi-variate dependence matrix across risk types.	The Variance Covariance aggregation method is used, which produces only point estimates of the diversification benefit, rather than distributions.
Tax absorbency	The tax absorbency is based on the estimate of future plan profits following a loss event, with limits applied to the plan profits considered.	No standard methodology for the tax calculation, though guidance is provided.
Scenarios	Certain scenarios are added if necessary in the SCR. These scenarios are intended to augment the SCR for risks that are not adequately reflected in the modelling of the individual risk types.	The Standard Formula does not include additional scenarios to augment the SCR.
Credit risk/ Dynamic Default Model	Credit risk for third parties is based on external ratings and historic trends. The credit risk for balances with Group counterparties is assessed by simulating loss events impacting the counterparties, against which balances are held.	Credit risk for Group counterparties is calculated in the same way as for external counterparties, based on a simple formula.

Structure and other detail on the Internal Model

The Internal Model measures the SCR as calibrated to the equivalent of a 1 in 200 year modelled loss event for the Company occurring in the next year. In this regard, the Internal Model meets the Solvency II rules to provide the appropriate level of protection to policyholders and other beneficiaries and has been approved for use by the CBI.

Loss absorbing capacity of deferred taxation included in the calculation of the Solvency Capital Requirement

Under Solvency II, it is permissible to allow for a deduction from the SCR to reflect the Loss Absorbing Capacity of Deferred Taxation ("LACDT"). The LACDT reflects the fact that in a 1 in 200 scenario, the Company will suffer a loss which gives rise to potential tax credits. The LACDT represents the value of these tax credits which would arise due to the SCR loss event. The LACDT value is calculated in accordance with the methodology of the approved Internal Model and the calculation is based on the circumstances in each of the jurisdictions in which the Company operates.

At December 31, 2021, the benefit to the SCR of the LACDT was EUR 319m, of which EUR 276m LACDT was driven by the offset of deferred tax liabilities reported on the MCBS at December 31, 2021, with the balance of the LACDT value driven by probable future taxable profits and the availability of carry back tax losses.

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

There were no incidences of non-compliance with the MCR or SCR during 2021.

E.6 Any other information

Zurich Group capital position

ZIP is a company which is part of the Zurich Insurance Group (the "Group"). The Group pools risk, capital and liquidity centrally as much as possible.

The Group manages its capital to maximize long-term shareholder value while maintaining financial strength within its "AA" target range and meeting regulatory, solvency and rating agency requirements. In particular, the Group endeavours to manage its International Financial Reporting Standards ("IFRS") shareholders' equity to balance maximisation of shareholder value and constraints imposed by its economic framework, rating agencies and regulators.

The Swiss Solvency Test ("SST") ratio of the Group as at January 1, 2022 stands at 212% (unaudited). The Group will publish its Financial Condition Report at the end of April.

The solvency and financial condition of ZIP therefore should be understood in the context of the resilience and stability of the Group.

The Group discloses more information on its risk and capital management in its risk review, an integral part of the Zurich Insurance Group's annual report available on www.zurich.com.

Appendix

S.02.01.02

Balance Sheet, Assets

in EUR thousands, as of December 31

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	–
Deferred tax assets	R0040	3,106
Pension benefit surplus	R0050	109,784
Property, plant & equipment held for own use	R0060	179,884
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6,753,039
Property (other than for own use)	R0080	1,251,978
Holdings in related undertakings, including participations	R0090	58,343
Equities	R0100	365,483
Equities – listed	R0110	360,527
Equities – unlisted	R0120	4,956
Bonds	R0130	4,973,907
Government Bonds	R0140	2,111,365
Corporate Bonds	R0150	2,275,920
Structured notes	R0160	26,290
Collateralised securities	R0170	560,332
Collective Investments Undertakings	R0180	86,846
Derivatives	R0190	12,154
Deposits other than cash equivalents	R0200	4,328
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	R0230	2,352,217
Loans on policies	R0240	30
Loans and mortgages to individuals	R0250	16,124
Other loans and mortgages	R0260	2,336,062
Reinsurance recoverables from:	R0270	11,370,722
Non-life and health similar to non-life	R0280	11,085,972
Non-life excluding health	R0290	10,918,259
Health similar to non-life	R0300	167,713
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	284,750
Health similar to life	R0320	85,311
Life excluding health and index-linked and unit-linked	R0330	199,440
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	9,962
Insurance and intermediaries receivables	R0360	499,468
Reinsurance receivables	R0370	606,540
Receivables (trade, not insurance)	R0380	476,968
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	255,194
Any other assets, not elsewhere shown	R0420	199,053
Total assets	**R0500**	**22,815,937**

Appendix (continued)

S.02.01.02

Balance Sheet, Liabilities

in EUR thousands, as of December 31

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	16,715,470
Technical provisions – non-life (excluding health)	R0520	16,383,895
TP calculated as a whole	R0530	–
Best Estimate	R0540	16,146,609
Risk margin	R0550	237,285
Technical provisions – health (similar to non-life)	R0560	331,576
TP calculated as a whole	R0570	–
Best Estimate	R0580	317,731
Risk margin	R0590	13,845
Technical provisions – life (excluding index-linked and unit-linked)	R0600	900,705
Technical provisions – health (similar to life)	R0610	316,571
TP calculated as a whole	R0620	–
Best Estimate	R0630	299,795
Risk margin	R0640	16,776
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	584,134
TP calculated as a whole	R0660	–
Best Estimate	R0670	523,376
Risk margin	R0680	60,758
Technical provisions – index-linked and unit-linked	R0690	–
TP calculated as a whole	R0700	–
Best Estimate	R0710	–
Risk margin	R0720	–
Contingent liabilities	R0740	17,858
Provisions other than technical provisions	R0750	135,310
Pension benefit obligations	R0760	34,429
Deposits from reinsurers	R0770	13,228
Deferred tax liabilities	R0780	279,346
Derivatives	R0790	15,865
Debts owed to credit institutions	R0800	24,776
Financial liabilities other than debts owed to credit institutions	R0810	131,977
Insurance & intermediaries payables	R0820	164,776
Reinsurance payables	R0830	101,875
Payables (trade, not insurance)	R0840	826,493
Subordinated liabilities	R0850	103,556
Subordinated liabilities not in BOF	R0860	–
Subordinated liabilities in BOF	R0870	103,556
Any other liabilities, not elsewhere shown	R0880	628,823
Total liabilities	**R0900**	**20,094,487**
Excess of assets over liabilities	**R1000**	**2,721,450**

Appendix (continued)

S.05.01.02

Premiums, claims and expenses by line of business, non-life

in EUR thousands, as of December 31

Premiums written	
Gross – Direct Business	R0110
Gross – Proportional reinsurance accepted	R0120
Gross – Non-proportional reinsurance accepted	R0130
Reinsurers' share	R0140
Net	R0200
Premiums earned	
Gross – Direct Business	R0210
Gross – Proportional reinsurance accepted	R0220
Gross – Non-proportional reinsurance accepted	R0230
Reinsurers' share	R0240
Net	R0300
Claims incurred	
Gross – Direct Business	R0310
Gross – Proportional reinsurance accepted	R0320
Gross – Non-proportional reinsurance accepted	R0330
Reinsurers' share	R0340
Net	R0400
Changes in other technical provisions	
Gross – Direct Business	R0410
Gross – Proportional reinsurance accepted	R0420
Gross – Non- proportional reinsurance accepted	R0430
Reinsurers' share	R0440
Net	R0500
Expenses incurred	R0550
Other expenses	R1200
Total expenses	**R1300**

Appendix (continued)

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
87,424	287,858	61,402	1,341,680	774,906	194,887	3,394,511	2,253,571	120,428
4,293	2,838	–	81,277	46,140	9,306	308,747	143,987	2,374
59,172	148,738	31,844	763,228	443,874	150,346	2,468,596	1,681,788	88,075
32,545	141,958	29,558	659,728	377,172	53,847	1,234,662	715,770	34,726
87,600	287,473	60,928	1,331,933	762,990	193,012	3,197,162	2,156,591	121,120
4,293	2,856	–	80,627	45,848	12,505	300,688	134,694	4,210
59,413	148,450	31,692	761,825	439,163	152,969	2,373,063	1,619,393	91,392
32,480	141,879	29,235	650,735	369,676	52,548	1,124,787	671,893	33,938
52,330	136,822	16,160	694,023	448,649	120,071	1,749,419	1,097,890	5,819
1,887	425	–	44,360	32,939	(1,418)	36,670	54,228	1,690
35,096	68,394	11,690	387,654	270,767	86,980	1,147,224	865,174	8,867
19,121	68,853	4,471	350,729	210,821	31,673	638,864	286,944	(1,357)
–	–	–	33	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	33	–	–	–	–	–
16,855	76,129	7,234	235,102	148,242	33,283	627,023	321,944	23,655
–	–	–	–	–	–	–	–	–

Appendix (continued)

S.05.01.02

Premiums, claims and expenses by line of business, non-life

in EUR thousands, as of December 31

Premiums written	
Gross – Direct Business	R0110
Gross – Proportional reinsurance accepted	R0120
Gross – Non-proportional reinsurance accepted	R0130
Reinsurers' share	R0140
Net	R0200
Premiums earned	
Gross – Direct Business	R0210
Gross – Proportional reinsurance accepted	R0220
Gross – Non-proportional reinsurance accepted	R0230
Reinsurers' share	R0240
Net	R0300
Claims incurred	
Gross – Direct Business	R0310
Gross – Proportional reinsurance accepted	R0320
Gross – Non-proportional reinsurance accepted	R0330
Reinsurers' share	R0340
Net	R0400
Changes in other technical provisions	
Gross – Direct Business	R0410
Gross – Proportional reinsurance accepted	R0420
Gross – Non- proportional reinsurance accepted	R0430
Reinsurers' share	R0440
Net	R0500
Expenses incurred	R0550
Other expenses	R1200
Total expenses	**R1300**

Appendix (continued)

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				
Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
104,188	56,531	112,885					8,790,269
3,379	1,450	1,140					604,931
			–	–	–	–	–
61,075	37,084	78,785	–	–	–	–	6,012,605
46,492	20,897	35,240	–	–	–	–	3,382,595
103,030	46,867	116,141					8,464,846
3,420	1,544	1,770					592,455
			–	–	–	–	–
60,446	31,600	83,504	–	–	–	–	5,852,909
46,003	16,812	34,407	–	–	–	–	3,204,393
71,091	8,289	27,000					4,427,564
2,625	(257)	1,324					174,473
			–	–	–	–	–
40,995	7,291	30,327	–	–	–	–	2,960,460
32,721	740	(2,004)	–	–	–	–	1,641,577
–	–	–					33
–	–	–					–
			–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	33
24,800	16,499	6,503	–	–	–	–	1,537,270
							–
–	**–**	**–**	**–**	**–**	**–**	**–**	**1,537,270**

Appendix (continued)

S.05.01.02

Premiums, claims and expenses by line of business, Life

in EUR thousands, as of December 31

Premiums written	
Gross	R1410
Reinsurers' share	R1420
Net	R1500
Premiums earned	
Gross	R1510
Reinsurers' share	R1520
Net	R1600
Claims incurred	
Gross	R1610
Reinsurers' share	R1620
Net	R1700
Changes in other technical provisions	
Gross	R1710
Reinsurers' share	R1720
Net	R1800
Expenses incurred	R1900
Other expenses	R2500
Total expenses	**R2600**

Appendix (continued)

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
(2,112)	–	–	–	27,553	71,245	1	1,498	98,185
–	–	–	–	896	23,212	11,657	7,454	43,219
(2,112)	–	–	–	26,657	48,033	(11,656)	(5,956)	54,966
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
								–
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Appendix (continued)

S.05.02.01

Premiums, claims and expenses by country, non-life

in EUR thousands, as of December 31

	R0010
Premiums written	
Gross – Direct Business	R0110
Gross – Proportional reinsurance accepted	R0120
Gross – Non-proportional reinsurance accepted	R0130
Reinsurers' share	R0140
Net	R0200
Premiums earned	
Gross – Direct Business	R0210
Gross – Proportional reinsurance accepted	R0220
Gross – Non-proportional reinsurance accepted	R0230
Reinsurers' share	R0240
Net	R0300
Claims incurred	
Gross – Direct Business	R0310
Gross – Proportional reinsurance accepted	R0320
Gross – Non-proportional reinsurance accepted	R0330
Reinsurers' share	R0340
Net	R0400
Changes in other technical provisions	
Gross – Direct Business	R0410
Gross – Proportional reinsurance accepted	R0420
Gross – Non- proportional reinsurance accepted	R0430
Reinsurers' share	R0440
Net	R0500
Expenses incurred	R0550
Other expenses	R1200
Total expenses	**R1300**

Appendix (continued)

	Home Country	Top 5 countries (by amount of gross premiums written) – non-life obligations					Total Top 5 and home country
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
		GB	DE	IT	ES	FR	
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
	420,972	2,782,387	1,948,247	1,286,281	941,294	328,864	7,708,045
	8,838	269,474	168,761	3,686	25,833	28,694	505,286
	–	–	–	–	–	–	–
	241,907	1,895,384	1,323,812	740,525	635,593	292,303	5,129,524
	187,903	1,156,476	793,196	549,442	331,534	65,255	3,083,807
	397,647	2,663,773	1,847,624	1,254,380	931,655	307,995	7,403,074
	8,622	254,206	167,798	5,429	27,540	27,485	491,080
	–	–	–	–	–	–	–
	226,855	1,851,868	1,255,434	705,392	585,899	262,020	4,887,467
	179,414	1,066,111	759,987	554,417	373,297	73,461	3,006,687
	214,527	1,068,461	1,112,853	714,288	463,581	107,273	3,680,983
	2,040	37,423	91,325	(2,563)	673	2,204	131,102
	–	–	–	–	–	–	–
	116,562	636,360	793,073	414,030	290,602	85,435	2,336,063
	100,004	469,524	411,106	297,694	173,652	24,041	1,476,022
	–	–	33	–	–	–	33
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	33	–	–	–	33
	71,442	540,768	389,717	183,251	222,617	32,997	1,440,792
							–
	71,442	**540,768**	**389,717**	**183,251**	**222,617**	**32,997**	**1,440,792**

Appendix (continued)

Technical Provisions – Reconciliation to financial statements

S.12.01.02

Life and Health SLT Technical Provisions

in EUR thousands, as of December 31

Technical provisions calculated as a whole	R0010
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020
Technical provisions calculated as a sum of BE and RM	
Best Estimate	
Gross Best Estimate	R0030
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090
Risk Margin	R0100
Amount of the transitional on Technical Provisions	
Technical Provisions calculated as a whole	R0110
Best estimate	R0120
Risk margin	R0130
Technical provisions – total	**R0200**

S.12.01.02

Life and Health SLT Technical Provisions

in EUR thousands, as of December 31

Technical provisions calculated as a whole
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole
Technical provisions calculated as a sum of BE and RM
Best Estimate
Gross Best Estimate
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total
Risk Margin
Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin
Technical provisions – total

Appendix (continued)

	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations		
Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees		Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
–	–			–			–	–	–
–	–			–			–	–	–
–		–	–		–	–	496,554	26,823	523,376
–		–	–		–	–	192,580	6,859	199,440
–		–	–		–	–	303,974	19,963	323,937
–	–			–			59,612	1,146	60,758
–	–			–			–	–	–
–		–	–		–	–	–	–	–
–	–			–			–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**556,166**	**27,968**	**584,134**

	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		Contracts without options and guarantees	Contracts with options or guarantees			
	C0160	C0170	C0180	C0190	C0200	C0210
R0010	–			–	–	–
R0020	–			–	–	–
R0030		–	25,327	274,007	461	299,795
R0080		–	–	85,311	–	85,311
R0090		–	25,327	188,696	461	214,484
R0100	2,674			14,055	46	16,776
R0110	–			–	–	–
R0120		–	–	–	–	–
R0130	–			–	–	–
R0200	**28,001**	**–**	**–**	**288,062**	**507**	**316,571**

Appendix (continued)

S.17.01.02

Non-life Technical Provisions

in EUR thousands, as of December 31

Technical provisions calculated as a whole	R0010
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050
Technical provisions calculated as a sum of BE and RM	
Best estimate	
Premium provisions	
Gross	R0060
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140
Net Best Estimate of Premium Provisions	R0150
Claims provisions	
Gross	R0160
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240
Net Best Estimate of Claims Provisions	R0250
Total Best estimate – gross	**R0260**
Total Best estimate – net	**R0270**
Risk margin	R0280
Amount of the transitional on Technical Provisions	
Technical Provisions calculated as a whole	R0290
Best estimate	R0300
Risk margin	R0310
Technical provisions – total	
Technical provisions – total	R0320
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	R0330
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	R0340

Appendix (continued)

	Direct business and accepted proportional reinsurance								
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	21,630	(25,193)	2,422	260,506	134,139	5,694	712,694	261,530	28,968
	15,605	(12,368)	2,310	148,383	66,384	8,555	370,647	181,198	8,659
	6,025	(12,825)	112	112,123	67,754	(2,860)	342,047	80,332	20,308
	52,355	220,050	46,467	2,213,860	250,355	185,475	3,039,457	8,401,164	265,484
	31,743	103,992	26,431	1,113,538	140,309	140,412	2,094,864	6,232,743	162,229
	20,612	116,058	20,036	1,100,322	110,046	45,064	944,592	2,168,421	103,255
	73,985	**194,857**	**48,889**	**2,474,366**	**384,493**	**191,170**	**3,752,151**	**8,662,693**	**294,451**
	26,637	**103,233**	**20,147**	**1,212,446**	**177,800**	**42,203**	**1,286,639**	**2,248,753**	**123,563**
	1,324	3,264	9,257	50,598	14,699	2,280	49,871	99,777	13,105
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	75,308	198,121	58,146	2,524,965	399,192	193,450	3,802,021	8,762,471	307,557
	47,348	91,624	28,741	1,261,921	206,694	148,967	2,465,512	6,413,940	170,888
	27,961	106,497	29,405	1,263,044	192,499	44,483	1,336,510	2,348,530	136,669

Appendix (continued)

S.17.01.02

Non-life Technical Provisions

in EUR thousands, as of December 31

Technical provisions calculated as a whole	R0010
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050
Technical provisions calculated as a sum of BE and RM	
Best estimate	
Premium provisions	
Gross	R0060
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140
Net Best Estimate of Premium Provisions	R0150
Claims provisions	
Gross	R0160
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240
Net Best Estimate of Claims Provisions	R0250
Total Best estimate – gross	**R0260**
Total Best estimate – net	**R0270**
Risk margin	R0280
Amount of the transitional on Technical Provisions	
Technical Provisions calculated as a whole	R0290
Best estimate	R0300
Risk margin	R0310
Technical provisions – total	
Technical provisions – total	R0320
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	R0330
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	R0340

Appendix (continued)

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	10,008	422	41,454	–	–	–	–	1,454,272
	4,143	521	27,212	–	–	–	–	821,250
	5,865	(99)	14,241	–	–	–	–	633,023
	198,318	10,800	126,283	–	–	–	–	15,010,068
	101,976	8,717	107,768	–	–	–	–	10,264,722
	96,342	2,083	18,515	–	–	–	–	4,745,346
	208,325	**11,222**	**167,737**	**–**	**–**	**–**	**–**	**16,464,340**
	102,206	**1,984**	**32,756**	**–**	**–**	**–**	**–**	**5,378,368**
	4,329	135	2,490	–	–	–	–	251,130
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	212,654	11,358	170,227	–	–	–	–	16,715,470
	106,119	9,238	134,981	–	–	–	–	11,085,972
	106,535	2,119	35,247	–	–	–	–	5,629,499

Appendix (continued)

S.19.01.21

Non-life Insurance Claims Information

in EUR thousands, as of December 31

	Year	–	1	2	3	4
		C0010	C0020	C0030	C0040	C0050
Prior	R0100					
N-9	R0160	1,838,203	1,362,179	503,467	316,995	262,356
N-8	R0170	1,757,642	1,446,689	567,726	402,245	219,414
N-7	R0180	1,602,281	1,255,439	635,662	291,181	242,452
N-6	R0190	1,675,052	1,573,630	696,792	343,638	300,691
N-5	R0200	1,588,318	1,295,738	476,387	324,424	199,301
N-4	R0210	1,489,319	1,247,012	608,099	311,435	201,443
N-3	R0220	1,705,929	1,234,307	476,221	335,790	–
N-2	R0230	1,635,089	1,316,869	533,353	–	–
N-1	R0240	1,463,639	1,266,933	–	–	–
N	R0250	1,543,505	–	–	–	–

S.19.01.21

Non-life Insurance Claims Information

in EUR thousands, as of December 31

	Year	–	1	2	3	4
		C0200	C0210	C0220	C0230	C0240
Prior	R0100					
N-9	R0160	2	–	–	–	937,000
N-8	R0170	2	–	–	1,252,717	1,004,771
N-7	R0180	2	–	1,774,992	1,339,994	967,967
N-6	R0190	2	2,816,549	2,042,288	1,574,040	1,075,605
N-5	R0200	3,778,956	2,443,530	1,714,408	1,287,162	1,062,919
N-4	R0210	3,682,100	2,436,427	1,693,071	1,320,706	1,111,258
N-3	R0220	3,562,086	2,459,597	1,809,504	1,363,248	–
N-2	R0230	3,662,234	2,293,961	1,593,065	–	–
N-1	R0240	3,791,939	2,441,022	–	–	–
N	R0250	3,742,415	–	–	–	–

S.22.01.21

Impact of long term guarantees and transitional measures

in EUR thousands, as of December 31

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet SCR	R0050					
SCR	R0090					
Eligible own funds to meet MCR	R0100					
Minimum Capital Requirement	**R0110**					

Appendix (continued)

					Development year				Sum of years
5	6	7	8	9	10 & +			In Current year	(cumulative)
C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
					29,150,375		R0100	203,424	29,150,375
189,477	107,097	63,241	36,325	26,745	–		R0160	26,745	4,706,086
165,905	109,653	91,998	51,926	–	–		R0170	51,926	4,813,197
166,105	102,454	87,732	–	–	–		R0180	87,732	4,383,306
203,451	93,318	–	–	–	–		R0190	93,318	4,886,572
184,119	–	–	–	–	–		R0200	184,119	4,068,288
–	–	–	–	–	–		R0210	201,443	3,857,308
–	–	–	–	–	–		R0220	335,790	3,752,247
–	–	–	–	–	–		R0230	533,353	3,485,311
–	–	–	–	–	–		R0240	1,266,933	2,730,571
–	–	–	–	–	–		R0250	1,543,505	1,543,505
						Total	**R0260**	**4,528,289**	**67,376,764**

					Development year			
5	6	7	8	9	10 & +			Year end (discounted data)
C0250	C0260	C0270	C0280	C0290	C0300			C0360
					9,564,525		R0100	2,347,122
691,544	468,578	355,905	286,568	261,416	–		R0160	255,462
714,066	573,714	465,811	383,900	–	–		R0170	376,301
756,793	614,062	507,608	–	–	–		R0180	498,063
751,910	683,149	–	–	–	–		R0190	670,482
790,714	–	–	–	–	–		R0200	775,451
–	–	–	–	–	–		R0210	1,088,875
–	–	–	–	–	–		R0220	1,335,258
–	–	–	–	–	–		R0230	1,563,577
–	–	–	–	–	–		R0240	2,402,329
–	–	–	–	–	–		R0250	3,697,149
						Total	**R0260**	**15,010,067**

Appendix (continued)

S.23.01.01

Own funds

in EUR thousands, as of December 31		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	8,158	8,158		–	
Share premium account related to ordinary share capital	R0030	–	–		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	–	–			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	2,315,145	2,315,145			
Subordinated liabilities	R0140	103,556		–	–	103,556
An amount equal to the value of net deferred tax assets	R0160	3,106				3,106
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	395,041	395,041	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	**2,825,006**	**2,718,344**	**–**	**–**	**106,662**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	228,000			228,000	–
Total ancillary own funds	**R0400**	**228,000**	**–**	**–**	**228,000**	**–**

Appendix (continued)

S.23.01.01

Own funds

in EUR thousands, as of December 31

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3,053,006	2,718,344	–	228,000	106,662
Total available own funds to meet the MCR	R0510	2,718,344	2,718,344	–	–	
Total eligible own funds to meet the SCR	R0540	3,053,006	2,718,344	–	228,000	106,662
Total eligible own funds to meet the MCR	R0550	2,718,344	2,718,344	–	–	
SCR	R0580	1,867,728				
MCR	R0600	840,477				
Ratio of Eligible own funds to SCR	R0620	163%				
Ratio of Eligible own funds to MCR	R0640	323%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,721,450
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	406,305
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	2,315,145
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	–
Expected profits included in future premiums (EPIFP) – Non- life business	R0780	773,829
Total Expected profits included in future premiums (EPIFP)	**R0790**	**773,829**

Appendix (continued)

S.25.03.21

Solvency Capital Requirement – for undertakings on Full Internal Models

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
101	Market/ALM Risk	717,033
102	Premium, Reserve & UPR Risk	942,599
103	Nat Cat Risk	291,241
104	Expense Risk	315,280
105	Operational Risk	415,449
106	Credit Risk	96,919
108	Pension Risk	182,950
109	Scenarios	68,549
110	Dynamic Model	231,424
111	Expected Result	18,957

		C0100
Calculation of Solvency Capital Requirement		
Total undiversified components	R0110	3,280,402
Diversification	R0060	(1,093,689)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	R0160	
Solvency capital requirement excluding capital add-on	R0200	1,867,728
Capital add-ons already set	R0210	–
Solvency capital requirement	R0220	1,867,728
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(318,985)
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF SCR aggregation for article 304	R0440	

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	Yes

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
LAC DT	R0640	(318,985)
LAC DT justified by reversion of deferred tax liabilities	R0650	(276,240)
LAC DT justified by reference to probable future taxable economic profit	R0660	(39,988)
LAC DT justified by carry back, current year	R0670	(2,757)
LAC DT justified by carry back, future years	R0680	–
Maximum LAC DT	R0690	(616,169)

Appendix (continued)

S.28.01.01

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

in EUR thousands, as of December 31		C0010	
MCR(NL) Result	R0010	843,206	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	26,637	32,545
Income protection insurance and proportional reinsurance	R0030	103,233	141,958
Workers' compensation insurance and proportional reinsurance	R0040	20,147	29,558
Motor vehicle liability insurance and proportional reinsurance	R0050	1,212,446	659,728
Other motor insurance and proportional reinsurance	R0060	177,800	377,172
Marine, aviation and transport insurance and proportional reinsurance	R0070	42,203	53,847
Fire and other damage to property insurance and proportional reinsurance	R0080	1,286,639	1,234,662
General liability insurance and proportional reinsurance	R0090	2,248,753	715,770
Credit and suretyship insurance and proportional reinsurance	R0100	123,563	34,726
Legal expenses insurance and proportional reinsurance	R0110	102,206	46,492
Assistance and proportional reinsurance	R0120	1,984	20,897
Miscellaneous financial loss insurance and proportional reinsurance	R0130	32,756	35,240
Non-proportional health reinsurance	R0140	–	–
Non-proportional casualty reinsurance	R0150	–	–
Non-proportional marine, aviation and transport reinsurance	R0160	–	–
Non-proportional property reinsurance	R0170	–	–

S.28.01.01

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

in EUR thousands, as of December 31		C0040	
MCR(L) Result	R0200	11,306.84346	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
Obligations with profit participation – guaranteed benefits	R0210	–	
Obligations with profit participation – future discretionary benefits	R0220	–	
Index-linked and unit-linked insurance obligations	R0230	–	
Other life (re)insurance and health (re)insurance obligations	R0240	538,421	
Total capital at risk for all life (re)insurance obligations	R0250		–

		C0070
Linear MCR	R0300	854,513
SCR	R0310	1,867,728
MCR cap	R0320	840,477
MCR floor	R0330	466,932
Combined MCR	R0340	840,477
Absolute floor of the MCR	R0350	3,700

		C0070
Minimum Capital Requirement	R0400	840,477

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