Solvency and Financial Condition Report 2023

Zurich Insurance plc

Disclaimer and Cautionary Statement

As a result of a cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, Zurich Insurance plc ("ZIP") converted from an Irish public limited company into a German stock corporation (Aktiengesellschaft – AG) on January 2, 2024, under the name of Zurich Insurance Europe AG ("ZIE"), with its registered seat in Frankfurt am Main, Germany. There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

Accordingly, this SFCR is published in 2024 by ZIE, however it relates to facts and circumstances in the period from January 1, 2023 to December 31, 2023 when the Company operated as an Irish public limited company (ZIP) and references to 'the Company' in this SFCR should be read in this context. The system of governance and reporting described in this SFCR are those that were in place for 2023 when the Company was an Irish plc. That system of governance and reporting has now been adapted so as to be appropriate for a German stock corporation, from January 2, 2024.

The Head Office move had no material impact on the Company's organisation, customer facing and business activities in the local markets it operates in. Local regulators continue to supervise the Company's conduct in the markets where it operates. From January 2, 2024, prudential regulation of the Company has moved from CBI to BaFin.

ZIE 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").

Save only to the extent required by the Regulation or other applicable law, neither ZIE nor any other member of the Zurich Insurance Group of companies (collectively, the "Group") nor any of their respective officers, employees, consultants, advisers, representatives or agents:

(a) makes any representation or warranty as to the accuracy, completeness, timeliness, fairness or reliability of the information in this report or the opinions contained herein; or

(b) accepts any liability (including without limitation, any liability arising from fault or negligence on the part of any of them) for any direct, indirect or consequential loss or damage whatsoever or howsoever arising from any use of this report or otherwise arising in connection with it.

Certain statements in this report are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of ZIE or any other member of the Group. Forward-looking statements include statements regarding ZIE's or any other member of the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding ZIE's or any other member of the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of ZIE or any other member of the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of ZIE and/or any other member of the Group and on whether the targets will be achieved. Neither ZIE nor any other member of the Group undertake any obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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

This report is not intended to be, and shall not constitute or contain, an offer or an invitation of any kind for the sale or purchase of securities of ZIE or any other member of the Group in any jurisdiction.

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

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

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
BaFin	German Federal Financial Supervisory Authority
Board	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 / Zurich Insurance Europe AG (from January 2, 2024)
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
FCA	Financial Conduct Authority (UK)
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
LRC	Liability for Remaining Coverage
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 (UK)
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
TRP	Total Risk Profiling
UPR	Unearned Premium Reserve
ZBAG	Zürich Beteiligungs-Aktiengesellschaft (Deutschland)
ZHIL	Zurich Holding Ireland Limited
ZIC	Zurich Insurance Company Ltd
ZIE	Zurich Insurance Europe AG
ZIG	Zurich Insurance Group Ltd
ZIP	Zurich Insurance plc
ZRR	Zurich Group Remuneration Rules

Executive Summary

Cross border conversion

As a result of a cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, Zurich Insurance plc ("ZIP") converted from an Irish public limited company into a German stock corporation (Aktiengesellschaft – AG) on January 2, 2024, under the name of Zurich Insurance Europe AG ("ZIE"), with its registered seat in Frankfurt am Main, Germany. There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

Accordingly, this SFCR is published in 2024 by ZIE, however it relates to facts and circumstances in the period from January 1, 2023 to December 31, 2023 when the Company operated as an Irish public limited company (ZIP) and references to 'the Company' in this SFCR should be read in this context. The system of governance and reporting described in this SFCR are those that were in place for 2023 when the Company was an Irish plc. That system of governance and reporting has now been adapted so as to be appropriate for a German stock corporation, from January 2, 2024.

The Head Office move had no material impact on the Company's organisation, customer facing and business activities in the local markets it operates in. Local regulators continue to supervise the Company's conduct in the markets where it operates. From January 2, 2024, prudential regulation of the Company has moved from CBI to BaFin.

Overview

The Company is the principal legal entity of the Zurich Group for writing non-life insurance business in the European Union and offers a broad range of non-life insurance products and services to a wide variety of retail and commercial customers.During 2023, business was written from Ireland and from 11 EEA branches in Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain and Sweden.

During 2023, the Company was regulated by the Central Bank of Ireland ("CBI") under the Solvency II framework, which applies across the European Economic Area ("EEA").

The Company 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 by the regulator.

The SCR ratio of the Company at December 31, 2023 was 176% (December 31, 2022: 144%). This ratio represented surplus funds of EUR 838m in excess of the SCR.

At December 31, 2023 the financial strength of the Company was rated "AA" by Standard & Poor's.

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 Group's strategy builds on a unique footprint, solid financial position, balanced portfolio, trusted brand and the skills, strengths and expertise of Zurich's people. The strategy is to deliver long-term competitive advantage focused on reducing complexity and enhancing excellence. The Company's strategy, which is approved by the Board, is fully aligned to that of the Zurich Group. It is to put the Company's customers at the centre of everything we do; to simplify the business to become more agile and responsive, and to innovate in order to continually improve the quality of service and the customer experience.

Other than the transfer out of the UK business on January 1, 2023 (see below), there were no material changes to the business profile of the Company during 2023.

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

Transfer of UK business (consequent to Brexit) in 2023

On January 1, 2023, in line with the agreed end state for the Company's UK business, the Company completed the transfer of its UK business to the UK branch of ZIC (ZIC UK) under Part VII of the UK Financial Services and Markets Act 2000. The UK branch ceased to write insurance business on its own account from January 1, 2023.

Executive Summary (continued)

In accordance with the Part VII Scheme, Own Funds of EUR 472m (equivalent to EUR 372m on a statutory accounting basis) were distributed by the Company to ZIC, in January, 2023. This amount was derived from the estimated solvency capital attributable to the transferring UK business.

The Company's UK branch was re-purposed from January 1, 2023, with the sole purpose to carry on regulated insurance activities on behalf of the Company's Irish and Spanish branches, authorised by the PRA as a Third Country Branch (TCB) and regulated by the PRA and FCA from that date.

Cross-border conversion

As a result of a cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, Zurich Insurance plc ("ZIP") converted from an Irish public limited company into a German stock corporation (Aktiengesellschaft – AG) on January 2, 2024, under the name of Zurich Insurance Europe AG ("ZIE"), with its registered seat in Frankfurt am Main, Germany. There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

The Head Office move had no material impact on the Company's organisation, customer facing and business activities in the local markets it operates in. Local regulators continue to supervise the Company's conduct in the markets where it operates. From January 2, 2024, prudential regulation of the Company has moved from CBI to BaFin.

The comparative SCR ratios at December 31, 2023 and January 2, 2024 (following the cross-border conversion) are shown in the table below. The reduction in Own Funds is primarily driven by the derecognition of Ancillary Own Funds (AOF) which was recognised as Tier 2 capital until January 2, 2024, while the change in SCR largely reflects differences in deferred tax assets resulting from the move of domicile to Germany.

Table 1 Solvency Capital Position - (Re-domiciliation)

in EUR millions	Actual December 31, 2023	Estimate January 2, 2024
Own Funds	1,937	1,709
SCR	1,099	1,170
SCR Ratio	176%	146%

Inflation

In 2023, high levels of inflation continued to be experienced. Management has considered the inflationary environment in its estimates and assumptions for its insurance liabilities. The impact of inflation is referred to in sections A and C.

Dividends and distributions

In accordance with the Capital Management Policy, a distribution of EUR 372m on a statutory accounting basis (equivalent to EUR 472m Own Funds) was made to ZIC in January, 2023. This amount was derived from the estimated solvency capital attributable to the transferring UK business, in accordance with the Part VII Scheme.

Capital Contribution

A capital contribution of EUR 370m was received from the shareholders in December 2023 to support the re-domiciliation of the Company to Germany.

Accounting standards

In 2023, aligned with the introduction of IFRS17, the Company transitioned from Irish GAAP to IFRS as its statutory accounting basis. This change did not have any impact on the regulatory capital position of the company.

Business and Performance (Section A)

The insurance contract revenue from continuing operations in 2023 was EUR 7,058m, with a resulting net loss before tax of EUR 110m under International Financial Reporting Standards ("IFRS"). After tax credits of EUR 65m, the net loss after tax was EUR 44m. This net loss was largely driven by an increase in weather-related loss events and revaluations of real estate assets, offset by positive development in the value of the claims for prior year loss events.

Underwriting result by geography:

The insurance service result was a profit of EUR 173m in 2023, compared to a profit of EUR 279m in 2022. Results were adverse compared to 2022 in the Germany and Italy branches, driven by an increase in weather-related loss events and the impact of inflation on the value of claims.

Underwriting result by line of business:

The total insurance service result was a profit of EUR 173m for 2023, compared to a profit of EUR 279m for 2022.

Executive Summary (continued)

Fire and other damage to property
The insurance service result was a loss of EUR 88m in 2023, EUR 123m adverse to the result in 2022, driven by an increase in weather-related and other large loss events.

Motor vehicle (liability)
The insurance service result was a profit of EUR 32m in 2023, EUR 80m adverse to the result in 2022, driven by a higher value of current year loss events, including weather-related losses.

General liability
The insurance service result was a profit of EUR 162m in 2023, EUR 105m favourable to the result in 2022, driven by a lower volume of current year losses.

Other lines of business
The insurance service result was a profit of EUR 66m in 2023, EUR 8m adverse to the result in 2022.

Investment result (P&L and Other Comprehensive Income)
The total investment result for 2023 was a profit of EUR 130m, EUR 21m reported in the Profit & Loss account and EUR 109m reported in Other Comprehensive Income (OCI). The OCI values reported for 2023 reflect the adoption of IFRS9, compared to those reported for 2022. The total investment result does not include the change in the value of insurance liabilities, arising from changes in discount rates during the year.

The result for 2023 of EUR 130m is analysed between investment income of EUR 136m and capital losses of EUR 6m.

Investment income of EUR 136m in 2023 compared to EUR 90m in 2022, with increased interest and real estate income, offset by lower dividend income.

Capital gains in 2023 arose from the holdings of debt and equity securities, offset by adverse revaluations of real estate assets; the net losses were EUR 6m. This compared to capital losses of EUR 415m for 2022. These substantial losses in 2022 were driven by the significant rise in yields during 2022 which adversely impacted the value of the holdings of debt securities.

System of Governance (Section B)
The information reported in Section B is based on the system of governance which was in place for ZIP during the year ended December 31, 2023.

In 2023, the Board of directors (the "Board") directed all aspects of the business and set the corporate objectives, and strategy to achieve them.

In 2023, the Board met on a regular basis, with the meetings normally held in the Head Office in Dublin. The Head Office management team was based in Dublin and together with the managers in each branch of the Company was responsible for implementing the strategy of the Company.

The Board had the ultimate responsibility for compliance with applicable regulatory requirements and had 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 2023.

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

Executive Summary (continued)

These risks are measured using the Internal Model (which has been approved for use under Solvency II) and are addressed 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 addressed 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 of the Company during 2023.

Valuation for Solvency Purposes (Section D)

In 2023, aligned with the introduction of IFRS17, the Company transitioned from Irish GAAP to IFRS as its statutory accounting basis. This change did not have any impact on the regulatory capital position of the company.

The Solvency II net assets at December 31, 2023 were EUR 1,606m, compared with International Financial Reporting Standards (“IFRS”) net assets of EUR 1,460m. In addition to valuation differences, there are also a number of classification differences between Solvency II and IFRS.

There was no change during 2023 in the approach by the Company to valuing assets and liabilities according to Solvency II valuation principles.

Capital Management (Section E)

The Solvency Capital Requirement (“SCR”) ratio for the Company at December 31, 2023 was 176%. The eligible Own Funds (details below) were EUR 1,937m compared to the SCR of EUR 1,099m.

Own Funds

There was a decrease of EUR 147m in Own Funds during 2023. Own Funds of EUR 472m were distributed to ZIC on January 1, 2023 under the Part VII Scheme. This was offset by the receipt of a capital contribution of EUR 370m from the shareholders in December 2023.

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

At December 31, 2023, an amount of EUR 1,602m 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, 2023.

SCR

The Solvency Capital Requirement (“SCR”) result at December 31, 2023, was EUR 1,099m (December 31, 2022: EUR 1,466m). The reduction in the SCR during 2023 was largely due to the transfer out of the UK business in January, 2023, under the Part VII Scheme.

There was no incidence of non-compliance with SCR coverage during 2023.

MCR

The Minimum Capital Requirement (“MCR”) result at December 31, 2023 was EUR 494m and the MCR ratio at December 31, 2023 was 324%. Only the Tier 1 Own Funds were eligible to cover the MCR.

There was no incidence of non-compliance with MCR coverage during 2023.

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, 2023, as required to be included according to Article 3 of Commission Implementing Regulation (EU) 2023/895.

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 ZIE Management Board on April 2, 2024.

A. Business and Performance

A.1 Business profile

The Company is the principal legal entity of the Zurich Group for writing non-life insurance business in the European Union and offers a broad range of non-life insurance products and services to a wide variety of retail and commercial customers. During 2023, business was written from Ireland, from 11 EEA branches in Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Spain and Sweden, Effective January 1, 2023, the Company's UK business was transferred to ZIC UK under a Part VII Scheme and the UK branch ceased writing insurance business on its own account from that date.

Zurich Group

The Company 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 2 Qualifying holdings (in excess 10%)

Name of entity with a qualifying holding in the Company as at December 31, 2023	Country of incorporation	Shareholding and voting power
Zurich Holding Ireland Limited	Ireland	70.41%
Zurich Insurance Company Ltd	Switzerland	29.59%
Indirect		
Zurich Insurance Company Ltd	Switzerland	100.00%
Zurich Insurance Group Ltd	Switzerland	100.00%

A simplified structure chart showing the positioning of the Company 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

In 2023, ZIP was authorised by the CBI, New Wapping Street, North Wall Quay, Dublin 1, Ireland. From January 2, 2024, ZIE is authorised by BaFin, Versicherungsaufsicht, Graurheindorfer Str. 108, 53117 Bonn, Germany.

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

In 2023, Ernst and Young ("EY"), Ireland, Harcourt Centre, Harcourt Street, Dublin 2, Ireland. From January 2, 2024, EY GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Mergenthalerallee 3-5, 65760 Frankfurt (Main), Germany.

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 the Company's material subsidiaries at December 31, 2023, was as follows.

Table 3 Material related undertakings

Name of Related Undertaking	Activity	Legal Form	Country of incorporation	Shareholding and voting power
Wrightway Underwriting Limited	Insurance Intermediary	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	Limited Company	Ireland	100%
Zurich Servicios Directo España, S.L	Managing General Agent (MGA)	Limited Company	Spain	100%

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

A. Business and Performance (continued)

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

In 2023, 71% of the business was written through the branches in Germany, Italy and Spain.

The major lines of business written by the Company are as follows:

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

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

Transfer of UK business (consequent to Brexit)

On January 1, 2023, in line with the agreed end state for the Company's UK business, the Company completed the transfer of its UK business to the UK branch of ZIC (ZIC UK) under Part VII of the UK Financial Services and Markets Act 2000. The Company's UK branch ceased to write insurance business on its own account from January 1, 2023.

In accordance with the Part VII Scheme, Own Funds of EUR 472m (equivalent to EUR 372m on a statutory accounting basis) were distributed by the Company to ZIC, in January 2023. The Company's UK branch was re-purposed from January 1, 2023, with the sole purpose to carry on regulated insurance activities on behalf of the Company's Irish and Spanish branches, authorised by the PRA as a Third Country Branch (TCB) and regulated by the PRA and FCA from that date.

Cross-border conversion

As a result of a cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, Zurich Insurance plc ("ZIP") converted from an Irish public limited company into a German stock corporation (Aktiengesellschaft – AG) on January 2, 2024, under the name of Zurich Insurance Europe AG ("ZIE"), with its registered seat in Frankfurt am Main, Germany. There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

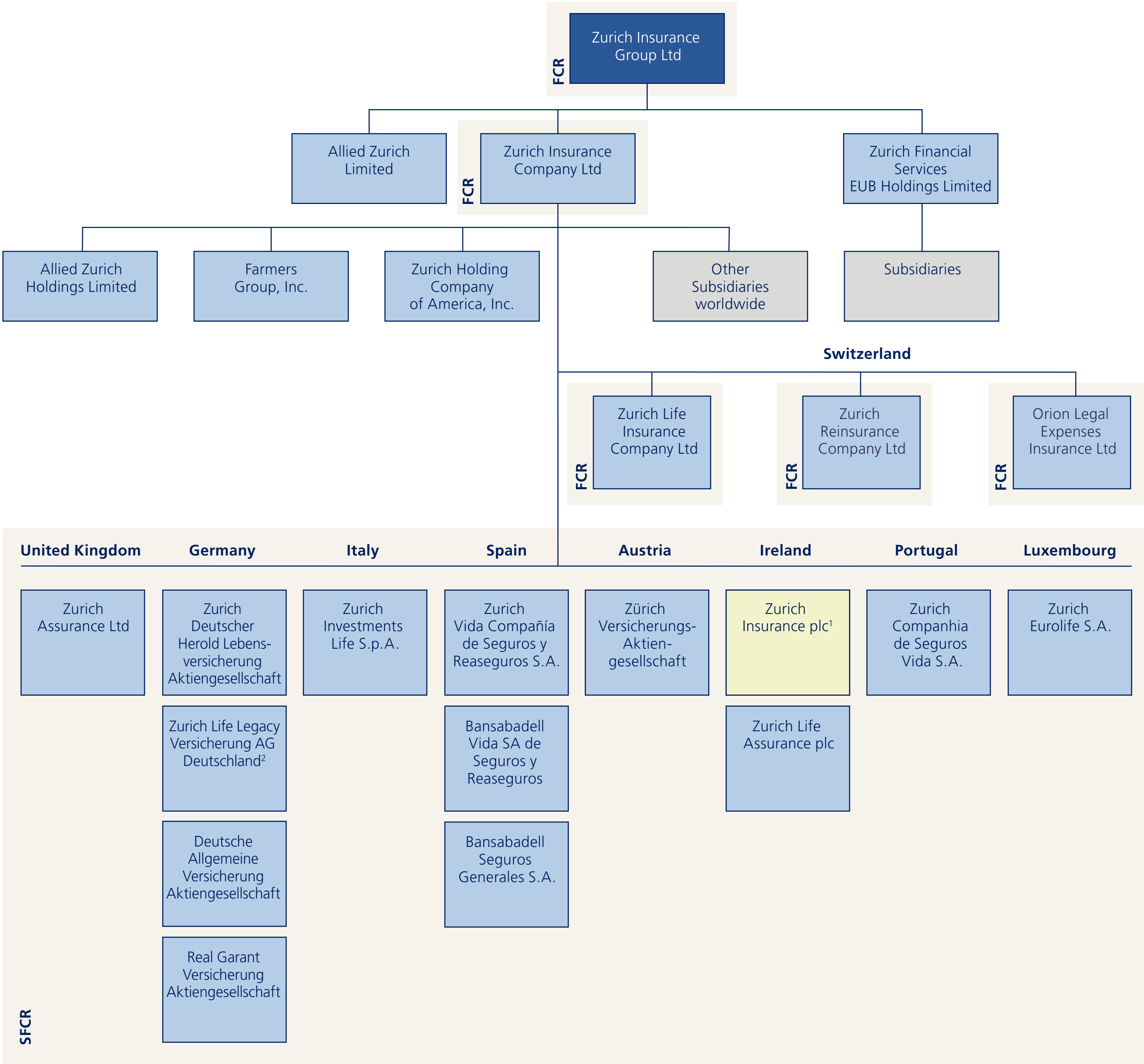
The Head Office move had no material impact on the Company's organisation, customer facing and business activities in the local markets it operates in. Local regulators continue to supervise the Company's conduct in the markets where it operates. From January 2, 2024, prudential regulation of the Company has moved from CBI to BaFin.

Inflation

In 2023, high levels of inflation continued to be experienced. Management has considered the inflationary environment in its estimates and assumptions for its insurance liabilities. The impact of inflation is referred to in sections A and C.

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)

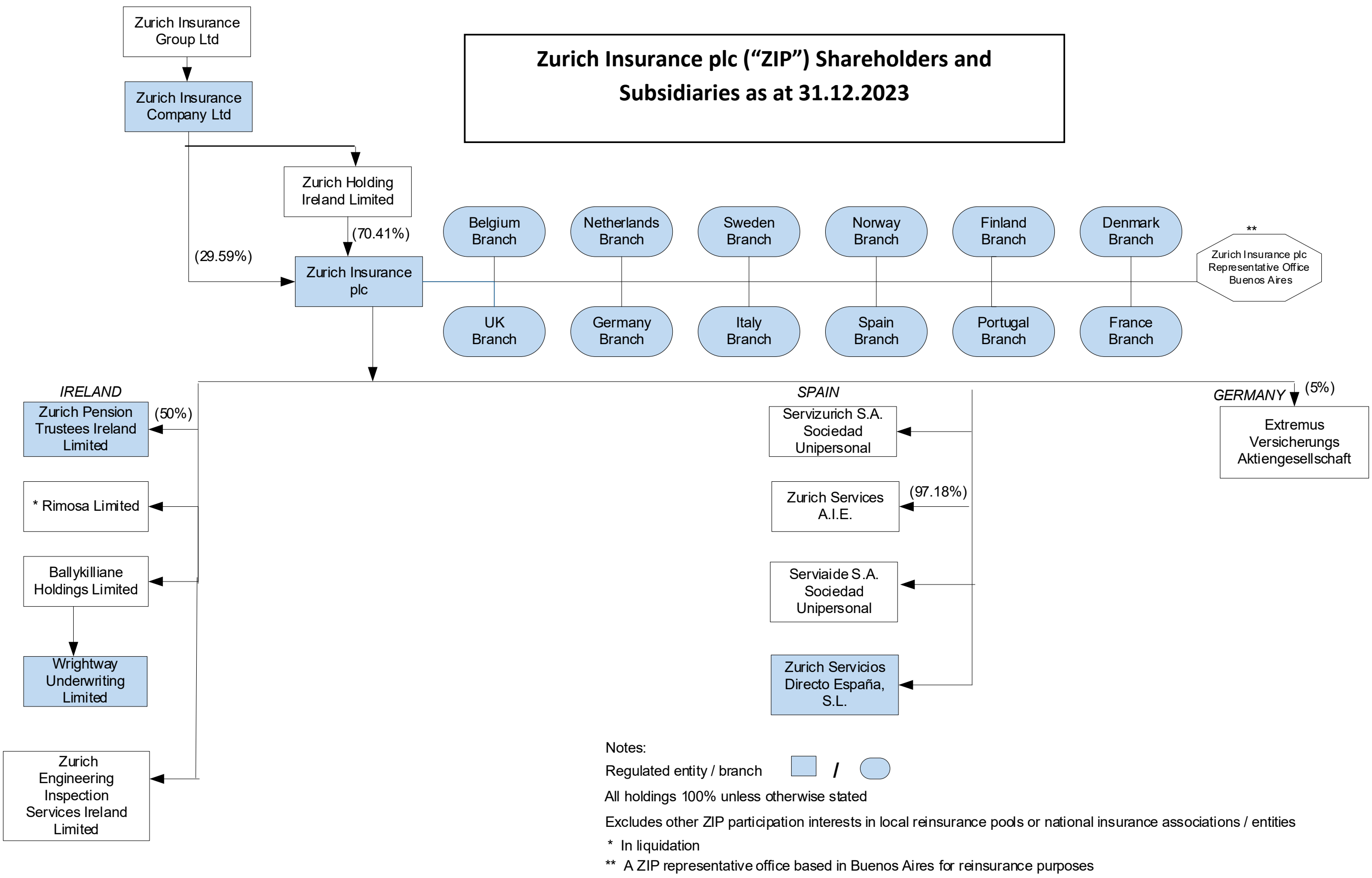
Subsidiary Group of subsidiaries Current disclosure

Note: The purpose of the chart above is to provide a simplified overview of the Group's major subsidiaries (as of December 31, 2023), 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.

1 Effective January 2, 2024, the registered head office of Zurich Insurance plc (ZIP) was moved from Dublin, Ireland to Frankfurt, Germany by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions. While ZIP has converted to a German AG known as Zurich Insurance Europe AG (ZIE), it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).
2 Life insurance business as from October 2023.

A. Business and Performance (continued)

Chart 2: ZIP shareholders and subsidiaries as at December 31, 2023



A. Business and Performance (continued)

A.2 Underwriting performance

Overview of financial performance

The values in Section A are reported under International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union.

The net loss after tax for 2023 was EUR 49m (2022: EUR 582m loss), largely driven by the impact of weather-related large loss events, the impact of inflation on the value of claims, and adverse revaluations of real estate assets, offset by positive development in the value of the claims for prior year loss events.

The net loss after tax of EUR 49m for 2023 comprised a loss or EUR 44m from continuing operations (2022: loss of EUR 239m) and a loss of EUR 5m from discontinuing operations (2022: loss of EUR 343m).

Continuing operations

The insurance service result for 2023 was a profit of EUR 173m (2022: profit of EUR 279m). The net investment result for 2023 was a loss of EUR 14m (2022: loss of EUR 320m). The net fee income for 2023 was EUR 5m (2022: EUR 5m) and the other result in 2023 was a loss of EUR 274m (2022: loss of EUR 280m). The other result included other income and expenses and interest on debt. The tax credit for 2023 was EUR 65m (2022: credit of EUR 77m).

Discontinuing operations

The values reported for discontinuing operations relate to the UK business, which ceased to be written from January 1, 2023, following the execution of the Part VII Scheme.

The tables below detail the profit and loss by location in 2023, the corresponding results for 2022, and a variance analysis.

Table 4 Underwriting performance by geographical location – 2023

in EUR thousands for 2023	Germany	Italy	Spain	Other	Total
Continuing Operations					
Insurance contract revenue	2,290,542	1,423,484	1,254,794	2,088,713	7,057,533
Insurance service expense	(2,068,969)	(1,482,302)	(1,120,098)	(1,864,219)	(6,535,588)
Net expenses from reinsurance contracts held	(187,734)	75,587	(135,737)	(100,953)	(348,837)
Insurance service result	33,839	16,769	(1,041)	123,542	173,108
Net investment result on investments	25,081	57,259	18,784	(80,440)	20,685
Insurance finance income or expenses	(26,606)	(17,540)	(13,981)	(46,682)	(104,809)
Reinsurance finance income or expenses	14,607	10,157	11,273	34,174	70,211
Net investment result	**13,082**	**49,877**	**16,076**	**(92,947)**	**(13,913)**
Fee result	571	7	155	4,213	4,946
Other Result	(95,008)	(60,116)	(57,299)	(61,633)	(274,056)
Profit/(loss) before income taxes	**(47,516)**	**6,536**	**(42,109)**	**(26,826)**	**(109,915)**
Income tax (expense)/credit	74,135	(3,859)	5,774	(10,611)	65,439
Profit/(loss) after taxes from continuing operations	26,619	2,677	(36,335)	(37,437)	(44,475)
Profit/(loss) after tax for the year from discontinued operations	–	–	–	(4,927)	(4,927)
Profit/(loss) for the year	**26,619**	**2,677**	**(36,335)**	**(42,363)**	**(49,402)**

A. Business and Performance (continued)

Table 5 Underwriting performance by geographical location – 2022

in EUR thousands for 2022	Germany	Italy	Spain	Other	Total
Continuing Operations					
Insurance contract revenue	2,113,511	1,313,249	1,153,518	1,905,163	6,485,441
Insurance service expense	(1,848,628)	(1,129,539)	(943,195)	(1,567,627)	(5,488,990)
Net expenses from reinsurance contracts held	(141,747)	(109,454)	(212,995)	(252,971)	(717,166)
Insurance service result	123,135	74,256	(2,672)	84,565	279,285
Net investment result on investments	(99,742)	(77,868)	(26,293)	(129,987)	(333,890)
Insurance finance income or expenses	8,852	5,111	1,550	2,744	18,258
Reinsurance finance income or expenses	(2,994)	(1,596)	(965)	814	(4,740)
Net investment result	**(93,884)**	**(74,353)**	**(25,708)**	**(126,428)**	**(320,372)**
Fee result	1,173	(5)	39	3,742	4,949
Other Result	(110,356)	(57,276)	(23,130)	(89,173)	(279,935)
Profit/(loss) before income taxes	**(79,932)**	**(57,376)**	**(51,471)**	**(127,295)**	**(316,073)**
Income tax (expense)/credit	8,584	4,260	56,746	7,540	77,131
Profit/(loss) after taxes from continuing operations	(71,347)	(53,116)	5,276	(119,755)	(238,942)
Profit/(loss) after tax for the year from discontinued operations	–	–	–	(343,499)	(343,499)
Profit/(loss) for the year	**(71,347)**	**(53,116)**	**5,276**	**(463,254)**	**(582,441)**

Table 6 Underwriting performance by geographical location – Variance

variance in EUR thousands	Germany	Italy	Spain	Other	Total
Continuing Operations					
Insurance contract revenue	177,031	110,235	101,276	183,550	572,093
Insurance service expense	(220,341)	(352,763)	(176,904)	(296,591)	(1,046,599)
Net expenses from reinsurance contracts held	(45,986)	185,040	77,258	152,018	368,330
Insurance service result	(89,296)	(57,487)	1,630	38,977	(106,176)
Net investment result on investments	124,823	135,127	45,077	49,548	354,575
Insurance finance income or expenses	(35,459)	(22,651)	(15,531)	(49,426)	(123,066)
Reinsurance finance income or expenses	17,601	11,753	12,238	33,359	74,951
Net investment result	**106,965**	**124,229**	**41,784**	**33,481**	**306,459**
Fee result	(602)	11	116	471	(4)
Other Result	15,348	(2,840)	(34,169)	27,540	5,879
Profit/(loss) before income taxes	**32,415**	**63,913**	**9,362**	**100,469**	**206,159**
Income tax (expense)/credit	65,551	(8,119)	(50,972)	(18,151)	(11,692)
Profit/(loss) after taxes from continuing operations	97,966	55,793	(41,611)	82,318	194,467
Profit/(loss) after tax for the year from discontinued operations	–	–	–	338,573	338,573
Profit/(loss) for the year	**97,966**	**55,793**	**(41,611)**	**420,891**	**533,039**

The profit/(loss) for the year from continuing operations for 2023 was EUR 194m favourable to the result for 2022.

- The insurance service result for 2023 was a profit of EUR 173m which was EUR 106m adverse to the result for 2022.
- The net investment result on investments for 2023 was a profit of EUR 21m, which was EUR 355m favourable to the result in 2022. The adverse result in 2022 was driven by the significant rise in yields in 2022, particularly impacting the value of the holdings of debt securities.
- The net finance income expense for 2023 was a loss of EUR 35m, which was EUR 48m adverse to the result in 2022.
- The other result for 2023 was a loss of EUR 274m, which was EUR 6m favourable to the result for 2022.
- The tax result for 2023 was a credit of EUR 65m compared to a credit of EUR 77m for 2022.

A. Business and Performance (continued)

Underwriting performance

The insurance service result for 2023 was a profit of EUR 173m which was EUR 106m adverse to the result for 2022.

The Insurance contract revenue in 2023 was EUR 7,058m, which was EUR 572m higher than in 2022, with increased revenue seen across the branches, gross of reinsurance.

The Insurance service expense in 2023 was EUR 6,536m, EUR 1,047m higher than in 2022, driven by both increased business volumes and the loss experience in 2023, gross of reinsurance.

Net expenses from reinsurance contracts held in 2023 were EUR 368m lower than in 2022. These lower expenses were driven by the gross loss experience in 2023, which then impacted the cessions under the reinsurance contracts.

Underwriting performance by geographic location

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

Germany

The insurance service result for 2023 was a profit of EUR 34m, EUR 89m adverse to the result in 2022. This was driven by an increase in weather-related loss events, the impact of inflation on the value of claims, and a lower level of favourable development in the value of the claims for prior year events. This was partly offset by higher business volume.

Italy

The insurance service result for 2023 was a profit of EUR 17m, EUR 57m adverse to the result in 2022. This was driven by the impact of weather -related loss events (North Italy hailstorm), partly offset by a higher level of favourable development in the value of claims for prior year loss events and higher business volume.

Spain

The insurance service result was a loss of EUR 1m in 2023, EUR 2m favourable to the result in 2022. The impact of increased weather-related loss events and higher technical expenses was offset by positive development in the value of claims of prior year loss events.

Other locations

The insurance service result for 2023 was a profit of EUR 124m, EUR 39m favourable to the result in 2022.

Underwriting performance by line of business

The tables below detail the performance by line of business in 2023, the corresponding results for 2022 and a variance analysis.

Table 7 Underwriting performance by line of business – 2023

in EUR thousands for 2023	Fire and other damage to property	Motor	General liability	Other	Total
Continuing Operations					
Insurance contract revenue	2,607,248	1,850,050	1,608,883	991,351	7,057,533
Insurance service expense	(2,493,571)	(1,932,763)	(1,303,917)	(805,336)	(6,535,588)
Net expenses from reinsurance contracts held	(201,698)	115,198	(142,634)	(119,703)	(348,837)
Insurance service result	(88,021)	32,486	162,332	66,312	173,108

Table 8 Underwriting performance by line of business – 2022

in EUR thousands for 2022	Fire and other damage to property	Motor	General liability	Other	Total
Continuing Operations					
Insurance contract revenue	2,306,953	1,780,506	1,499,732	898,249	6,485,441
Insurance service expense	(1,785,918)	(1,680,562)	(1,319,284)	(703,225)	(5,488,990)
Net expenses from reinsurance contracts held	(485,729)	12,346	(122,882)	(120,901)	(717,166)
Insurance service result	35,307	112,290	57,566	74,123	279,285

A. Business and Performance (continued)

Table 9 Underwriting performance by line of business – Variance

variance in EUR thousands	Fire and other damage to property	Motor	General liability	Other	Total
Continuing Operations					
Insurance contract revenue	300,295	69,544	109,151	93,102	572,093
Insurance service expense	(707,653)	(252,201)	15,367	(102,111)	(1,046,599)
Net expenses from reinsurance contracts held	284,030	102,853	(19,751)	1,198	368,330
Insurance service result	(123,328)	(79,804)	104,767	(7,811)	(106,176)

Fire and other damage to property
The insurance service result was a loss of EUR 88m in 2023, EUR 123m adverse to the result in 2022, driven by an increase in weather-related and other large loss events.

Motor vehicle (liability)
The insurance service result was a profit of EUR 32m in 2023, EUR 80m adverse to the result in 2022, driven by a higher value of current year claims, including the impact of weather-related events.

General liability
The insurance service result was a profit of EUR 162m in 2023, EUR 105m favourable to the result in 2022, driven by a lower value of current year claims.

Other lines of business
The insurance service result was a profit of EUR 66m in 2023, EUR 8m adverse to the result in 2022.

A.3 Investment performance

Investment result (P&L and Other Comprehensive income)

The total investment result for 2023 was a profit of EUR 130m, EUR 21m reported in the Profit & Loss account and EUR 109m reported in Other Comprehensive Income (OCI). The OCI values reported for 2023 reflect the adoption of IFRS9, compared to those reported for 2022. The total investment result does not include the change in the value of insurance liabilities, arising from changes in discount rates during the year.

The result for 2023 of EUR 130m is analysed between investment income of EUR 136m and capital losses of EUR 6m, as shown in the table below.

Investment income of EUR 136m in 2023 compared to EUR 90m in 2022, with increased interest and real estate income, offset by lower dividend income.

Capital gains in 2023 arose from the holdings of debt and equity securities, offset by adverse revaluations of real estate assets; the net losses were EUR 6m. This compared to capital losses of EUR 415m for 2022. These substantial losses in 2022 were driven by the significant rise in yields during 2022 which adversely impacted the value of the holdings of debt securities.

Investment performance

The tables below detail the investment performance in 2023 (P&L and OCI), the corresponding performance for 2022 and a variance analysis.

A. Business and Performance (continued)

Table 10 Investment Performance – 2023

in EUR thousands for 2023	Investment Income	Gains/losses	Total Result
P&L			
Cash and Cash Equivalents	1,151	–	1,151
Equity Securities	9,898	32,096	41,994
Debt Securities	75,650	(58,450)	17,200
Real Estate Held for Investment	33,150	(97,879)	(64,729)
Mortgage Loans	373	–	373
Other Loans	28,411	1	28,412
Other Investments	–	8,538	8,538
Investment result, gross	148,633	(115,694)	32,939
Investment expenses	(12,254)	–	(12,254)
Investment result, net	136,379	(115,694)	20,685
Unrealised gains/losses through the OCI			
Net unrealised gains/loss on financial assets		105,664	105,664
Investment in group undertakings revaluation		4,463	4,463
Own use property revaluation reserve		(813)	(813)
Total unrealised gain/losses through the OCI		109,314	109,314
Total investment result		(6,380)	129,999

Table 11 Investment Performance – 2022

in EUR thousands for 2022	Investment Income	Gains/losses	Total Result
P&L			
Cash and Cash Equivalents	174	–	174
Equity Securities	14,968	33,193	48,161
Debt Securities	49,970	(468,107)	(418,137)
Real Estate Held for Investment	32,608	1,692	34,300
Mortgage Loans	400	–	400
Other Loans	2,097	(8,871)	(6,774)
Other Investments	–	18,627	18,627
Investment result, gross	100,217	(423,466)	(323,249)
Investment expenses	(10,641)	–	(10,641)
Investment result, net	89,576	(423,466)	(333,890)
	–	–	–
Unrealised gains/losses through the OCI	**–**	**–**	**–**
Net unrealised gains/loss on financial assets	–	–	–
Investment in group undertakings revaluation	–	2,738	2,738
Own use property revaluation reserve	–	5,691	5,691
Total unrealised gain/losses through the OCI		8,429	8,429
Total investment result	–	(415,037)	(325,461)

A. Business and Performance (continued)

Table 12 Investment Performance – Variance

variance in EUR thousands	Investment Income	Gains/losses	Total Result
P&L			
Cash and Cash Equivalents	977	–	977
Equity Securities	(5,070)	(1,097)	(6,167)
Debt Securities	25,680	409,657	435,337
Real Estate Held for Investment	542	(99,571)	(99,029)
Mortgage Loans	(27)	–	(27)
Other Loans	26,314	8,872	35,186
Other Investments	–	(10,089)	(10,089)
Investment result, gross	48,416	307,772	356,188
Investment expenses	(1,613)	–	(1,613)
Investment result, net	46,803	307,772	354,575
Unrealised gains/losses through the OCI			
Net unrealised gains/loss on financial assets		105,664	105,664
Investment in group undertakings revaluation		1,725	1,725
Own use property revaluation reserve		(6,504)	(6,504)
Total unrealised gain/losses through the OCI		100,884	100,884
Total investment result		408,656	455,459

Key points to note in relation to the investment performance by asset class in 2023:

Equity Securities
The return from equity securities was adverse to the return for 2022, with lower dividend income and capital gains.

Debt Securities
The return on debt securities was significantly favourable to the return for 2022. Interest income was higher in 2023 due to higher yields. The adverse investment return for 2022 was driven by the significant rise in yields during 2022 impacting the value of the holdings of debt securities.

Real estate
The return for 2023 was adverse to the return for 2022. Income, net of operating expenses, increased marginally compared to 2022. However, there were capital losses incurred in 2023 due to adverse revaluations of real estate assets. These losses were driven by a number of factors, most notably the consequences of the significant rise in yields during 2022.

Other loans
These include investments in private debt securities, term loans, infrastructure debt and middle-market loans. The return for 2023 was favourable to the return for 2022, with higher income driven by higher yields.

Other investments
Gains on hedging instruments in 2023 were offset by losses on the underlying assets.

Investment expenses
Expenses incurred were higher in 2023 compared to 2022. 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 86m were held at December 31, 2023, compared to EUR 358m held at December 31, 2022. 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 (Weighted Average Rating Factor - WARF) of this portfolio was BBB+, however the majority of the holdings are of the high AA grades. 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. Business and Performance (continued)

A.4 Performance of other activities

The other result included other income and expenses and interest on debt.

A tax credit of EUR 65m was recorded for 2023. This value was based on the tax position in each of the 13 countries where the Company had 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 4 above).

Leasing arrangements

There were no financial lease arrangements as at December 31, 2023.

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 2023 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

Cross border conversion

As a result of a cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, Zurich Insurance plc ("ZIP") converted from an Irish public limited company into a German stock corporation (Aktiengesellschaft – AG) on January 2, 2024, under the name of Zurich Insurance Europe AG ("ZIE"), with its registered seat in Frankfurt am Main, Germany. There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

Accordingly, this SFCR is published in 2024 by ZIE, however it relates to facts and circumstances in the period from January 1, 2023 to December 31, 2023 when the Company operated as an Irish public limited company (ZIP) and references to 'the Company' in this SFCR should be read in this context.

The Head Office move had no material impact on the Company's organisation, customer facing and business activities in the local markets it operates in. Local regulators continue to supervise the Company's conduct in the markets where it operates. From January 2, 2024, prudential regulation of the Company has moved from CBI to BaFin.

The system of governance and reporting described in this SFCR are those that were in place for 2023 when the Company was an Irish plc. That system of governance and reporting has now been adapted so as to be appropriate for a German stock corporation, from January 2, 2024.

The Board

The focal point of the Company's system of governance is its board of directors (the "Board") which directs all aspects of Company's business except where the Board is required, as a matter of law, to refer an issue to the Company's shareholders. The Board is responsible for effective oversight of the Company'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, sustainable 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, Equity, Inclusion and Belonging ("DEIB"), including setting targets for Board diversity and monitoring Board succession planning through a diversity lens.

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

B. System of Governance (continued)

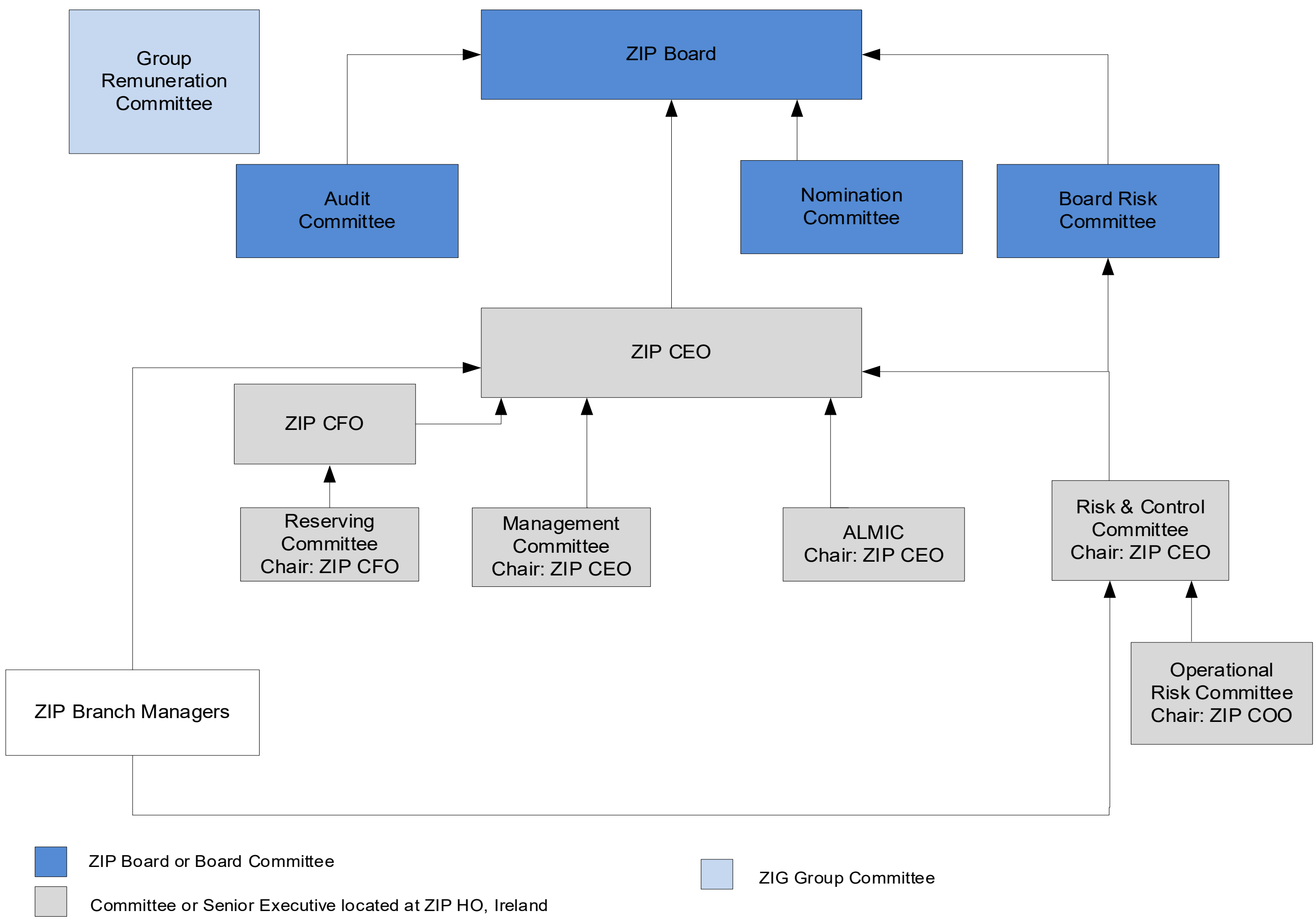
Executive Management and Management Committees

The Board has delegated broad executive powers to the Chief Executive Officer ("CEO") to manage and operate the Company'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 the Company including its branches.
- The **Risk and Control Committee** ("RCC") assists the CEO and the Company's Board Committees 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 Chief Financial Officer ("CFO") and the Chief Investment Officer in managing and overseeing the investment of the Company'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 the Company'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.

The governance reporting structure is summarised in the chart below.

Chart 3: Summary corporate governance reporting structures as at December 31, 2023



B. System of Governance (continued)

Key functions

- The **Risk Management** function, led by the Chief Risk Officer 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 the Company'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 the Company, 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 the Company'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 13 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 the Company's strategy, policies and business plans in the branch.

Branch risk and control committees assist and support the branch manager, the Company's Chief Risk Officer and the Company's Chief Compliance Officer 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 2023.

B. System of Governance (continued)

Remuneration

The Board has determined that it is appropriate for the Company 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 the Company'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 variable pay awards are adjusted depending on the actual 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 the Company'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 variable 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 pre-defined 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 2023

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

There was an extension of the protection against catastrophe events in 2023, adding an aggregate cover to protect against smaller value events. Other than that change, the reinsurance arrangements referred to above were also in place during 2022, with broadly similar terms and conditions.

In January 2023, the UK business of the Company was transferred to ZIC under a Part VII Scheme approved by the UK and Jersey High Courts. In accordance with the Capital Management Policy, a distribution of EUR 372m on a statutory accounting basis (equivalent to EUR 472m Own Funds) was made to ZIC in January, 2023. This amount was derived from the estimated solvency capital attributable to the transferring UK business, in accordance with the Part VII Scheme.

In January 2023, term loans of GBP 726m with ZIC were redeemed, and new term loans of EUR 140m were entered into with ZIC, aligned with the execution of the Part VII Scheme. Also, during 2023, term loans of EUR 572m with ZIC reached their maturity date, and the proceeds were invested in new term loans with ZIC.

A capital contribution of EUR 370m was received from the shareholders in December 2023 to support the re-domiciliation of the Company to Germany.

Currency and equity hedge instruments were in place with ZIC throughout 2023 to mitigate the risk from foreign exchange and equity investments. Similar hedging instruments were in place in 2022, with varying levels of protection.

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. System of Governance (continued)

B.2 Fit and Proper requirements

Irish insurance companies must be satisfied on reasonable grounds that persons who perform specified roles (Controlled Functions) comply with the Fitness and Probity Standards which are issued by the CBI.

The Fitness and Probity Standards apply to roles that are likely to significantly influence the conduct of the business of the Company or ensure its compliance with relevant obligations. They also apply to certain specific roles that 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 typically obtain:

- Evidence of compliance with certain 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/regulatory records, sanctions, directorships, judgements, bankruptcies

A person will not be appointed to a Controlled Function unless the Company 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 and managed 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 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 take risk to achieve its strategic objectives.

The Board requires periodic assurance from management that its risk management requirements are being met. To achieve this, risk appetite metrics and associated limits are approved by the Board at least annually as part of the setting of risk appetite. The risk appetite and tolerance limits define the maximum level of risk the Company is willing to take, 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 appetite limits are measured and reported, both at legal entity and branch level (where appropriate to do so), using metrics defined in the Company’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, purchasing reinsurance and investment management.

B. System of Governance (continued)

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 appetite and tolerance limits, 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 the Company. 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 and other relevant policies, 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 other 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 the Company'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

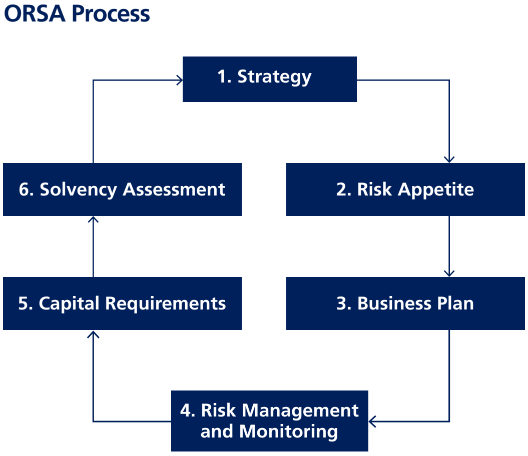
A key part of the ORSA process is the annual Total Risk Profiling ("TRP") process, carried out by senior management in each location where the Company operates. This process enables the identification, assessment, mitigation and monitoring of risks that threaten the ability to achieve the strategic objectives 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. 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: The Company's 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 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

The Company 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 function are carried out by the Group's independent validation team under a service level agreement.

B. System of Governance (continued)

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 operation of the Internal Model.

There were no material changes to the Internal Model governance during 2023.

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 the Company 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 Company's Chief Compliance Officer is accountable to the Company's CEO and the Board for the Compliance function and activities of the Company. 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 the Company 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 the Company and is responsible for providing assurance to the Board and the Audit Committee on the adequacy and effectiveness of the Company'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.

B. System of Governance (continued)

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 Chair 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.

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:

B. System of Governance (continued)

Table 14 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, Spain
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
Claims – Large Referrals, Claims handling and support services	Germany, Switzerland, Spain, Canada
Treasury Services	Ireland, Spain
Auxiliary support services provided to Spain Branch via Economic Interest Group Company	Spain
Operations and Enterprise services	Germany, Spain, Switzerland

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

Table 15 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, UK, Canada, Croatia, USA, Poland, Romania
Telecommunications, call centres, document logistics, postal, printing, storage	Spain, Italy, Portugal, France, Belgium, Netherlands, Romania
Finance operations, Financial services, Investment services	India, UK, Italy, Bulgaria
Underwriting delegated authority	UK, Croatia, Slovenia, Netherlands
Underwriting support services	India, UK
IT services	Italy, Spain, Denmark, Portugal, UK, India, Czech Republic, USA, Switzerland, Lithuania, Germany

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.

C. Risk Profile

Introduction

This section analyses the main risks for 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 calculation of the SCR result is provided in section E.

The elements of the SCR result of EUR 1,099m at December 31, 2023 are shown in the Appendix: QRT S25.05.21. The SCR reduced in 2023, largely driven by the transfer out of the UK business in January 2023 under the Part VII Scheme.

The sensitivities which are reported in this section are based on the Internal Model results as at December 31, 2023.

The commentary in this section on the change in risk exposures compares the position on January 1, 2023 (following the Part VII Scheme) with the position on December 31, 2023.

The Own Funds available to meet the SCR at December 31, 2023 were EUR 1,937m and the SCR ratio was 176%. Therefore, the Company had excess Own Funds of EUR 838m 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, 2023 were the planned earned premiums for 2024 and the planned unearned premiums at December 31, 2024.
- 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, 2023 were the insurance claims reserves booked at that date.
- 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, 2023 were the sums insured which are expected to be exposed to Nat Cat risks in 2024.

As at December 31, 2023, 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 2023 and 2022. 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, 2023, the SCR for these risks (which were part of the diversified SCR of EUR 1,099m) was as follows:

- Premium, UPR & Reserve risks (the three risks diversified): EUR 620m
- Nat Cat risk: EUR 85m

These values can be compared to the available Own Funds of EUR 1,937m at December 31, 2023, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

C. Risk Profile (continued)

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 from Ireland and from 11 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 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 working 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 the Company'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 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 unit 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 operation of the reinsurance programme 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, 2023 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 43m, equating to 4% of the diversified SCR. Note that the losses listed below are additional losses above the expected mean result.

a) Premium, unearned premium and reserve risk:

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(280)	(26%)
1 in 50 year losses	(475)	(43%)

b) Nat Cat risk:

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(43)	(4%)
1 in 50 year losses	(66)	(6%)

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, 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 equity securities and real estate will move adversely, resulting in unexpected losses. There was a decrease in the value of the exposure to real estate in 2023, driven by adverse revaluations. There was also a decrease in the exposure to equities in 2023 due to increased utilisation of the hedging instrument.

C. Risk Profile (continued)

Interest rates
Exposure to this risk arises mainly from holdings of debt securities, term 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 2023.

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 an increase in the value of the exposure to credit and sovereign spreads due to increases of both corporate and Eurozone bonds during 2023.

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 the Company operates, however certain cashflows are denominated in other currencies.

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 2023.

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.

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 2023.

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.

Derivatives
The exposure to this risk arises from derivative instruments, and the risk arising is that there would be a default by the counterparty. Derivatives are used solely for hedging purposes.

There was no material change in FX hedging during 2023; however the value of the equity hedge was substantially increased in 2023.

Risk measure
The market and investment credit risks were measured by the Internal Model in both 2023 and 2022. The measurement of these risks in the Internal Model is supported by the use of an external (industry recognised) model.

At December 31, 2023, the SCR for these risks (which was part of the diversified SCR of EUR 1,099m) was EUR 371m.

This value can be compared to the available Own Funds of EUR 1,937m at December 31, 2023, which are held to provide protection against a 1 in 200 year modelled loss event, considering all modelled risk types.

C. Risk Profile (continued)

Risk concentration
There were no material risk concentrations at December 31, 2023. The largest value individual holdings are in government issued securities, which are held to match the maturity profile of the insurance 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, 2023 is shown below. For example, a one in 10 year market loss event would result in losses of EUR 162m, equating to 15% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(162)	(15%)
1 in 50 year losses	(271)	(25%)

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, 2023) is set out in the table below.

	Impact (EUR m)	SCR ratio impact (ppt)
+25% on equity values	32.5	3%
–25% on equity values	(32.5)	(3%)
–50bp parallel shift on yields	(4.8)	(<1%)
+50bp parallel shift on yields	4.4	<1%
–50bp parallel shift on credit spreads	41.8	4%
+50bp parallel shift on credit spreads	(37.7)	(3%)

C. Risk Profile (continued)

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

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 no material change in the value of the exposure to this risk in 2023.

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 2023.

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 2023.

Risk measures

These credit risks were measured by the Internal Model in both 2023 and 2022. At December 31, 2023, the SCR for these risks (which were part of the diversified SCR of EUR 1,099m) was as follows:

- Third party reinsurance assets credit risk: EUR 29m
- Third party receivables credit risk: EUR 30m
- Intra-Group assets credit risk: EUR 118m

These values can be compared to the available Own Funds at December 31, 2023 of EUR 1,937m, 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 2022, there were material concentrations of intra-Group assets at December 31, 2023, 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.

C. Risk Profile (continued)

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

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, 2023 is shown below. For example, a one in 10 year third party reinsurance asset loss event would result in losses of EUR 2m, 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	(2)	(<1%)
1 in 50 year losses	(13)	(1%)

b) Third party receivables

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(6)	(1%)
1 in 50 year losses	(17)	(2%)

c) Intra-Group assets

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(13)	(1%)
1 in 50 year losses	(47)	(4%)

C. Risk Profile (continued)

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 business, the Company 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 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, 2023 was EUR 539m. 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, 2023.

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 2023.

Risk measure

The risks (sourced from the TDS process) were measured by the Internal Model in 2023 and 2022.

At December 31, 2023 the SCR for operational risk (which was part of the diversified SCR of EUR 1,099m), was EUR 340m. The value of the risk decreased in 2023 following the annual reassessment of the various TDS scenarios.

C. Risk Profile (continued)

This value can be compared to the available Own Funds of EUR 1,937m at December 31, 2023, 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

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, 2023 is shown below. For example, a one in 10 year operational loss event would result in losses of EUR 143m, equating to 13% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(143)	(13%)
1 in 50 year losses	(244)	(22%)

C. Risk Profile (continued)

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 a reduction in the value of assets and liabilities held in the schemes during 2023, driven by the significant rise in yields during the year.

Risk measure

The risks were measured by the Internal Model in both 2023 and 2022. At December 31, 2023, the SCR for pension risk (which was part of the diversified SCR of EUR 1,099m) was EUR 114m.

This value can be compared to the available Own Funds of EUR 1,937m at December 31, 2023, 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, 2023 is shown below. For example, a one in 10 year pension loss event would result in losses of EUR 53m, equating to 5% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(53)	(5%)
1 in 50 year losses	(89)	(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. Risk Profile (continued)

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 2023.

Risk measure

The risk was measured by the Internal Model in both 2023 and 2022. At December 31, 2023, the SCR for expense risk (which was part of the diversified SCR of EUR 1,099m) was EUR 206m.

This value can be compared to the available Own Funds of EUR 1,937m at December 31, 2023, 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, 2023 is shown below. For example, a one in 10 year expense event would result in losses of EUR 103m, equating to 9% of the diversified SCR.

Probability	Severity (EUR m)	SCR ratio impact (ppt)
1 in 10 year losses	(103)	(9%)
1 in 50 year losses	(165)	(15%)

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 2023, the analysis of the proposed cross-border conversion was updated, considering latest developments.

C. Risk Profile (continued)

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, 2023, the impact of adding scenarios was to increase the SCR by EUR 76m.

C.7 Any other information
Stress scenarios in 2023
Background
A number of stresses and scenarios were calculated in 2023 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 2023 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 the Company’s ability to meet its obligations to policyholders. However, certain scenarios would reduce the Own Funds significantly 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.

D. Valuation for Solvency Purposes

Solvency II and IFRS valuations

For 2023, 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 International Financial Reporting Standards ("IFRS").

For financial year 2024, the methods and assumptions that will be applied by the Company will follow Solvency II valuation rules and German accounting standards (HGB).

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.

For 2023, the statutory financial statements of the Company were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") as adopted by the European Union.

The different accounting rules (between Solvency II and IFRS) result in significant differences in the values of assets and liabilities, with a resulting difference in the net value of assets of EUR 146m at December 31, 2023 (December 31, 2022: EUR 510m).

The variances in the valuations of assets and liabilities between the MCBS and the IFRS Balance Sheet at December 31, 2023 are shown in the table below.

Table 16
Balance sheets

in EUR thousands, as at December 31, 2023	Solvency II MCBS	IFRS	Variance
Assets			
Goodwill	–	6,748	(6,748)
Deferred acquisition costs	–	–	–
Intangible assets	–	35,625	(35,625)
Deferred tax assets	3,611	25,605	(21,994)
Pension scheme surplus	65,708	65,708	–
Property, plant & equipment held for own use	91,362	91,287	75
Investments (other than assets held for index-linked and unit-linked contracts)	3,319,732	3,465,940	(146,208)
Loans and mortgages	1,629,984	1,078,721	551,263
Reinsurance recoverables	7,496,380	8,236,814	(740,435)
Deposits to cedants	10,450	–	10,450
Insurance & intermediaries receivables	425,184	–	425,184
Reinsurance receivables	488,776	–	488,776
Receivables (trade, not insurance)	431,520	430,925	594
Cash and cash equivalents	275,983	673,431	(397,448)
Any other assets, not elsewhere shown	111,643	127,965	(16,321)
Total assets	**14,350,333**	**14,238,769**	**111,564**
Liabilities			
Technical provisions – non-life	11,038,037	11,454,647	(416,610)
Technical provisions – life (excluding index-linked and unit-linked)	407,700	376,983	30,718
Contingent liabilities	–	–	–
Provisions other than technical provisions	103,386	94,412	8,974
Pension scheme deficit	24,313	24,313	–
Deposits from reinsurers	6,560	–	6,560
Deferred tax liabilities	146,903	105,215	41,688
Derivative liabilities	5,759	5,759	–
Debts owed to credit institutions (incl. Bank Overdraft)	15,989	15,989	–
Financial liabilities other than debts owed to credit institutions	62,998	62,998	–
Insurance and intermediaries payables	146,516	–	146,516
Reinsurance payables	85,993	–	85,993
Payables (trade, not insurance)	406,559	405,968	591
Subordinated liabilities	103,319	103,602	(283)
Any other liabilities, not elsewhere shown	190,314	128,855	61,459
Total liabilities	**12,744,346**	**12,778,740**	**(34,394)**
Excess of assets over liabilities	**1,605,987**	**1,460,029**	**145,958**

D. Valuation for Solvency Purposes (continued)

D.1 Assets

Table 17 provides quantitative information on the variances between the valuation of assets in the MCBS compared to the values reported under IFRS.

Table 17 Comparison of Asset Valuations

in EUR thousands, as at December 31, 2023	Solvency II MCBS	IFRS	Variance
Goodwill	–	6,748	(6,748)
Deferred acquisition costs	–	–	–
Intangible assets	–	35,625	(35,625)
Deferred tax assets	3,611	25,605	(21,994)
Pension scheme surplus	65,708	65,708	–
Property, plant & equipment held for own use	91,362	91,287	75
Investments (other than assets held for index-linked and unit-linked contracts)	3,319,732	3,465,940	(146,208)
Loans and mortgages	1,629,984	1,078,721	551,263
Reinsurance recoverables	7,496,380	8,236,814	(740,435)
Deposits to cedants	10,450	–	10,450
Insurance & intermediaries receivables	425,184	–	425,184
Reinsurance receivables	488,776	–	488,776
Receivables (trade, not insurance)	431,520	430,925	594
Cash and cash equivalents	275,983	673,431	(397,448)
Any other assets, not elsewhere shown	111,643	127,965	(16,321)
Total assets	**14,350,333**	**14,238,769**	**111,564**

As shown above, the assets in the MCBS at December 31, 2023 were EUR 112m higher than those reported under IFRS. The table below explains the reasons for the variances in the valuation of the assets between the MCBS and IFRS at December 31, 2023.

The variances are related to different classifications between the MCBS and IFRS and to the different approaches to measuring and classifying the Technical Provisions in the MCBS compared to IFRS, and the consequent impact on the related reinsurance asset values.

D. Valuation for Solvency Purposes (continued)

Table 18 Comparison of valuation bases – Assets

Asset class	
Goodwill	Goodwill is reported in IFRS subject to valuation checks. In the MCBS goodwill is not identified as a separable 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 IFRS 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 classified as Insurance Acquisition Cashflows ("IACF") and is presented within the Technical Provisions under IFRS. It is 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 IFRS for expected future tax credits. In the MCBS, deferred tax also arises due to the valuation differences between the MCBS and IFRS values.
Investments (other than assets held for index-linked and unit-linked contracts)	In general, financial assets are measured at fair value, in both IFRS 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 IFRS and at fair value in the MCBS: – Loans and mortgages classified as held to collect. There are also presentation differences in the MCBS compared to IFRS, for example, accrued interest is reported in any other assets under IFRS 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 IFRS, whereas all are classified as loans and mortgages in the MCBS.
Reinsurance recoverables	Under IFRS, this includes the reinsurer's share of the Liability for Remaining Coverage ("LRC") and the reinsurer's share of the Claims Provisions, less premiums payable to the reinsurer, offset by claims receivable from the reinsurers.. Under MCBS, the ceded Premium Provision consists of the expected future reinsurance recoveries offset by expected premiums payable to reinsurers. As a consequence of these conceptual differences between IFRS and MCBS the reinsurance recoverable asset has a significantly lower value in the MCBS.
Insurance and intermediaries receivables	In the MCBS item, the value of the premiums due on unexpired risks is netted in the Premium Provision, with all other insurance receivables presented here. Under IFRS, all insurance receivables are presented within the Technical Provisions.
Reinsurance receivables	Under IFRS, this balance is zero as all cashflows relating to reinsurance contracts held are presented in Reinsurance recoverables. In the MCBS reinsurance recoverables on claims paid are presented here.
Receivables (trade, not insurance)	Trade receivables include dividends, tax and other income, and are recognised at fair value in both the MCBS and IFRS. The variance relates to dividends receivable, which are reported in any other assets in IFRS.
Any other assets, not elsewhere shown	Under IFRS, this balance includes accrued interest and income, prepaid expenses and dividend receivable. The variance to the MCBS relates to the different classification of accrued interest and dividends receivable, as referred to above.

D. Valuation for Solvency Purposes (continued)

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 differences in the measurement and classification of Technical Provisions in the MCBS, compared to IFRS.

The gross Technical Provisions in the MCBS at December 31, 2023 were EUR 386m lower than those reported under IFRS, as shown below.

Table 19 Comparison of Valuations – Technical Provisions

in EUR thousands, as at December 31, 2023	Solvency II MCBS	IFRS	Variance
General Liability	4,836,446	4,798,238	38,208
General Liability – Risk margin	43,343	–	43,343
Motor	2,403,509	2,519,634	(116,125)
Motor – Risk margin	35,657	–	35,657
Fire and Other Damage to Property	2,730,882	3,078,055	(347,173)
Fire and Other Damage to Property – Risk margin	38,730	–	38,730
Other*	930,575	1,058,720	(128,145)
Other – Risk margin*	18,896	–	18,896
Life **	393,706	376,983	16,723
Life – Risk margin **	13,995	–	13,995
Total	**11,445,738**	**11,831,630**	**(385,892)**

* 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 IFRS at December 31, 2023.

Table 20 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 IFRS, the Liability for Remaining Coverage represents the Unearned Premium Reserve less deferred insurance acquisition cashflows and premiums receivable. For groups of contracts that are expected to be loss-making portfolios, it also includes an additional loss component liability. In the MCBS (and in accordance with Solvency II) 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 for groups of contracts that are expected to be profitable.
Discounting (time value of money)	Under IFRS discounting is applied to the claims reserves using SII EIOPA rates plus an illiquidity adjustment. In the MCBS discounting is applied to all of the Technical Provisions using SII EIOPA rates.
Profit recognition	Under IFRS profits arising on groups of insurance contracts that are expected to be profitable are booked as they occur over the duration of the insurance policies. For groups of insurance contracts that are expected to be loss-making, losses are recognised on the recognition of the groups of insurance contracts. In the MCBS both profits and losses arising are booked on the recognition of the insurance policies.
ALHE/ENID/Man-Made Cat	Under MCBS and IFRS, Technical Provisions are booked at best estimate. 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. Under IFRS an Allowance for Limited Historical Experience (“ALHE”) is recognised, which represents a reserve for potential claims not captured in Claims Reserves. 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/Risk adjustment	Under Solvency II, a Risk Margin 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. Under IFRS, a Risk Adjustment reserve is required. This represents the compensation the entity requires for bearing the uncertainty that arises from non-financial risk.

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.

D. Valuation for Solvency Purposes (continued)

Matching adjustment

No matching adjustment was applied to the valuation of the Technical Provisions in the MCBS at December 31, 2023.

Volatility adjustment

No volatility adjustment was applied to the valuation of the Technical Provisions in the MCBS at December 31, 2023.

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, 2023.

Transitional deduction

The transitional deduction was not used at December 31, 2023.

Recoverables from reinsurance contracts

There were reinsurance recoverables of EUR 7.5bn at December 31, 2023, 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, 2023. There was no significant change in standalone assumptions during 2023.

Special Purpose Vehicles

There were no special purpose vehicles at December 31, 2023.

D.3 Other liabilities

The other liabilities reported in the MCBS at December 31, 2023 were EUR 351m higher than those reported in the IFRS Balance Sheet as shown below.

Table 21 Comparison of Valuations – Other Liabilities

in EUR thousands, as at December 31, 2023	Solvency II MCBS	IFRS	Variance
Contingent liabilities	–	–	–
Provisions other than technical provisions	103,386	94,412	8,974
Pension scheme deficit	24,313	24,313	–
Deposits from reinsurers	6,560	–	6,560
Deferred tax liabilities	146,903	105,215	41,688
Derivative liabilities	5,759	5,759	–
Debts owed to credit institutions (incl. Bank Overdraft)	15,989	15,989	–
Financial liabilities other than debts owed to credit institutions	62,998	62,998	–
Insurance and intermediaries payables	146,516	–	146,516
Reinsurance payables	85,993	–	85,993
Payables (trade, not insurance)	406,559	405,968	591
Subordinated liabilities	103,319	103,602	(283)
Any other liabilities, not elsewhere shown	190,314	128,855	61,459
Other Liabilities	**1,298,609**	**947,110**	**351,498**

The table below explains the reasons for the significant variances in the valuations for other liabilities between IFRS and in the MCBS at December 31, 2023.

Table 22 Comparison of valuation bases – Other liabilities

Class of other liabilities	
Deferred tax liabilities	Deferred tax liabilities are recognised in IFRS for expected future tax charges. In the MCBS, deferred tax also arises due to the valuation differences between the MCBS and IFRS values.
Insurance & intermediaries payables	Under IFRS, all insurance payables are presented within the Technical Provisions. In the MCBS, any such payables which relate to unexpired risks are reported in the Technical Provisions, with all other insurance payables presented here.
Reinsurance payables	All reinsurance payables are reported in Reinsurance recoverables under IFRS. In the MCBS any reinsurance payables 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 IFRS and MCBS. Accrued liabilities are higher in the MCBS as it includes commission payable which is classified under Technical Provisions under IFRS.

D. Valuation for Solvency Purposes (continued)

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 103m which has no maturity date; this instrument is classified as Tier 3 Own Funds under Solvency II rules
- Amounts of EUR 48m due on operating leases with a term in excess of one year
- Pension scheme deficits of EUR 24m; 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

The Company 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 IFRS. 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 23 Defined Benefit Scheme Assets

in EUR millions, as at December 31, 2023	Market Value	Proportion
Equities	142	21%
Bonds	410	60%
Other	127	19%
Total Assets	679	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 4m and net deferred tax liabilities of EUR 147m in the MCBS as at December 31, 2023. These deferred tax balances reported in the MCBS at December 31, 2023 included an amount of EUR 139m related to carry forward tax losses. For a small number of branches, the carry forward tax losses are subject to a time limitation; in the other branches the losses can, in principle, be carried forward indefinitely. At December 31, 2023, there was an amount of EUR 66m related to carry forward tax losses, which was not recognised in the MCBS.

D.4 Alternative methods for valuation

At December 31, 2023 invested assets of EUR 597m were valued using an alternative valuation method. The significant items included were as follows:

- Private debt securities of EUR 559m 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 38m 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, the impact of re-domiciliation 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

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 always significantly exceeds the MCR.

In 2023, the SCR result for the Company was 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 regulator must be notified and in the event that the SCR ratio is below 100% then a recovery plan must be approved by the Board of directors (the "Board") and provided to the regulator 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, 2023 was 176%, representing an excess of EUR 838m of Own Funds held over the SCR value. The corresponding metrics at December 31, 2022 were an SCR ratio of 144% and an excess value of EUR 640m 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, 2023 was 324%.

Capital Management policy of the Company

The primary objective of the capital management policy is to support the Company in meeting its capital requirements. Processes and reporting are in place to meet this objective.

The capital management policy also outlines the expectations of stakeholders in the capital position of the Company and how these are met. The capital management policy outlines the capital actions available to the management and Board, if required.

Processes

A full production run of the Own Funds, SCR and MCR results 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.

There were no material changes during 2023 in the capital management objectives, policies or processes.

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 was prepared using inputs from the finance reporting teams across the branches, on a common accounting platform, then aggregated by the Company's Head Office finance team. 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 submission.

The AOF is effectively an unconditional capital commitment provided to the Company which can qualify as Own Funds under Solvency II rules; there are defined criteria in order for the AOF to qualify as Own Fund 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 and this value was recorded as at December 31, 2023. From January 2, 2024, the AOF is no longer recognised as Tier 2 Own Funds.

E. Capital Management (continued)

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 the Company at December 31, 2023 were EUR 1,937m.

Tiering is applied to the Own Funds, in accordance with the Solvency II rules. The tiering rules which 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 the Company at December 31, 2023 are EUR 1,602m comprising of

- Ordinary share capital (fully paid) EUR 8m
- Capital contribution (fully paid) EUR 765m
- Reconciliation Reserve EUR 829m

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 24
Reconciliation reserve

in EUR thousands	December 31, 2023	December 31, 2022
MCBS : excess of Assets over Liabilities	1,605,987	1,754,533
Issued share capital	(8,158)	(8,158)
Share premium	–	–
Capital contribution	(765,041)	(395,041)
Deferred Tax	(3,611)	–
Reconciliation Reserve	829,177	1,351,335

The Tier 2 Own Funds at December 31, 2023 were EUR 228m, as approved by the CBI in 2020. The AOF has a duration of 5 years.

The Tier 3 Own Funds at December 31, 2023 were EUR 107m. There was only a minor change during 2023 in the value of this subordinated loan (EUR 103m), which is provided by Zurich Insurance Company (“ZIC”). The loan has no specified repayment date. A deferred tax asset of EUR 4m was recorded as Tier 3 Own Funds at December 31, 2023.

Eligibility and availability of Own Funds

At December 31, 2023, all of the Tier 1 Own Funds were eligible and available for meeting the SCR and MCR.

At December 31, 2023, 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 1,602m, at December 31, 2023.

The Tier 2 Own Funds of EUR 228m, at December 31, 2023 related to the AOF which has a term limit of 5 years from December 3, 2020, the date of approval by the CBI. From January 2, 2024, the AOF is no longer recognised as Tier 2 Own Funds.

Of the Tier 3 Own Funds of EUR 107m, the EUR 103m 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 1,937m were available to absorb losses; no triggers were required for creating their loss absorbency.

E. Capital Management (continued)

Own Funds requiring supervisory approval or subject to transitional arrangements

Supervisory approval

Capital contributions of EUR 765m held at December 31, 2023 were approved by the CBI as Tier 1 Own Funds.

In 2020, the Company executed an AOF transaction within the meaning of the Solvency II Directive (2009/138/EC). The AOF was approved by the CBI on December 3, 2020 and was recorded as EUR 228m in Tier 2 Own Funds as at December 31, 2023. The AOF is provided by the shareholders, ZIC and ZHIL. From January 2, 2024, the AOF is no longer recognised as Tier 2 Own Funds.

Transitional arrangements

No amounts included in the Own Funds at December 31, 2023 were subject to transitional arrangements.

Deductions from Own Funds and transferability of Own Funds

No deductions from Own Funds were relevant at December 31, 2023 and no restrictions existed at December 31, 2022 which affected the transferability of Own Funds within the Company.

Changes in Own Funds

A comparison of the Own Funds at December 31, 2023 and December 31, 2022, were as follows:

Table 25 Changes in Own Funds

in EUR thousands	December 31, 2023	December 31, 2022
Tier 1	1,602,376	1,754,534
Tier 2	228,000	228,000
Tier 3	106,930	103,184
Total	1,937,306	2,085,718

There was a decrease of EUR 149m in Own Funds during 2023. Own Funds of EUR 472m were distributed to ZIC under the Part VII Scheme, partly offset by the receipt of a capital contribution of EUR 370m from the shareholders in December 2023 to support the re-domiciliation of the Company to Germany.

There was no change in the value of the Tier 2 Own Funds during 2023. From January 2, 2024, the AOF is no longer recognised as Tier 2 Own Funds.

There was only a minor change to the value of Tier 3 Own Funds during 2023.

There were no other movements in Own Funds during 2023.

Reconciliation to IFRS Shareholders' equity (statutory accounting basis) as at December 31, 2023

Table 26 Reconciliation of IFRS shareholders' equity to MCBS excess assets over liabilities

in EUR thousands	December 31, 2023
Net IFRS shareholders' equity	1,460,029
Profit recognition	470,987
Value of claims provision	(94,230)
Risk Adjustment	68,938
Risk Margin reserve	(150,620)
Intangible assets	(42,373)
Fair value investments	(43,062)
Deferred Tax	(63,682)
MCBS excess assets over Liabilities	1,605,987

The key explanations for the reconciling items are as follows:

Profit recognition

– Under IFRS profits arising on groups of insurance contracts that are expected to be profitable are booked as they occur over the duration of the insurance policies. For groups of insurance contracts that are expected to be loss-making, losses are booked on the recognition of the groups of insurance contracts. In the MCBS both profits and losses arising are booked on the recognition of the insurance policies.

Value of claims provision

– Under IFRS discounting is applied to the claims reserves using SII EIOPA rates plus an illiquidity adjustment. In the MCBS discounting is applied to all of the Technical Provisions using SII EIOPA rates.

E. Capital Management (continued)

- 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. Under IFRS an Allowance for Limited Historical Experience ("ALHE") is recognised, which represents a reserve for potential claims not captured in Claims Reserves.

Risk Adjustment / Risk Margin reserve

- Under Solvency II, a Risk Margin 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. Under IFRS, a Risk Adjustment reserve is required. This represents the compensation the entity requires for bearing the uncertainty that arises from non-financial risk.

Intangible assets

- These assets recorded in IFRS 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 IFRS, whereas these are reported at market value in the MCBS. This is relevant for a small element of the investment portfolio, such as loans and mortgages classified as held to collect.

Deferred Tax

- Deferred tax assets are recognised in IFRS for expected future tax credits. In the MCBS, deferred tax also arises due to the valuation differences between the MCBS and IFRS values.

Reconciliation to Irish GAAP Shareholders' equity (statutory accounting basis) as at December 31, 2022

The statutory accounting standards applied in 2022 were Irish GAAP.

Table 27
Reconciliation of Irish GAAP shareholders' equity to MCBS excess assets over liabilities

in EUR thousands	December 31, 2022
Net Irish GAAP shareholders' equity	1,244,246
Profit recognition	676,906
Value of claims provision	423,469
Risk Margin reserve	(201,524)
Intangible assets	(108,283)
Fair value investments	(84,355)
Deferred Tax	(195,925)
MCBS excess assets over Liabilities	1,754,534

The key explanations for the reconciling items are as follows:

Profit recognition

- Profit is recorded 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. Capital Management (continued)

Deferred tax

- 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.

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 result at December 31, 2023 was EUR 1,099m. The breakdown of this result is shown in the Appendix: QRT 25.05.21.

MCR

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

The MCR result at December 31, 2023 was EUR 494m.

The inputs used to calculate the MCR result are shown in the Appendix: QRT S.28.01.01. These inputs were the value of the Technical Provisions as at December 31, 2023 and the value of the written premium in 2023, both net of reinsurance.

Movements in SCR and MCR

The SCR result decreased by 24% during 2023, from EUR 1,446m to EUR 1,099m.

The drivers for changes in the value of the SCR were:

- Transfer out of the UK business under the Part VII Scheme, executed on January 1, 2023
- Incorporating latest business plans

Table 28 Analysis of SCR movements in 2023

in EUR millions	December 31, 2023	December 31, 2022	Variance
Premium, Reserve & UPR risk	620	968	(348)
Nat Cat risk	85	281	(195)
Market/ALM risk	371	579	(208)
Expense risk	206	296	(90)
Reinsurance credit risk	29	54	(25)
Receivables credit risk	30	40	(11)
Pension risk	114	127	(13)
Operational risk	340	438	(98)
Total undiversified risk	1,796	2,783	(987)
Diversified	36.3%	35.9%	0.4%
Aggregated risk (diversified)	1,155	1,760	(605)
Post-aggregation steps (*)	(56)	(315)	259
SCR	1,099	1,446	(347)

*see detail provided later in this section.

The MCR decreased by 24% during 2023.

Purposes for which the Company 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

E. Capital Management (continued)

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

Results are produced by risk type for each branch and subsidiary, and then aggregated to produce risk type results for the Company. The risk type results for the Company, as measured with 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.

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, 2023.

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 the Company 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 11 regulated branches in 2023.

The Internal Model 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 29 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.	Market risk is measured using the approach in the Standard Formula. 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.

E. Capital Management (continued)

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 under Solvency II.

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, 2023, the benefit to the SCR of the LACDT was EUR 162m, of which EUR 147m LACDT was driven by the offset of deferred tax liabilities reported on the MCBS at December 31, 2023, 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 2023.

E.6 Any other information

Zurich Group capital position

The Company 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, 2024 stands at 233% (estimated). The Group will publish its Financial Condition Report at the end of April.

The solvency and financial condition of the Company 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	3,611
Pension benefit surplus	R0050	65,708
Property, plant & equipment held for own use	R0060	91,362
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,319,732
Property (other than for own use)	R0080	896,538
Holdings in related undertakings, including participations	R0090	58,115
Equities	R0100	215,810
Equities — listed	R0110	210,676
Equities — unlisted	R0120	5,134
Bonds	R0130	1,961,599
Government Bonds	R0140	1,052,866
Corporate Bonds	R0150	819,285
Structured notes	R0160	1,854
Collateralised securities	R0170	87,595
Collective Investments Undertakings	R0180	180,700
Derivatives	R0190	3,476
Deposits other than cash equivalents	R0200	3,494
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	R0230	1,629,984
Loans on policies	R0240	31
Loans and mortgages to individuals	R0250	3,767
Other loans and mortgages	R0260	1,626,186
Reinsurance recoverables from:	R0270	7,496,380
Non-life and health similar to non-life	R0280	7,368,387
Non-life excluding health	R0290	7,157,507
Health similar to non-life	R0300	210,880
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	127,992
Health similar to life	R0320	67,854
Life excluding health and index-linked and unit-linked	R0330	60,138
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	10,450
Insurance and intermediaries receivables	R0360	425,184
Reinsurance receivables	R0370	488,776
Receivables (trade, not insurance)	R0380	431,520
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	275,983
Any other assets, not elsewhere shown	R0420	111,643
Total assets	**R0500**	**14,350,333**

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	11,038,037
Technical provisions — non-life (excluding health)	R0520	10,653,603
TP calculated as a whole	R0530	–
Best Estimate	R0540	10,522,135
Risk margin	R0550	131,468
Technical provisions — health (similar to non-life)	R0560	384,434
TP calculated as a whole	R0570	–
Best Estimate	R0580	379,277
Risk margin	R0590	5,157
Technical provisions — life (excluding index-linked and unit-linked)	R0600	407,700
Technical provisions — health (similar to life)	R0610	247,016
TP calculated as a whole	R0620	–
Best Estimate	R0630	238,350
Risk margin	R0640	8,666
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	160,684
TP calculated as a whole	R0660	–
Best Estimate	R0670	155,356
Risk margin	R0680	5,329
Technical provisions — index-linked and unit-linked	R0690	–
TP calculated as a whole	R0700	–
Best Estimate	R0710	–
Risk margin	R0720	–
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	103,386
Pension benefit obligations	R0760	24,313
Deposits from reinsurers	R0770	6,560
Deferred tax liabilities	R0780	146,903
Derivatives	R0790	5,759
Debts owed to credit institutions	R0800	15,989
Financial liabilities other than debts owed to credit institutions	R0810	62,998
Insurance & intermediaries payables	R0820	146,516
Reinsurance payables	R0830	85,993
Payables (trade, not insurance)	R0840	406,559
Subordinated liabilities	R0850	103,319
Subordinated liabilities not in BOF	R0860	–
Subordinated liabilities in BOF	R0870	103,319
Any other liabilities, not elsewhere shown	R0880	190,314
Total liabilities	**R0900**	**12,744,346**
Excess of assets over liabilities	**R1000**	**1,605,987**

Appendix (continued)

S.04.05.21

Home country: Non-life insurance and reinsurance obligations

in EUR thousands, as of December 31

Premiums written (gross)
Gross Written Premium (direct)
Gross Written Premium (proportional reinsurance)
Gross Written Premium (non-proportional reinsurance)
Premiums earned (gross)
Gross Earned Premium (direct)
Gross Earned Premium (proportional reinsurance)
Gross Earned Premium (non-proportional reinsurance)
Claims incurred (gross)
Claims incurred (direct)
Claims incurred (proportional reinsurance)
Claims incurred (non-proportional reinsurance)
Expenses incurred (gross)
Gross Expenses Incurred (direct)
Gross Expenses Incurred (proportional reinsurance)
Gross Expenses Incurred (non-proportional reinsurance)

S.04.05.21

Home country: Life insurance and reinsurance obligations

in EUR thousands, as of December 31

Gross Written Premium
Gross Earned Premium
Claims incurred
Gross Expenses Incurred

Appendix (continued)

Country	R0010	DE	IT	ES	PT	FR
	Home country	Top 5 countries: non-life				
	C0010	C0020	C0020	C0020	C0020	C0020
R0020	459,424	1,621,628	1,531,681	1,269,472	376,718	342,822
R0021	61	173,837	6,377	27,253	123	28,424
R0022	–	–	–	–	–	–
R0030	459,752	1,584,497	1,449,740	1,212,274	372,546	328,947
R0031	61	171,427	7,067	26,065	127	29,805
R0032	–	–	–	–	–	–
R0040	236,192	902,054	1,038,425	681,205	202,842	132,037
R0041	1,006	93,671	1,782	12,735	(5)	3,015
R0042	–	–	–	–	–	–
R0050	309,183	727,543	488,019	467,383	104,422	93,256
R0051	–	–	–	–	–	–
R0052	–	–	–	–	–	–

Country	R1010	PT	FR	DE	NL	
	Home country	Top 5 countries: non-life				
	C0030	C0040	C0040	C0040	C0040	C0040
R1020	–	–	–	–	–	–
R1030	–	–	–	–	–	–
R1040	–	7,329	(228)	3,969	7	–
R1050	–	–	–	–	–	–

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
Expenses incurred	R0550
Balance – other technical expenses/income	R1210
Total technical 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
98,685	326,544	66,486	1,114,905	697,869	152,625	2,731,235	1,457,932	118,650
–	2,586	–	79,785	45,444	3,609	161,928	33,716	2,760
69,156	173,724	34,144	623,640	397,785	124,699	2,084,910	1,159,307	76,627
29,528	155,407	32,343	571,050	345,528	31,535	808,253	332,341	44,783
113,552	325,167	66,435	1,082,649	676,289	149,564	2,546,153	1,440,755	102,648
–	2,599	–	78,457	44,476	3,582	148,290	33,372	4,277
80,660	172,781	34,118	607,108	386,531	120,511	1,931,957	1,148,686	76,179
32,892	154,985	32,317	553,998	334,234	32,635	762,486	325,441	30,746
70,644	144,797	23,630	741,488	491,183	83,888	1,559,864	746,301	17,195
(289)	146	–	40,061	43,520	2,679	139,503	12,158	1,760
50,273	76,872	20,176	402,994	302,525	69,899	1,208,476	681,091	26,215
20,082	68,070	3,454	378,555	232,178	16,667	490,891	77,368	(7,260)
14,238	86,641	6,189	221,020	120,365	19,419	467,248	176,000	28,121

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
Expenses incurred	R0550
Balance – other technical expenses/income	R1210
Total technical expenses	**R1300**

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
Expenses incurred	R1900
Balance – other technical expenses/income	R2510
Total technical expenses	**R2600**
Total amount of surrenders	R2700

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
	105,263	42,980	132,389					7,045,564
	3,242	716	139					333,926
				–	–	–	–	–
	62,837	27,313	75,120	–	–	–	–	4,909,261
	45,668	16,384	57,408	–	–	–	–	2,470,229
	103,620	40,686	145,245					6,792,762
	3,266	713	99					319,132
				–	–	–	–	–
	61,675	26,338	82,955	–	–	–	–	4,729,501
	45,211	15,061	62,388	–	–	–	–	2,382,393
	21,819	14,261	51,615					3,966,685
	777	452	(7)					240,760
				–	–	–	–	–
	12,893	11,440	28,220	–	–	–	–	2,891,074
	9,704	3,273	23,389	–	–	–	–	1,316,372
	22,924	13,068	45,631	–	–	–	–	1,220,864
								–
								1,220,864

	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
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	11,227	(149)	–	–	11,078
	–	–	–	–	5,032	(1,442)	–	–	3,590
	–	–	–	–	6,195	1,292	–	–	7,488
	–	–	–	–	–	–	–	–	–
									–
									–
	–	–	–	–	–	–	–	–	–

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
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
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	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
	Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
	–	–			–			–	–	–
	–	–			–			–	–	–
	–		–	–		–	–	135,079	20,277	155,356
	–		–	–		–	–	55,468	4,671	60,138
	–		–	–		–	–	79,611	15,606	95,218
	–	–			–			4,461	868	5,329
	–	**–**	**–**	**–**	**–**	**–**	**–**	**139,540**	**21,145**	**160,684**

	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		–	18,443	219,887	20	238,350
R0080		–	–	67,846	8	67,854
R0090		–	18,443	152,041	12	170,496
R0100	1,113			7,543	9	8,666
R0200	**19,556**	**–**	**–**	**227,430**	**29**	**247,016**

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
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

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
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
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	27,418	(3,353)	583	250,100	146,393	6,964	659,202	73,063	8,352
	14,829	(3,939)	1,719	128,275	69,269	7,868	273,859	53,719	(5,345)
	12,588	586	(1,136)	121,825	77,124	(904)	385,343	19,344	13,696
	52,671	256,357	45,602	1,774,652	232,363	160,896	2,071,680	4,717,198	164,740
	35,602	126,343	36,326	880,859	144,302	134,055	1,573,754	3,661,999	96,561
	17,069	130,014	9,276	893,793	88,061	26,841	497,926	1,055,199	68,179
	80,088	**253,004**	**46,185**	**2,024,753**	**378,757**	**167,860**	**2,730,882**	**4,790,261**	**173,092**
	29,657	**130,600**	**8,139**	**1,015,618**	**165,185**	**25,937**	**883,269**	**1,074,543**	**81,876**
	1,164	3,339	654	31,794	3,862	1,153	38,730	42,689	8,285
	81,252	256,343	46,839	2,056,547	382,619	169,013	2,769,612	4,832,950	181,377
	50,431	122,404	38,045	1,009,134	213,572	141,923	1,847,613	3,715,718	91,216
	30,821	133,939	8,793	1,047,413	169,047	27,090	921,999	1,117,232	90,161

	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
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	(2,816)	2,020	39,215	–	–	–	–	1,207,140
	(2,866)	(1,167)	24,775	–	–	–	–	560,998
	50	3,188	14,439	–	–	–	–	646,142
	146,294	5,125	66,693	–	–	–	–	9,694,271
	76,025	4,343	37,221	–	–	–	–	6,807,389
	70,269	782	29,472	–	–	–	–	2,886,882
	143,478	**7,145**	**105,907**	**–**	**–**	**–**	**–**	**10,901,412**
	70,319	**3,970**	**43,911**	**–**	**–**	**–**	**–**	**3,533,025**
	2,079	91	2,785	–	–	–	–	136,625
	145,557	7,237	108,692	–	–	–	–	11,038,037
	73,159	3,176	61,997	–	–	–	–	7,368,387
	72,398	4,061	46,696	–	–	–	–	3,669,650

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	1,296,637	931,686	380,966	156,915	133,573
N-8	R0170	1,369,363	1,070,612	423,760	180,174	134,400
N-7	R0180	1,286,444	952,042	280,196	193,181	109,643
N-6	R0190	1,217,813	883,226	350,962	177,497	87,564
N-5	R0200	1,334,351	828,925	265,816	145,890	106,771
N-4	R0210	1,317,575	957,633	323,442	148,250	127,929
N-3	R0220	1,104,004	796,089	285,846	137,964	–
N-2	R0230	1,295,156	913,862	385,086	–	–
N-1	R0240	1,300,925	942,099	–	–	–
N	R0250	1,544,672	–	–	–	–

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	–	–	913,227	761,180	570,102
N-8	R0170	–	1,464,153	1,065,590	817,972	603,773
N-7	R0180	2,296,297	1,420,214	1,005,375	755,002	680,950
N-6	R0190	2,292,193	1,463,754	1,034,845	840,109	742,284
N-5	R0200	1,958,040	1,225,533	892,458	729,914	593,532
N-4	R0210	2,329,617	1,416,111	1,020,613	805,615	622,180
N-3	R0220	2,238,827	1,368,600	980,510	752,735	–
N-2	R0230	2,489,492	1,654,258	1,111,091	–	–
N-1	R0240	2,643,088	1,889,355	–	–	–
N	R0250	3,164,855	–	–	–	–

Appendix (continued)

Development year								In Current year	Sum of years (cumulative)
5	6	7	8	9	10 & +				
C0060	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**			**C0170**	**C0180**
					95,939		R0100	95,939	95,939
92,468	69,453	49,575	31,865	42,909	–		R0160	42,909	3,186,047
55,476	55,580	20,160	52,425	–	–		R0170	52,425	3,361,950
118,984	59,955	69,176	–	–	–		R0180	69,176	3,069,622
139,707	92,315	–	–	–	–		R0190	92,315	2,949,084
102,693	–	–	–	–	–		R0200	102,693	2,784,446
–	–	–	–	–	–		R0210	127,929	2,874,830
–	–	–	–	–	–		R0220	137,964	2,323,903
–	–	–	–	–	–		R0230	385,086	2,594,105
–	–	–	–	–	–		R0240	942,099	2,243,024
–	–	–	–	–	–		R0250	1,544,672	1,544,672
						Total	**R0260**	**3,593,208**	**27,027,622**

Development year								Year end (discounted data)
5	6	7	8	9	10 & +			
C0250	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**			**C0360**
					1,124,668		R0100	994,381
477,467	409,627	377,450	312,297	242,321	–		R0160	216,561
479,948	455,995	380,597	292,316	–	–		R0170	263,607
536,126	444,412	437,044	–	–	–		R0180	395,069
572,431	464,585	–	–	–	–		R0190	419,670
484,533	–	–	–	–	–		R0200	437,253
–	–	–	–	–	–		R0210	563,692
–	–	–	–	–	–		R0220	682,915
–	–	–	–	–	–		R0230	1,012,973
–	–	–	–	–	–		R0240	1,739,915
–	–	–	–	–	–		R0250	2,968,080
						Total	**R0260**	**9,694,117**

Appendix (continued)

S.23.01.01

Own funds

in EUR thousands, as of December 31		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 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	–	–		–	
Iinitial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	–	–			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	829,177	829,177			
Subordinated liabilities	R0140	103,319		–	–	103,319
An amount equal to the value of net deferred tax assets	R0160	3,611				3,611
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	765,041	765,041	–	–	–
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**	**1,709,306**	**1,602,376**	**–**	**–**	**106,930**
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	1,937,306	1,602,376	–	228,000	106,930
Total available own funds to meet the MCR	R0510	1,602,376	1,602,376	–	–	
Total eligible own funds to meet the SCR	R0540	1,937,306	1,602,376	–	228,000	106,930
Total eligible own funds to meet the MCR	R0550	1,602,376	1,602,376	–	–	
SCR	R0580	1,098,823				
MCR	R0600	494,471				
Ratio of Eligible own funds to SCR	R0620	176%				
Ratio of Eligible own funds to MCR	R0640	324%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,605,987
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	776,810
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	829,177
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	–
Expected profits included in future premiums (EPIFP) – Non- life business	R0780	538,728
Total Expected profits included in future premiums (EPIFP)	R0790	538,728

Appendix (continued)

S.25.05.21

Solvency Capital Requirement – for undertakings using an internal model (partial or full)

in EUR thousands, as of December 31		Solvency Capital Requirement C0010	Amount modelled C0070	USP C0090	Simplifications C0120
Solvency Capital Requirement information					
Risk type					
Total diversification	R0020	(640,714)			
Total diversified risk before tax	R0030	1,155,030			
Total diversified risk after tax	R0040	993,044			
Total market & credit risk	R0070	566,100			
Market & Credit risk – diversified	R0080	370,653			
Credit event risk not covered in market & credit risk	R0190	58,773			
Credit event risk not covered in market & credit risk – diversified	R0200	58,773			
Total Business risk	R0270	205,943			
Total Business risk – diversified	R0280	205,943			
Total Net Non-life underwriting risk	R0310	906,271			
Total Net Non-life underwriting risk – diversified	R0320	705,811			
Total Life & Health underwriting risk	R0400				
Total Life & Health underwriting risk – diversified	R0410				
Total Operational risk	R0480	340,495			
Total Operational risk – diversified	R0490	340,495			
Other risk	R0500	105,780			

		C0100
Calculation of Solvency Capital Requirement		
Total undiversified components	R0110	1,795,744
Diversification	R0060	(640,714)
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	1,098,824
Capital add-on already set	R0210	
of which, capital add-ons already set – Article 37 (1) Type a	R0211	
of which, capital add-ons already set – Article 37 (1) Type b	R0212	
of which, capital add-ons already set – Article 37 (1) Type c	R0213	
of which, capital add-ons already set – Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	1,098,824
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	(161,986)
Capital requirement for duration-based equity risk sub-module	R0400	
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 Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	No adjustment
Net future discretionary benefits	R0460	

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	(161,986)
LAC DT justified by reversion of deferred tax liabilities	R0650	(146,903)
LAC DT justified by reference to probable future taxable economic profit	R0660	(8,427)
LAC DT justified by carry back, current year	R0670	(6,656)
LAC DT justified by carry back, future years	R0680	–
Maximum LAC DT	R0690	(377,044)

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	567,468	
		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	29,657	29,528
Income protection insurance and proportional reinsurance	R0030	130,600	155,407
Workers' compensation insurance and proportional reinsurance	R0040	8,139	32,343
Motor vehicle liability insurance and proportional reinsurance	R0050	1,015,618	571,050
Other motor insurance and proportional reinsurance	R0060	165,185	345,528
Marine, aviation and transport insurance and proportional reinsurance	R0070	25,937	31,535
Fire and other damage to property insurance and proportional reinsurance	R0080	883,269	808,253
General liability insurance and proportional reinsurance	R0090	1,074,543	332,341
Credit and suretyship insurance and proportional reinsurance	R0100	81,876	44,783
Legal expenses insurance and proportional reinsurance	R0110	70,319	45,668
Assistance and proportional reinsurance	R0120	3,970	16,384
Miscellaneous financial loss insurance and proportional reinsurance	R0130	43,911	57,408
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	5,580	
		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	265,713	
Total capital at risk for all life (re)insurance obligations	R0250		–

		C0070
Linear MCR	R0300	573,048
SCR	R0310	1,098,824
MCR cap	R0320	494,471
MCR floor	R0330	274,706
Combined MCR	R0340	494,471
Absolute floor of the MCR	R0350	4,000

		C0070
Minimum Capital Requirement	R0400	494,471

ZURICH

Registered address during 2023

Zurich Insurance plc
Zurich House
Frascati Road
Blackrock
Co. Dublin, Ireland

Registered address from January 2, 2024

Zurich Insurance Europe AG
Platz der Einheit 2
60327 Frankfurt am Main
Germany

www.zurich.com/zie