

2021

SOLVENCY AND FINANCIAL CONDITION REPORT

Builders Insurance Holdings S.A.
Group Report

We believe every business is unique and deserves a unique solution



BUILDERS

INSURANCE SOLUTIONS

GROUP



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BE - Best Estimate: corresponds to the best estimate of insurance liabilities as calculated in accordance with Solvency II principles.

BDi – Builders Direct S.A.

BG – Builders Group being Builders Insurance Holdings S.A. and its insurance and reinsurance subsidiaries

BIH – Builders Insurance Holdings S.A.

BRe – Builders Reinsurance S.A.

CAA – Commissariat aux Assurances: the Luxembourg Insurance Supervisor

EIOPA – European Insurance and Occupational Pensions Authority

IAS/IFRS – International Accounting Standards / International Financial Reporting Standards

IBNR – Incurred But Not yet Reported: an estimate of the liability for claim-generating events that have taken place but have not yet been reported to the insurer. The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period.

Insurance Law: refers to the Luxembourg Law dated 7th December 2015 transposing Solvency II.

IRiS – Independent Re-insurance Services S.A.

MCR – Minimum Capital Requirement: the Minimum Capital Requirement should ensure a minimum level below which the amount of financial resources should not fall. It is calculated in accordance with a simple formula which is subject to a defined floor and cap and is based on the risk-based Solvency Capital Requirement.

ORSA – Own Risk and Solvency Assessment: refers to the processes and procedures for identifying, measuring, monitoring, managing and reporting all of an insurance undertaking's short and long term risks and determining the overall solvency requirements to cover them over the company's Business Plan period. ORSA is a risk assessment tool used for strategic planning purposes. A key deliverable from the process is a comprehensive quantitative and qualitative assessment of the (re)insurance undertaking's own risks. The ORSA report is submitted to the Board of Directors for approval.

QRT - Quantitative reporting templates: quarterly and annual templates required to be submitted under Solvency II regulatory reporting.

SII - Solvency II: a set of European rules applicable to European insurance undertakings whose objective is to ensure that (re)insurance undertakings have sufficient capital to cover the risks to which they are exposed.

SCR – Solvency Capital Requirement: level of eligible own funds that enables a (re)insurance undertaking to absorb significant losses and gives reasonable assurance to policyholders and counterparties that payments will be made if liabilities arise. The Solvency Capital Requirement is the economic capital to be held by insurance and reinsurance

undertakings in order to ensure that financial ruin occurs no more often than once every 200 years. The SCR is calculated using either the standard formula or an approved internal model.

SMAF – Steinfors Multi-Asset Fund SICAV-SIF S.A.

Standard formula: a risk-based mathematical formula used by (re)insurers to calculate their Solvency Capital Requirement under Solvency II. The standard formula is intended for use by most European (re)insurers, although some choose to develop an internal model.

EXECUTIVE SUMMARY

Introduction

This report is the Solvency and Financial Condition Report (SFCR) of the Builders Group of companies (hereafter “BG”) for the reporting period ended 31st December 2021.

This report is established pursuant to the requirements of the Insurance Law dated 7th December 2015 (the “Insurance Law”), the Solvency II Directive 2009/138/EC (the “SII Directive”), the Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on Reporting and Disclosure.

The Report has been prepared exclusively in accordance with Solvency II Regulations governing insurance group reporting.

- **Business and Performance**

For Solvency II purposes, a Luxembourg insurance group is formed, the Builders Group (BG), governed by the Grand-Ducal Regulation dated 7th December 2015. BG is composed of the following entities:

1. a holding company: Builders Insurance Holdings S.A.
2. a direct insurance company: Builders Direct S.A. (100% Shareholding)
3. a reinsurance company: Builders Reinsurance S.A. (100% Shareholding)

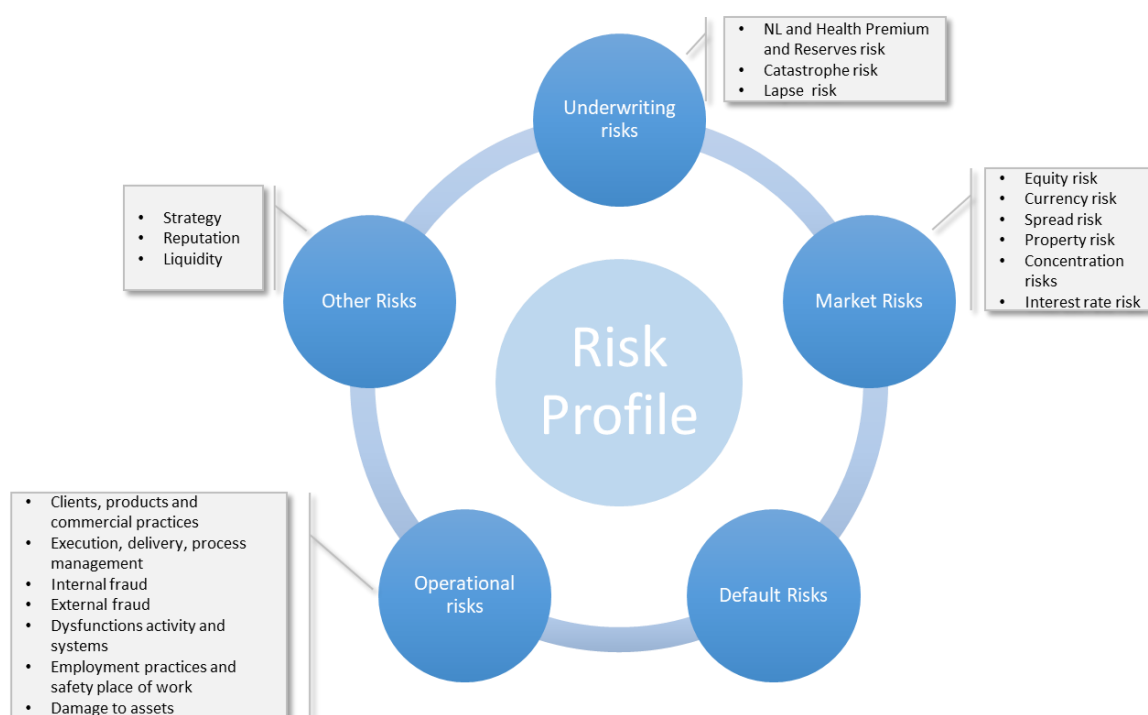
Builders Insurance Holdings S.A owns 3 wholly owned companies, all located in the Grand Duchy of Luxembourg.

BG’s core business is non-life reinsurance, but it also undertakes primary insurance and insurance administration services to complement these activities.

- **System of Governance**

The executive management of BG entities places great emphasis on strong corporate governance and has established a ‘three lines of defence’ model being: a governance framework, a system of internal controls, and independent committees to discharge this function across BG. This model aims to ensure that management is effective, decision making is timely, appropriate and open to challenge from the actuarial, risk, compliance, finance and audit corporate departments.

- Risk profile



Risks are measured using the standard formula and are managed through the risk management system.

- Key figures

Key Solvency figures as at 31/12/2021 are reported below.

	BIH Group <i>EUR thousands</i>	BRe <i>USD thousands</i>	BDi <i>EUR thousands</i>
SCR	160,689	178,735	13,995
Available Capital	602,359	647,178	54,558
Solvency Ratio	374.86%	362.09%	389.84%

- **Capital Management**

BG uses the standard model for the calculation of the Solvency Capital Requirement ('SCR').

BG's Own Funds amount to EUR 610,935 thousand and consist fully of unrestricted Tier 1 Basic Own Funds eligible to meet the SCR and Minimum Capital Requirement ('MCR').

As at 31 December 2021, the SCR amounted to EUR 160,689 thousands and the MCR to EUR 43,697 thousands. Therefore, the BG solvency ratio was 374.86%.

BG complied with the MCR and the SCR requirements at any time while the financial year 2021.

A. Business and Performance

A.1. Business

A.1.1 General information

Builders Insurance Holdings S.A. (hereafter BIH), is a Luxembourg company registered on 16th September 2013 as a “société anonyme”. The Company’s registered office is 8c, rue Collart, L-8414 Steinfort, Luxembourg.

BIH owns three wholly-owned companies. The 100% wholly-owned subsidiaries are Builders Reinsurance S.A. (BRe), Builders Direct S.A. (BDi) and Independent (Re)insurance Services S.A. (IRiS).

Moreover, BIH, BRe and BDi form part of a Luxembourg insurance group, the Builders Group (BG), governed by the Grand-Ducal Regulation dated 7th December 2015.

BG’s core business is non-life reinsurance but also undertakes primary insurance and insurance administration services to complement such activities.

As at end of 2021, BIH employs staff in the fields of human resources, IT, quality & project, accounting, facilities and general administration. It provides support, coordination and control services to its subsidiaries in Luxembourg. Overall BG employs 49 staff in Luxembourg and in the United Kingdom.

Unit	Month	Year	Employees - Headcount -
BUILDERS GROUP INSURANCE SOLUTIONS	12	2021	49.0
Builders Insurance Holdings S.A.	12	2021	17
IRiS S.A.	12	2021	1
Builders Reinsurance S.A.	12	2021	17
Builders Direct S.A.	12	2021	7
Builders Direct S.A. - UK Branch	12	2021	7

A.1.2 Supervision

BG is regulated by the *Commissariat aux Assurances* (CAA) based at:

7, Boulevard Joseph II,
L-1840 Luxembourg
Tel : +352 22 69 111
www.caa.lu

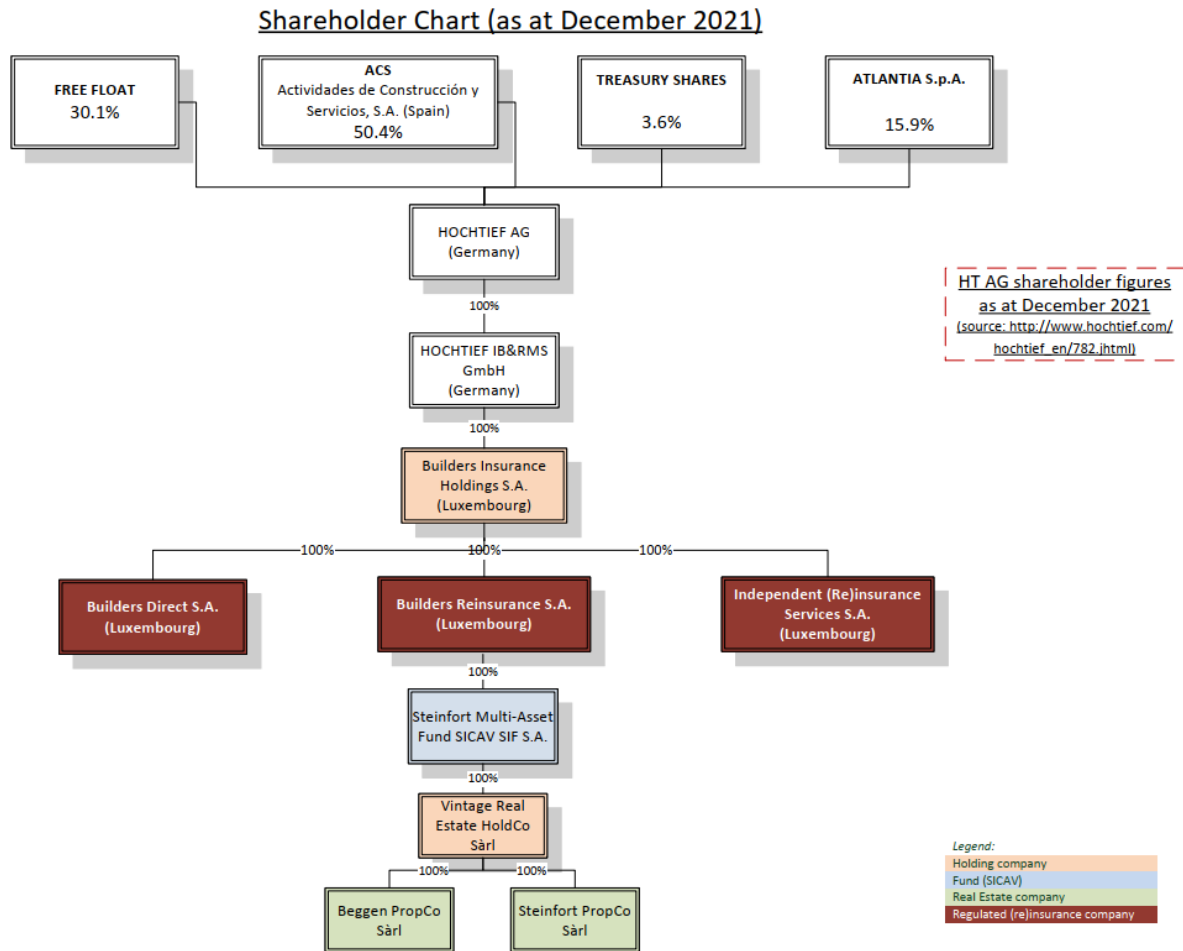
A.1.3 External Auditors

The external auditor of BG’s entities is:

KPMG Luxembourg, Société coopérative
39 avenue John F. Kennedy
L-1855 Luxembourg
Tel: +352 22 51 51 1

A.1.4 Group Structure

BIH is wholly owned by HOCHTIEF Insurance Broking and Risk Management Solutions GmbH (HOCHTIEF IB&RMS), a subsidiary of the German company HOCHTIEF Aktiengesellschaft Germany (HOCHTIEF AG) listed on the Frankfurt stock exchange, ISIN DE 0006070006.



BIH as at 31st December 2021 owns 100% of the following entities:

Builders Reinsurance S.A. (BRe) A reinsurance company created in October 2014 and licenced on 27th January 2015 which underwrites non-life reinsurance business worldwide and is supervised by the Luxembourg Insurance Regulator (CAA). BRe has its registered office at 4 rue de Neuerburg L-2215, Luxembourg, Luxembourg.

Builders Direct S.A. (BDi) A regulated direct insurance company created in March 2013, which underwrites non-life insurance business. The classes of business covered include accident, illness, surety bonds, goods in transit, fire and natural disaster, motor insurance, general and public liability and legal expense for the Luxembourg market and within Europe (primarily the UK, Belgium, Norway and Germany) under a freedom of service special license. The registered office of the company is 8D rue Collart L-8414 Steinfort (with effect as of 8th February 2019).

Both companies are rated A- by the rating agency A.M. Best Europe –A.M. Best (EU) Rating Services B.V., 3rd Floor, NoMA House, Gustav Mahlerlaan 1212, 1081 LA Amsterdam, Pays-Bas.

Independent (Re)insurance Services S.A. (IRiS)

A “Professionnel du Secteur des Assurances” PSA created in October 2014 and authorized on 16th December 2015 as a “*société de gestion d’entreprises de réassurance*” by the CAA. The Company provides (re)insurance, management, administration, and domiciliation services to BG other companies both in Luxembourg and abroad.

A.1.5 Significant business and geographical coverage

BG has been mandated by its sole shareholder to produce a balanced and profitable consolidated portfolio. The split between Group business and third-party business whether related or unrelated is approximately 60% to 40%. Third-party business is increasingly being sourced from primary insurance via BDi.

BG is also mandated to assist the HOCHTIEF Group by underwriting risks related to its construction activities which, given HOCHTIEF’s position as one of the top 15 construction firms by turnover in the world, offers considerable potential to increase the volume of written premiums.

BDi is active on property, casualty and surety insurance bonds direct insurance. The introduction of a UK branch is likely to replace to some extent reliance on managing general agents, while retaining close contact with intermediaries.

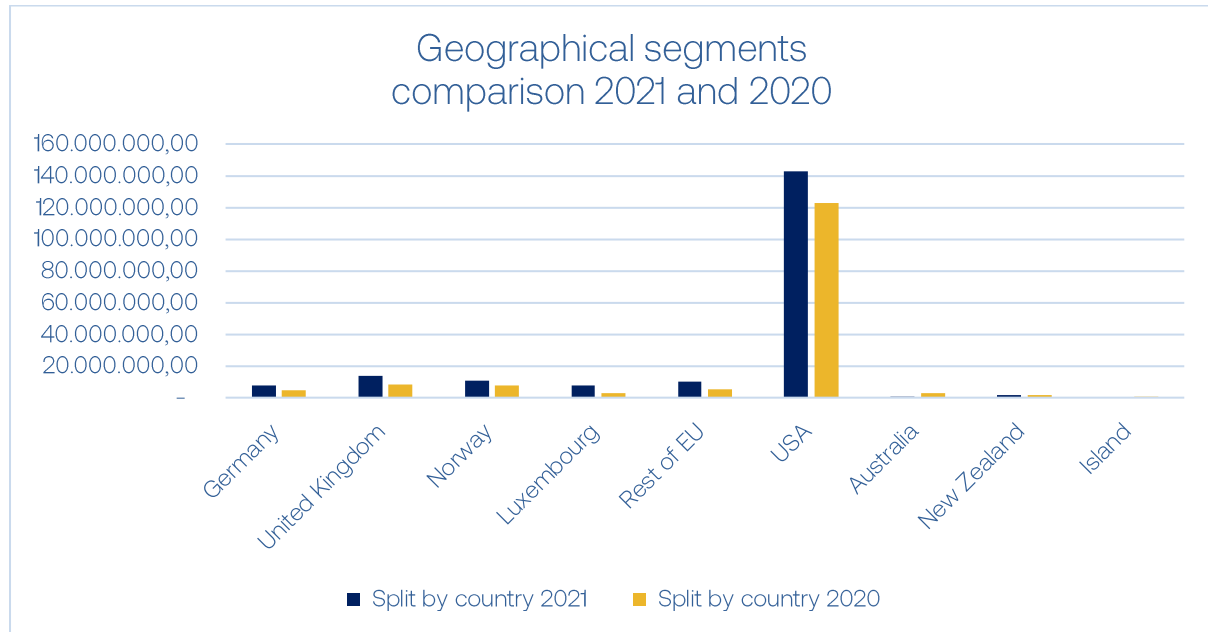
BRe is seeking to expand its business outside of the HOCHTEF group via, for example, agreements with (re)insurers of global repute. All reinsurance business is necessarily reinsured via suitable retrocession cover with global reinsurance companies.

A.2. Underwriting Performance

A.2.a – Underwriting income and expenses

BIH is not directly involved in any underwriting activity. However, it is indirectly involved in underwriting via its ownership of its two subsidiaries engaged in such activity, being: Builders Direct S.A. and Builders Reinsurance S.A. whose results are shown below.

Builders Reinsurance S.A.

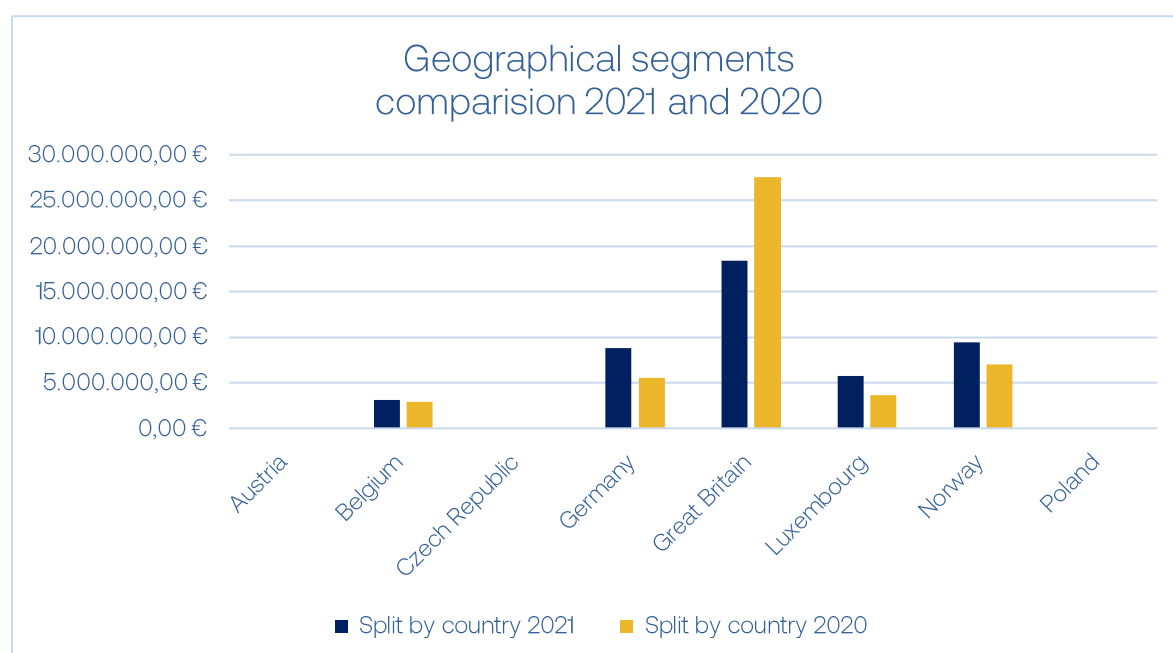


<i>Split by Country</i> 2021	Germany	United Kingdom	Norway	Luxembourg	Worldwide	USA	Australia	New Zealand	Island
Gross Written Premium	4,827,196.00	8,565,031.00	7,661,563.00	2,582,495.00	5,264,827.00	122,826,445.00	2,767,800.00	1,483,170.00	2,503.00
Underwriting expenses	-2,055,146.00	-2,371,513.00	-2,818,506.00	-952,621.00	2,325,195.00	-20,432,086.00	-52,664.00	-189,813.00	-701.00

<i>Split by Country</i> 2021	Germany	United Kingdom	Norway	Luxembourg	Worldwide	USA	Australia	New Zealand	Island
Gross Written Premium	7,990,348.47	13,935,919.02	10,735,838.48	7,839,329.36	7,456,871.52	142,572,205.41	379,521.74	1,395,805.30	-
Underwriting expenses	3,128,264.61	2,625,046.20	3,800,315.13	3,458,546.19	2,431,163.34	23,290,815.04	23,494.20	173,840.83	-

<i>%age variation</i>	Germany	United Kingdom	Norway	Luxembourg	Worldwide	USA	Australia	New Zealand	Island
Gross Written Premium	66%	63%	40%	204%	88%	16%	-86%	-6%	-100%
Underwriting expenses	52%	11%	35%	263%	5%	14%	-55%	-8%	-100%

Builders Direct S.A.



Split by Country 2020	Belgium	Germany	Great Britain	Luxembourg	Norway
Gross Written Premium	2,933,512.00	5,494,403.00	27,527,771.00	3,592,591.00	7,022,518.00
Underwriting expenses	1,176,197.00	1,870,570.00	7,358,487.00	- 1,332,739.00	2,349,813.00

Split by Country 2021	Belgium	Germany	Great Britain	Luxembourg	Norway
Gross Written Premium	3,080,857.88	8,822,309.36	18,425,183.72	5,792,409.89	9,444,396.86
Underwriting expenses	1,199,401.41	3,282,761.96	2,879,251.75	- 2,152,768.45	3,226,345.09

%age variation	Belgium	Germany	Great Britain	Luxembourg	Norway
Gross Written Premium	4.78	37.72	49.40	37.98	25.64
Underwriting expenses	1.93	43.02	155.57	38.09	27.17

A.2.b – Analysis of the underwriting performance

BIH underwriting subsidiaries' performance can be analysed as follows:

Builders Reinsurance S.A.

BRE	Result 2021	Result 2020
Premiums Gross	194,745,177.70	154,636,337.13
UPR In	63,402,983.78	83,951,742.97
UPR Out	- 59,715,366.78	- 63,402,983.78
Premium Earned	198,432,794.70	175,185,096.32
Reinsurance Gross Premiums Outwards	- 66,873,575.18	- 55,151,362.24
Retroceded Commission	- 6,233,961.98	- 3,400,458.64
UPR Outwards In	- 22,076,096.36	- 21,502,083.83
UPR Outwards Out	27,487,503.47	22,076,096.36
Reinsurance Earned Premium	- 67,696,130.05	- 57,977,808.35
Premium Earned, Net of Reinsurance	130,736,664.65	117,207,287.97
Acquisition Costs	- 39,207,634.63	- 30,725,449.42
Letters of credit	- 3,910,093.05	- 3,568,682.48
DAC In	- 10,967,017.48	- 13,450,054.35
DAC Out	11,538,877.34	10,967,017.48
Total Operating Exp Inwards	- 42,545,867.82	- 36,777,168.77
Profit Commission Outwards	21,627,575.59	11,827,765.36
Acquisition Costs Outwards	12,208,524.22	7,103,244.58
DAC In	4,834,591.45	6,715,011.71
DAC Out	- 6,482,602.53	- 4,834,591.45
Total Operating Exp Outwards	32,188,088.73	20,811,430.20
Net Premium Earned, Net of Commissions	120,378,885.56	101,241,549.40
Paid Losses	- 101,822,690.46	- 92,166,564.54
O/S Loss Reserves IN	133,643,303.22	143,887,956.43
O/S Loss Reserves OUT	- 111,328,927.45	- 133,643,303.22
IBNR IN	144,136,589.67	141,231,674.39
IBNR OUT	- 172,347,700.72	- 144,136,589.67
Total Losses Inwards	- 107,719,425.74	- 84,826,826.61
Paid Losses	14,603,255.57	12,913,870.06
O/S Loss Reserves IN	- 17,318,427.71	- 13,581,205.19
O/S Loss Reserves OUT	18,951,154.07	17,318,427.71
IBNR IN	- 6,237,590.93	- 5,314,380.39
IBNR OUT	16,529,618.09	6,237,590.93
Total Losses Outwards	26,528,009.09	17,574,303.12
Claims Incurred Net of Reins	- 81,191,416.65	- 67,252,523.49
INSURANCE RESULT	39,187,468.91	33,989,025.91

The premiums earned amount to USD 198,432 thousands in 2021 compared to USD 175,185 thousands in 2020.

The increase of premium is mainly due to the construction activity progressive recovery post Covid 19 crisis in the USA. In the early months of 2020, many construction sites were impacted by the lockdown and the supply chain issues. The management of the crisis has highly improved by the end of 2020 and in 2021 with construction sites remaining operational during the next development of the pandemic

The claims experience remains favourable, and together with an improved management of the reinsurance and of the acquisition costs, the profit in 2021 has increased to USD 39,187 thousands (vs USD 33,989 thousands in 2020).

Builders Direct S.A.

EUR	Result 2021	Result 2020
Premium Gross	45,565,157.7	46,570,796.00
Inward NCB	-	0.00
UPR In	28,226,641.12	27,030,083.77
UPR Out	- 28,962,353.46	-28,226,641.00
Premium Earned	44,829,445.37	45,374,238.77
Reinsurance Gross Premiums Outwards	- 36,469,942.43	-34,288,860.00
UPR Outwards In	- 22,574,109.14	-22,892,861.47
UPR Outwards Out	24,707,609.38	22,574,111.00
Reinsurance Earned Premium	- 34,336,442.19	- 34,607,610.47
Premium Earned, Net Of Reinsurance	10,493,003.18	10,766,628.30
Acquisition costs	- 12,721,155.67	- 14,087,806.00
Profit Commission Inward	- 251,390.91	
CHE PROVISIONAL	- 266,823.16	
Fixed expenses	- 19,373.00	
DAC In	- 8,467,735.55	-8,929,410.54
DAC Out	7,685,906.60	8,467,736.00
Total Operating Expenses Inwards	- 14,040,571.69	- 14,549,480.54
Acquisition costs	11,492,648.89	11,707,334.00
DAC In Outwards	7,632,575.28	8,226,093.90
DAC OUT Outwards	- 7,602,108.76	-7,632,575.00
Profit Commission Outward	238,821.37	
Total Operating Expenses Outwards	11,761,936.78	12,300,852.90
Premium Earned, Net Of Commissions	8,214,368.27	8,518,000.66
Paid Claims	- 21,313,933.81	-15,939,643.42
Loss Expense	- 497,117.39	-486,369.58
O/S Loss Reserves IN	19,230,264.70	19,784,813.02
O/S Loss Reserves OUT	- 27,239,656.83	-15,531,696.00
IBNR IN	9,702,924.82	5,690,351.29
IBNR OUT	- 24,377,242.00	-9,702,925.00
Losses O/S Recoveries Inward - IN	- 3,698,568.14	
Losses O/S Recoveries Inward - OUT	6,679,574.53	
Total Losses Inwards	- 41,513,754.12	- 16,185,469.69
Paid claims Outwards	20,649,409.73	13,312,462.79
Losses exp paid - Outwards	372,535.06	370,223.21
O/S Loss Reserves OUTWARDS IN	- 14,804,725.94	-13,675,470.00
O/S Loss Reserves OUTWARDS OUT	21,651,357.04	9,236,294.00
IBNR IN Outwards	- 6,881,040.66	-4,345,791.63
IBNR OUT Outwards	19,223,079.96	6,881,041.00
Losses O/S Recoveries Outward - IN	3,513,639.73	
Losses O/S Recoveries Outward - OUT	- 6,406,661.69	
Total Losses Outwards	37,317,593.23	11,778,759.37
Claims Incurred	- 4,196,160.89	- 4,406,710.32
Profit Commission Inward IN	62,885.00	62,885.00
Profit Commission Inward OUT	- 62,885.00	-62,885.00
PREC IN	505,953.60	139,512.75
PREC OUT - Inward	- 435,950.11	-505,954.00
		-
Total Other technical provisions Inwards	70,003.49	366,441.25
Profit Commission Outward IN	- 47,164.09	-47,164.09
Profit Commission Outward OUT	47,164.09	47,164.09
PREC IN Outwards	- 412,653.98	-132,537.11
PREC OUT Outwards	399,094.59	412,654.00
Total Other technical provisions Outwards	- 13,559.39	280,116.89
Total Other technical provisions net of Reins	56,444.10	- 86,324.36
Insurance Result (LuxGaap result)	4,074,651.48	4,024,965.98

The premiums earned amount to EUR 44,829 thousands in 2021 compared to EUR 45,374 thousands in 2020.

The efforts in the past years to improve the portfolio results (non-renewal of the loss-making accounts) had resulted for 2020 in a significant improvement of the losses incurred which has improved again.

This improvement on the loss inwards has been further reinforced by an improvement of the reinsurance structure of BDI. As a result, the profits of BDI have reached EUR 4,025 thousands in 2020 (vs EUR 1,028 thousands in 2019) and 4,075 thousands in 2021.

A.3. Investment Performance

The investment performance of the company is directly attributable to the performance of its investment subsidiaries.

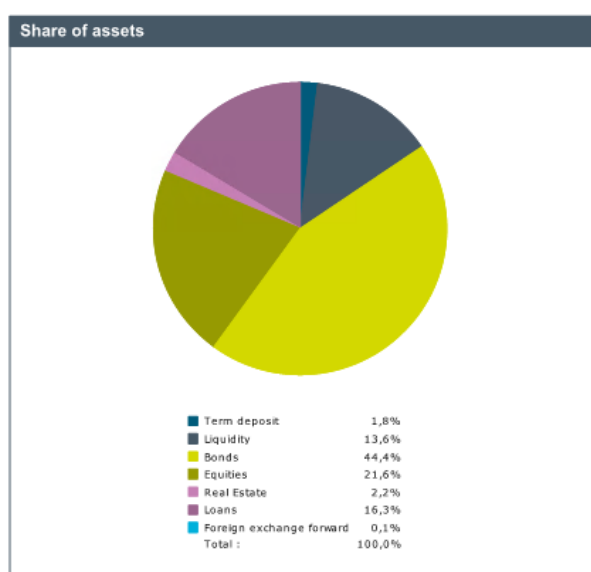
BIH and wholly-owned subsidiaries

The investment objective is to achieve a reasonable return on investment with an acceptable minimum investment risk. The Investment activity is driven by an investment policy and a Strategic Asset Allocation recommended by an Investment Committee. The Strategic Asset Allocation targets a long term return of 3.90% for a volatility of 7.50% and takes into account the risk appetite of Builders Reinsurance of not more than 10.90% devaluation in a year with a probability of 95%.

The Strategic Asset Allocation has resulted in the maintenance of a diversified portfolio, covering all major asset classes and which is regularly monitored against industry benchmarks. To accomplish this goal, the Company works closely with its investment advisors and external investment managers, as well as the custodian bank.

Any substantial change to the asset allocation or investment approach has to be agreed by the Board which is assisted by a specialist investment committee.

In 2021 the time-weighted net performance of BG was 4.92%.

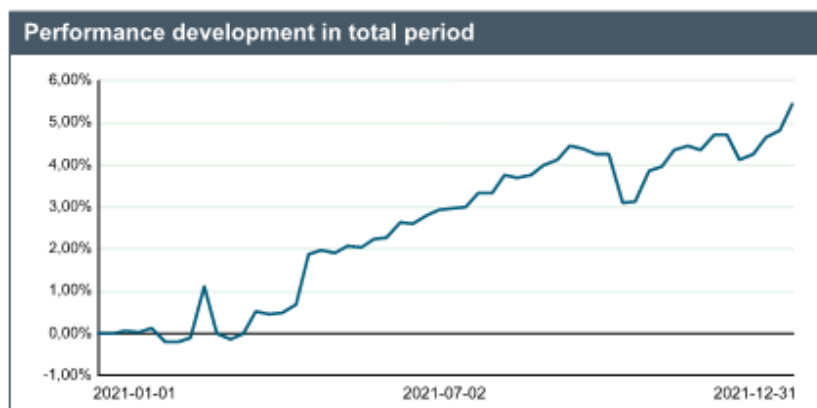


Builders Reinsurance S.A.

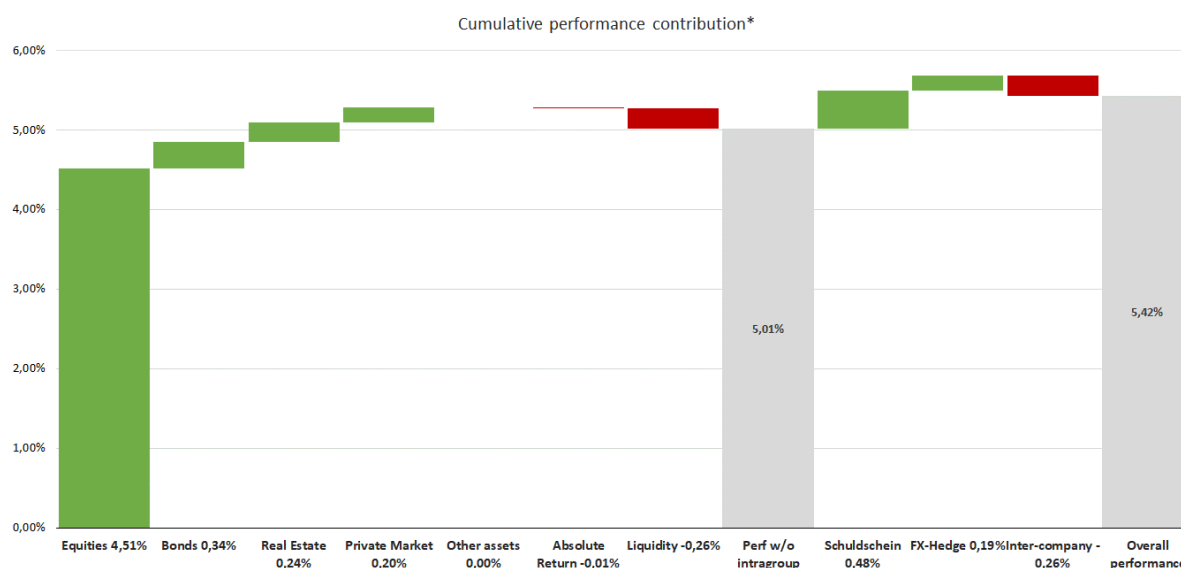
The investment activities of Builders Re are channelled through its wholly owned subsidiary Steinfort Multi-Asset Fund SICAV-SIF (SMAF).

The size of SMAF amounted to USD 896,596 thousands (net asset value) as at December 31, 2021.

The net performance of SMAF was 5.46%. The development was as followed:



The following chart shows the cumulative performance contribution (not time weighted) across asset classes:



Investment result comprises income (dividends, interest and other income), expenses, realised gains and losses on investments and changes in unrealised gains and losses on investments.

The SMAF closes its books annually on November 30. The annual accounts 2021 showed a profit of USD 45,558 thousands for the accounting year. This result is made of:

- USD 18,354 thousands of income (mainly interests and dividends received)
- USD -1,928 thousands of expenses
- USD 11,727 thousands of realised gains and losses on investments
- USD 17,405 thousands of variation of unrealised gains and losses on investments.

Builders Direct S.A.

Performance for the year, all assets included, was positive (+1.75%), driven mainly by GBP currency appreciation. Development along the year was as follows:



With the following contribution (not time weighted) across asset classes:

Asset class	Attribution	Average weight
Liquidity	1.37%	85.70%
Bonds	0.31%	12.87%
Loans	0.08%	1.43%

The allocation, considering the size of the company, remains simple and plain vanilla. It is constituted of cash, sovereign bonds and convertible loans. The investment objectives search to preserve the capital. The investments should tend to replicate Builders Reinsurance's allocation for the long term and focus on bonds.

The 2021 Investment result reflects the smaller size of the business. Investment income comprises dividends, interests and other income receivable, realised gains and losses on investments and unrealised gains and losses. The accounts for 2021 show the following details:

	2021	2020
	EUR	EUR
Investment income		
- income from other investments	54.299	35.498
- value re-adjustment on investments	152.074	1.959
	<u>206.373</u>	<u>37.457</u>
Investment charges		
- investment management charges, including interest	(99.344)	(48.244)
- value adjustments on investments	(55.881)	(35)
- losses on the realisation of investments	-	(277.075)
	<u>(155.225)</u>	<u>(325.355)</u>

BDi invested part of its cash into Smaf at the end of January 2022.

A.4. Performance of other activities

The revenues of BIH are derived from the services rendered to its subsidiaries Builders Direct S.A., Builders Reinsurance S.A. and Steinfors Multi-Asset Fund SICAV-SIF S.A.

A.5. Any other information

There is no additional information to add at this juncture.

B. System of Governance

B.1. General information on the system of governance

BIH is committed to the highest standards of corporate governance commensurate to the business' risks, size, nature of clients and complexity of BIH.

The BIH Board retains ultimate responsibility for the governance of itself and for its wholly owned subsidiaries. However, it is not prescriptive in how any subsidiary should meet its obligations.

To ensure effective oversight and steering of BIH, at least one BIH director, one independent director and shareholder representatives sit on all subsidiary Boards.

The governance system for BIH and its subsidiaries ("BG") consists of:

1. A Board of Directors which is responsible for defining the strategy and overseeing the activities of the Executive Committee.
2. Special committees which are responsible for analyzing important topics and making proposals thereon to the Board.
3. The Executive Committee is responsible for the implementation of the strategy.
4. The key functions of risk management, compliance, actuarial and internal audit carry out oversight activities.

B.1.1 The Board of Directors

Composition of the Board of Directors

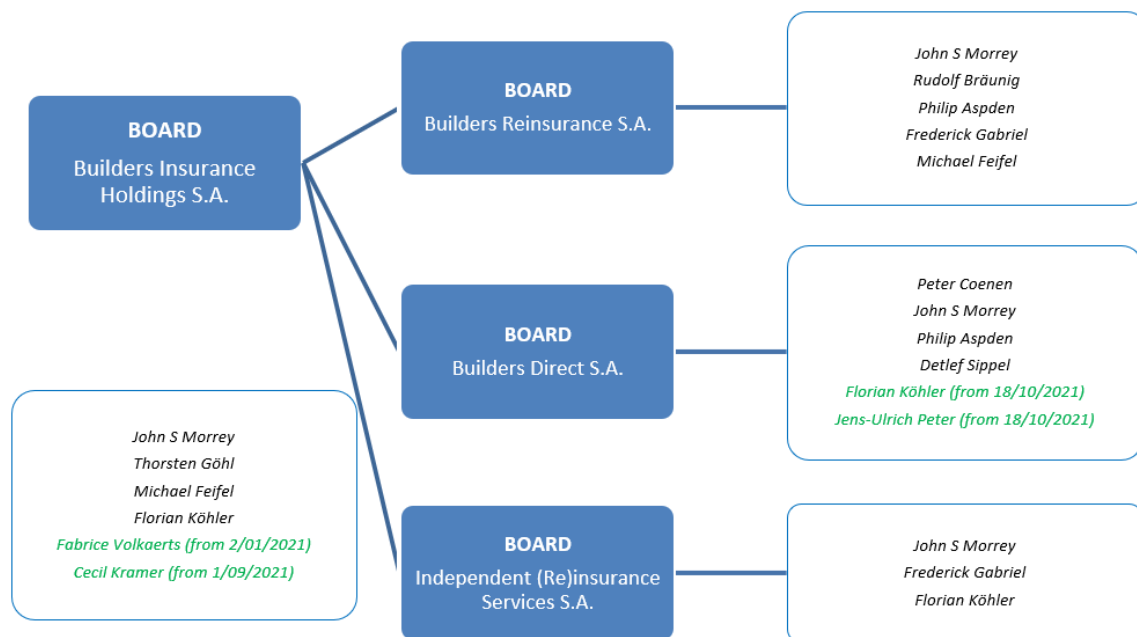
BIH's Board of Directors is responsible for the conduct and oversight of the business, develops the strategy and assesses risk appetite accordingly. It ensures the existence of strong governance within the subsidiaries.

The Boards of Directors of BIH subsidiaries comprise a minimum of three and maximum of five directors.

Their mandates are, subject to resolution, renewed each year, at the Ordinary General Meeting.

On 31st December 2021 the Board of Directors of BIH was composed of the following members:

1. Mr John S Morrey, Director
2. Mr Thorsten Göhl, Director
3. Dr Michael Feifel, Director
4. Mr Florian Köhler, Director
5. Mr Cecil Kramer, Director (from (from 1/09/2021)
6. Mr Fabrice Volkaerts, Director (from 2/01/2021)



Functioning of the Boards

The Board of Directors meets as often as company interests require, and for the regulated companies, at least four times a year.

The Board may duly resolve and take decisions if at least two directors are present. Resolutions are passed with a majority of votes expressed by directors (present or by proxy). The Chairman has the casting vote in the event of a tie.

In exceptional circumstances, the Board may also resolve by way of an unanimous written circular resolution by all its directors.

In order to support the Board of Directors, dedicated committees have been created whose role consists of advising the Board of BIH or its subsidiaries. The Board retains full responsibility for decisions and oversight of any matters delegated to any committee.

All BG directors abide by a code of conduct for directors which sets out their duties, ethical conduct and responsibilities.

If a conflict of interests should arise on any vote then the director must comply with the policy in force and declare the conflict and exclude himself from taking part in the vote.

In addition, each director has to make a declaration to the Board of any link he has with any company, whether listed or not and detail any personal transactions that have the potential to generate a potential conflict of interests. Such a disclosure obligation must be declared annually in the "Annual Disclosure Form" completed by the directors.

Evaluation

The Boards assess their own effectiveness as a management body and the effectiveness of their governance role, on a regular basis; in particular the size, composition and operations of the Board as well as that of the special committees.

Related party transactions

There were no material transactions between BG companies and directors or related parties in 2021.

B.1.2 The Executive Management of the BG entities

In accordance with their respective Articles of Association, a Board of a BG entity may delegate its day-to-day management to one or more directors or to third persons who do not have to be a shareholder of the entity. The Boards of BIH, BRe and BDi have delegated the day to day management to Mr John Morrey by appointing him as Managing Director for each entity. The executive management role of the BG entities consists of, but is not limited to, the managing and developing of BG strategies, policies, plans and budgets passed by the respective Boards. The Board of BDi also appointed Mr John Morrey as Dirigeant Agréé of BDi, and the Board of BRe appointed its associate company INDEPENDENT (RE)INSURANCE SERVICES S.A. (represented by its Managing Director Mr John Morrey) as Dirigeant Agréé of BRe.

Each entity of the BG has as its executive function a Managing Director that is supported by a Chief Operating Officer, a Chief Financial Officer, a Chief Legal Officer and a Chief Underwriting Officer with responsibility. These executive functions are represented/bundled in the group's Executive Committee that steers the overall activities of BG on holding level. The distribution of responsibilities amongst the Executive functions according to their competencies enables the BG to coordinate and manage the different group entities with the appropriate knowledge to conduct business in the best possible manner.

Executive Committee presently consist of the following members:

1. Mr John Morrey, Chief Executive Officer, in charge of the general management of the BG entities.
2. Mr Fabrice Volkaerts, Chief Operating Officer
3. Mr Thorsten Göhl, Chief Financial Officer
4. Mr Cecil Kramer, Chief Legal Officer
5. Mr Florian Köhler, Chief Underwriting Officer

The Executive Committee meets frequently but, at least once every two weeks.

B.1.3 Board Special Committees

Board special committees are established at BIH or within the wholly owned subsidiaries. Such committees perform an advisory role, issuing opinions and making recommendations to the Board of BIH and its wholly owned subsidiaries and support the internal control system of the Company. These Committees meet as often as circumstances require.

In 2021, five (5) Special Committees are in place:

1. 2 at BIH level :

1. **Investment Committee (IC)**

The Investment Committee (IC) is responsible for:

- issuing opinions on policies and formulating investment strategy recommendations to the Board of Directors of the respective subsidiaries,
- coordinating and supervising the activities of the external investment advisors.

All investment decisions are ultimately taken by the respective Boards of Directors.

As at 31st of December 2021, the Investment Committee is composed of the following members:

- Mr John S. Morrey, Chief Executive Officer (CEO)
- Dr Michael Feifel, Director (HOCHTIEF IB&RMS GmbH)
- Mr Rudolf Bräunig, Head of HOCHTIEF Corporate Finance
- Mr Thomas Vandalle, Head of Investment
-

2. **Audit and Finance Committee (AFC)**

The Audit & Finance Committee (AFC) was set up in 2017 following BRe and BDi being classified as 'Public Interest Entities' (PIE).

The Committee is responsible for the following aspects:

- Review management accounts
- Review company forecast
- Evaluate and monitor external auditors and independence
- Review of audit reports and management letter

As at 31st of December 2021 this committee is composed of the following members:

- Dr Michael Feifel, Director (HOCHTIEF IB&RMS GmbH)
- Mr John Morrey, CEO of BIH
- Mr Peter Coenen, Head of Internal Audit (HOCHTIEF PPP Solutions GmbH)
- Mr Mischa Horstmann, Senior Vice President Corporate Accounting (HOCHTIEF AG)
- Mr Thorsten Göhl, CFO of BIH

2. 3 Committees set up at BDi and BRe level:

1. **Underwriting Committees (UWC)**

These Committees are responsible for the following aspects:

- Review the underwriting policy and update as needed
- Analysis of significant risks
- Monitoring of reported claims or claims arising but not reported
- Definition of the actuarial models and processes to manage the exposure of the company and the clarification of any actuarial strategies
- Review of the reinsurance portfolio per line of business and presentation of results to the Board.

The BDi **Underwriting Committee** as at 31st December 2021 is composed of:

- Mr John Morrey, Managing Director and CEO of BDi (by delegation)
- Mr Florian Köhler, CUO of BDi
- Mr Detlef Sippel, Director (HOCHTIEF IB& RMS GmbH)
- Mr Paul Bennett, Head of UK Distribution

The BRe **Underwriting Committee** as at 31st December 2021 is composed of:

- Dr Michael Feifel, Director (HOCHTIEF IB&RMS GmbH)
- Mr John Morrey, Managing Director and CEO of BRe (by delegation)
- Mr Florian Köhler, CUO of BRe

2. **Audit, Risk and Compliance Committees (ARC)**

These committees are responsible for the second level of controls functions and coordinates the engagement of the internal audit function (outsourced).

The Committees are responsible for the following aspects:

- Review the company's compliance to applicable legislation/directives
- Review the company risk strategy and mitigating actions. Monitor risk appetite and tolerance and review risk results
- Review the adequacy of internal control systems
- Approve the triennial internal audit plan and monitor the performance
- Review the outsourcing of material activities monitoring

The BDi **Audit, Risk & Compliance Committee** as at 31st December 2021 is composed of:

- Mr John Morrey, Managing Director and CEO of BDi (by delegation)
- Mr Peter Coenen, Director, HOCHTIEF PPP Solutions GmbH
- Mr Jörg Mathew, Head of Corporate Auditing, HOCHTIEF AG
- Mr Philip Aspden, Independent Director
- Mr Cecil Kramer, Chief Legal Officer (CLO)
- Mrs Kerstin Schmelcher, Head of Risk

The BRe **Audit, Risk & Compliance Committee** as at 31st December 2021 is composed of:

- Mr John S Morrey, Managing Director and CEO of BRe (by delegation)
- Mr Detlef Sippel, Director (HOCHTIEF IB& RMS GmbH)
- Mr Frederick Gabriel, Independent Director
- Mr Philip Aspden, Independent Director
- Mr Cecil Kramer, Chief Legal Officer (CLO)
- Mrs Kerstin Schmelcher, Head of Risk
- Mr Jörg Mathew, Head of Corporate Auditing, HOCHTIEF AG

3. **Claims and Reserving Committees (CRC)**

These Committees are responsible for the following aspects:

- Review and monitor reserving policy
- Review claims policy
- Establish reinsurance policy and limits
- Review actuarial performance
- IBNR reserves review reserving

The BDi **Claims and Reserving Committee** as at 31st December 2021 is composed of:

- Mr John Morrey, Managing Director and CEO of BDi (by delegation)
- Mr Thorsten Göhl, CFO (by delegation)
- Mr Florian Köhler, CUO of the Company
- Mr Eric Petitjean, Head of Actuary of the Company

The BRe **Claims and Reserving Committee** as at 31st December 2021 is composed of:

- Mr John Morrey, Managing Director and CEO of BRe (by delegation)
- Mr Thorsten Göhl, CFO (by delegation)
- Mr Florian Köhler, CUO of BRe
- Mr Eric Petitjean, Head of Actuary of the Company

Each Committee operates under defined terms of reference and reports to the Board. Each committee appoints a chairman and follows specific procedures. Decision-making remains the exclusive responsibility of the Boards of Directors.

B.1.4 The control functions

Within risk governance, the key functions are organised in accordance with Solvency II regulation and play an important role in terms of checks and balances in relation to the decision-making process of the Executive Management.

The key functions are the following:

- Actuarial function.
- Risk management function.
- Compliance function.
- Internal audit function

The internal audit function is outsourced to the Corporate Audit department of BG's ultimate 100% shareholder, HOCHTIEF AG, in partnership with Ernst & Young, Luxembourg.

All key functions have direct communication lines with the Board either directly or via the Board-level special committees. Executive Management ensures that all monitoring policies issued by control functions are consistent with each other. If a discrepancy arises between conclusions issued by any of the key functions, a specialist authority will be appointed by the Board or the CEO in order to issue an independent opinion.

B.2. Fit & Proper

Fit and proper requirements are set for persons who run the undertaking and other key functions to contribute to a sound business operation and to promote the stability and integrity of BIH Group as well as market confidence.

B.2.1 Fitness

Generally, Managers are recruited on the basis of their experience, performance in a similar role, professional qualifications, attitude and deemed alignment with BG corporate culture. All managers are subject to performance monitoring via a formal annual appraisal. A professional training programme is kept in place to ensure that managers are kept up to date with technical developments and in order to train them in emerging competency requirements.

B.2.2 Proper

A potential director will usually be sponsored by at least two BIH board members. To demonstrate an external candidate's integrity, he/she:

- must have been known for a considerable time to at least one board member and/or
- have been recommended:
 1. by a professional in the Luxembourg financial sector or;
 2. a recognised expert on the insurance/reinsurance market or;
 3. a major accounting firm or;
 4. a reputed law firm.

An up-to-date recent copy of their police record evidencing no convictions is also required together with a sworn statement of integrity affirming that he/she has not been convicted of a criminal offence, fraud, bankruptcy or other named offences.

In order to ensure that other key functions holders are proper persons, the following checks are made:

- Identity check.
- Criminal record check.
- Reference checks with former employers.

B.2.3 Key features of the remuneration policy

The remuneration principles in Builders Group Insurance Solutions are designed to attract and retain to the Company's management persons that possess relevant skills, industry knowledge and experience to oversee the Company's achievement of its performance and strategy goals with emphasis on long-term shareholder value creation. Its purpose is to maintain a policy consistent with sound and effective risk management and which does not lead to excessive risk. Our approach is to reward equally attitude and expertise.

The total compensation package consists of fixed salary, a range of benefits and a variable component linked to the performance. The salary is based on the role, experience, and position of the employee and the benefits depends of the grade.

The assessment of the performance is done through a structured approach with the goal setting exercise, the annual appraisal discussion, and an annual review for the promotions, increases as well as the allocation of a performance bonus.

B.3. Risk Management System including the Own Risk and Solvency Assessment

B.3.1 Risk Management System

Positioning and structure of RM function

The Board designated a head of risk leading the risk function of the companies and the Holding and being the key function holder for risk. The risk function reports regular to the Board, to the Management and to the Audit, Risk and Compliance Committee (ARC) where the head of risk is also a member. The ARC is established to perform an advisory role, issuing opinions, and making recommendations to the Board of Directors regarding the risk management framework. The committee reviews the Company risk strategy and mitigating actions and monitors operational risk, tolerance, and review risk results.

Responsibilities and duties

The Risk Management Function ensures the effectiveness of the Risk Management System. The Risk Management System includes the policies, processes and reporting required to continuously identify, assess, control, monitor and report on new and evolving risks, on an individual and aggregated basis, and their interdependencies.

The responsibilities of the Risk function include:

1. Responsible for operational risk management
2. Support to the management by appropriate risk reports and quality checks
3. Designing, monitoring, and facilitating the implementation the Risk Management System
4. Aggregation of individual risks to the Group-wide risk profile

5. Detailed analyses and reports concerning risk exposure
6. Advising management on risk aspects in strategic decisions, as well as larger projects or investments
7. Conduct the Company's Own Risk and Solvency Assessment (ORSA)
8. Review and report the Solvency Capital of the Company

Risk management process

The risk management process must be updated regularly to reflect the latest legal and regulatory updates. Any change shall be approved by the Board of Directors before entering into force.

The risk management process performed by the whole Builders Group is depicted below:



Table- Risk Management Process

The four steps of the risk management process i.e. risk identification, risk assessment, risk control and risk monitoring & reporting are carried out for every individual risk. For this risk management process to be effective, a continuous exchange of information between the risk owners, the Risk Management Function and the BoD should be ensured. Each step of the risk management process is described hereafter.

Risk Identification

The aim of the risk identification is to obtain a complete overview of all the material risks that the Company is or could potentially be exposed to and which could jeopardize the Company's objectives and financial position. The department heads causing the risk are recording and assessing the risk in order to ensure a complete and exhaustive view on the Company profile.

Assess risks

Once the risk has been identified and properly described, a qualitative and/or a quantitative assessment is carried out for each individual risk. This risk assessment serves as a basis for creating the overall risk profile of the Group and every insurance entity of the Group. Information on forward-looking / prospective assessment of main risks is gathered and is performed by Risk Owners

Hierarchies risks

Hierarchisation of the risks makes it possible to assess Directors and Management concerns and prioritise how to manage risks in terms of actions plans to be implemented in order, where necessary, to bring the net risks down to an acceptable level.

After identifying and assessing risks, the risks likely to impact the achievement of strategic and operational objectives are presented in a «Heatmap» table according to their potential impact and to their probability of occurrence.

Risk Control

If for a risk action is required, suitable measures to avoid, reduce or relocated the risk shall be initiated. The risk owners are responsible for suggesting and implementing the necessary mitigating measures required to mitigate each individual identified risk (e.g., through risk aversion, by reduction, by a risk transfer or by controlling the risk).

Analyze and treat the risk

Once individual risks have been assessed and prioritised, the risks to which the Group is exposed and that exceed the tolerance limits are analysed and treated.

The treatment will depend on two factors:

1. Nature of the risk;
2. The assessed cost and/or loss of earnings, the cost/benefit ratio.

To treat the risk, the Directors should choose between five options:

Accept the risk

The risk is accepted without additional actions.

Share the risk

Sharing the risk means reducing the risk by taking out insurance or putting a joint venture in place with third parties.

Reduce the risk

The Group takes measures to reduce the likelihood and/or the impact.

Avoid the risk

Builders causes the risk to disappear by ceasing the activity that gives rise to it.

Increase the risk

The Group takes on more risk. This choice is appropriate if the risk/return is positive.

Plan and schedule

When a risk is subject to treatment, an action plan is defined by the ARC Committee together with the department(s) exposed to that risk in order to put in place the required measures.

Risk Monitoring and reporting

Risk monitoring is the ongoing monitoring of the evolution of the identified risk. This includes the evaluation of the risk indicators and the monitoring of the implemented mitigating measures and comprise the following steps:

- Risk tracking
- Risk scenario analysis
- Risk reporting
- Learn and improve

As risk cartography / register provides a snapshot of the Company's risk profile at a given moment, must be updated regularly given the rapid evolution of the environment in which BG is active. The risk management process must be reviewed at least once a year and the review must take the following elements into account:

1. Internal and external audit findings containing recommendations on governance, internal control and Risk Management System ;
2. Internal control findings;
3. Issues arisen during the previous year by applying the Risk Management process ;
4. If applicable, the results from back testing ;
5. Incidents notifications;
6. Evolution of KRIs, especially breaches;
7. New or updated group directives impacting the Risk Management activity ;
8. Completion/non-completion of the actions plan.

Crisis Management System

A crisis management system is in place to guarantee the continuity of the Company activities following a critical event (natural disaster, IT disaster, property damage, or pandemic).

The system ensures that a data backup is available at all times and that it can be restored to dedicated servers located in a separate site. IT services are provided by an adequate service provider.

However, the need for additional disaster recovery plans are under consideration.

Information on significant risks

Based on the results of the Risk assessment carried out by the Company, the main significant risks are identified in the financial and underwriting area. However, the operating, strategic, compliance and liquidity categories are constantly monitored by a mainly qualitative assessment model.

B.3.2 The Own Risk and Solvency Assessment (ORSA)

The ORSA Process

The ORSA process is established in accordance with the ORSA policy and must be performed at least once a year taking into account the Business Plan process.

It must be ensured that the risk profile at the time the ORSA is carried out is still in line with the risk profile at the end of the financial year.

In the event of significant changes in the risk profile, an ad-hoc ORSA is carried out. The ad-hoc ORSA does not have to contain all the elements of the regular ORSA. However, the ad-hoc ORSA must take into account the significant changes in the risk profile.

The ORSA process is performed at group level (BIH) to best reflect the nature of the group structure and its risk profile. The Group ORSA is performed on a 3-year horizon timeframe in order to be aligned with the Hochtief group forecasting and budgeting process. The group ORSA report describes:

- each subsidiary of Builders Group and alignment of individual strategies with the one established at group level ;
- the ORSA results of each subsidiary and risks interdependencies within the Group ;
- the sources and availability of own funds within the Group.

Objectives

The underlying objectives of the ORSA are the following ones:

- to identify and assess the risks that Builders Group may face over its 3-years business plan horizon following its business strategy ;
- to determine the adequacy of its own funds ;
- to ensure that overall solvency requirements are met at all times.

Process

The annual ORSA process performed by Builders Group is depicted below:

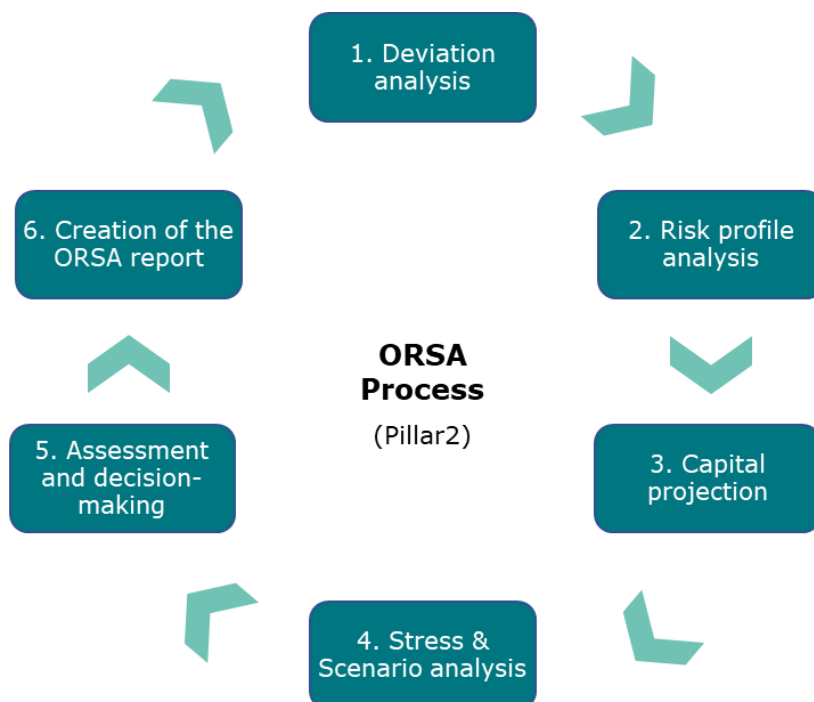


Figure 1 - ORSA Process

Deviation Analysis:

This first step consists in challenging the underlying assumptions of the Standard formula. The starting point of the deviation analysis is the EIOPA-14-322 document enabling the application of Solvency II Pillar I. This document summarizes the underlying assumptions of the standard formula. These underlying assumptions are compared individually with the risk profile of Builders and checked for deviations from one another. In addition, it is necessary to examine whether there are further differences between the risk profile of Builders and the assumptions of the standard formula that are not listed in this document.

Risk profile Analyses

The current risk profile and overall Solvency need are determined based on the 1st Pillar results supplemented by the quantitative and/or qualitative assessment of the risks not or insufficiently taken into account in the standard formula.

The overall solvency needs correspond to the quantification of the capital needs and a description of other means needed to address all material risks irrespective of whether the risks are quantifiable or not.

Capital projection

The evolution of the risk profile is forecast over the Company's business planning horizon (3 years for BIH).

In addition to the mid-term planning, the future capital needs, the Solvency ratio, and the Minimum capital requirements should be assessed while the ORSA process. Assumptions of the future development of important risks used for the forecasts are documented in the ORSA report.

When analyzing the future risk profile, the projected solvency ratio and overall solvency needs should be assessed against the risk appetite established by the BoD.

Stress and Scenario analysis

Sensitivity and stress scenario to analyse the future risks should be performed. In these stress scenarios, modifications are made to key risk drivers to determine the sensitivity of capital requirements to adverse scenarios.

Assessment and decision making

The results of the different stress scenarios should be compared with the risk appetite and risk limits (Key risk indicators) to evaluate if any scenario would lead to a noncompliance with the risk appetite. In this case the management should discuss countermeasures and how the Company could bring the risk back in Appetite.

The actuarial function should assess the continuous compliance with technical provisions.

If the overall risk situation changes significantly, it is necessary to check whether an ad hoc ORSA is required. This changed risk situation should be considered when selecting the stress scenario for an ad hoc ORSA.

Creating of the ORSA report

Once the process and results have been approved by the BoD, the Risk Management Function consolidates the ORSA results of each Builders entity in a single ORSA report at Builders Group level.

The ORSA report is established according to the structure above and shall include at least:

1. ORSA qualitative and quantitative results and related conclusions ;
2. The methods and main assumptions used ;
3. A comparison between the overall solvency needs, the regulatory capital requirements and the company's own funds

No later than two weeks after the completion of the ORSA and its approval by the BoD, the ORSA report will be submitted to the CAA.

B.4. Internal control system

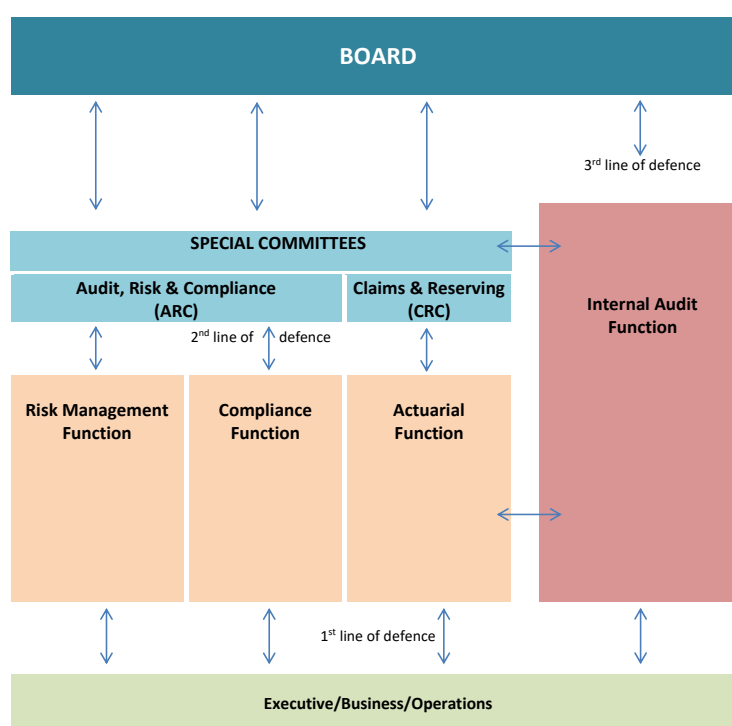
B.4.1 General information on the internal control system

Internal controls are a set of continually operating processes involving the Board of Directors, the Management and all levels of personnel. The objective is to:

1. ensure that the Company's operations are effective and efficient in view of the risks and targets established;
2. ensure that the Company's assets are safeguarded;
3. ensure the completeness and accuracy of financial and non-financial information;
4. ensure that the company complies with relevant laws and regulations.

The BIH Board is responsible for the Group Internal Control System of its subsidiaries and to make sure that it is adequate and efficient. The level is proportionate to the risk, complexity, nature, and size of the business. The Internal Control Framework includes the following core elements:

1. Board-level controls – supervision over the management and execution of strategy, policies, and decisions taken by the Board;
2. Management-level controls – a close review of operations is performed by the Executive Committee (e.g. authorisation and reconciliations);
3. Independent Control Functions – these second and third level controls oversee the implementation of rules, policies, and procedures;
4. Controls over outsourced activities - the company requires its outsourcing partners to implement a similar control environment;
5. Business operations controls - those controls which are embedded into the systems and/or processes and detailed in the policies and procedures.



The Company is progressing on the implementation of policies in key areas of the business and procedures, where appropriate, which describe the internal controls. Policies created and approved at Builders Insurance Holding S.A. level for the group, are also subject to the acceptance of each single entity.

Lines of defence	Levels of control	Responsible	Reporting Line
1st line of defence	Daily operating controls	Employees of operational departments	Heads of respective operational departments
	Controls performed by the company to which activities have been delegated (actuarial function, other services)	Person in charge in the outsourced service company	Heads of respective operational departments by delegation
	Permanent critical controls	Employees of operational departments, Head of Accounting & Reporting, Head of IT	C- List or Executive Management
2nd line of defence	Management controls	Head of Executive Management	Chairperson of BIH Board
	Risk Management controls, actuarial controls	CRO Actuarial function	CEO
	Compliance controls	Chief Compliance Officer	CEO
3rd line of defence	Internal audit controls	Group's internal audit	Executive Management and Board of Directors

To further strengthen the accuracy and reliability of the data and reporting of Builders Direct S.A. and Builders Reinsurance S.A., a project called ADP-ICS (Process analysis and description and internal control system) to interface the 3 mainframes (technical, investment and accounting) was started in September 2019 and BG created the function of ICS-officer in 2021.

This project aims at identifying and assessing both the operational risks and the related first level internal controls, in accordance with the description of each process.

B.4.2 Compliance function

Positioning and structure of compliance function

The compliance function is a centralised function within BIH with responsibility for compliance in all BG companies. This function is delegated by BIH's subsidiaries via management service agreements to BIH. The compliance function at BIH level centralises all information on

compliance-related issues pertaining to BG and liaises with internal functions and external bodies in matters of compliance.

The compliance function is represented in the ARC special committee of each company. The Chief Compliance Officer is a member of the Board specialised committee “ARC”.

The ultimate responsible for the compliance function is Mr. Cecil Kramer. Mr. Kramer was appointed as Compliance Officer for both the CAA regulated entities BDi and BRe.

The Compliance Officer holds the role of Data Protection Officer for BDi and BRe (and Data Protection Coordinator for the rest of the BIH Group).

The person Responsible for the Control of AML/CTF (ref. AML Compliance Officer) for BDi and BRe reports to the Compliance Officer. Mr. Roberto Antona was appointed as AML Compliance Officer in September 2021.

Responsibilities and Duties

The compliance function is part of the second line of defence and is accountable for:

1. Establishing and maintaining effective compliance risk management and control systems, i.e., identifying and evaluating compliance risk, overseeing the implementation of mitigation measures and establishing a compliance monitoring programme;
2. Providing timely advice to the organisation, i.e., advising the Executive Management on relevant laws, regulations, rules, standards, recommendations, and practices in the marketplace with a focus on compliance activities;
3. Promoting high standards of business integrity and regulatory compliance from its employees via training and awareness initiatives.

The scope is represented by laws and regulations the organization is required to comply within all jurisdictions where the business is conducted, directly or by means of intermediaries, as well as critical organizational and governance policies. It covers 4 areas:

1. Financial services conduct related integrity risks
2. Personal conduct related integrity risks
3. Organizational conduct related integrity risks
4. Client and third-party related risks

PERSONAL CONDUCT RELATED INTEGRITY RISK	FINANCIAL SERVICES CONDUCT RELATED INTEGRITY RISK	ORGANISATIONAL CONDUCT RELATED INTEGRITY RISK	CLIENT AND THIRD-PARTY RELATED RISKS
EXAMPLES OF COMPLIANCE/INTEGRITY RISK			
Respect of regulatory framework requirements	Conflict of interest	Issue of corporate governance	Money laundering
Internal company rules	Code of conduct	Professional secrecy	Terrorist financing
FATCA	Gifts	Data protection	Customer & third-party due diligence
Insider dealing	Fraud	Outsourcing agreements	New product & line of business
Market abuse			

The Compliance function centralizes all information on compliance-related issues and liaises with internal functions and external bodies in matters of compliance.

The following regulations/risks are **not** part of the scope of compliance:

1. Accounting practices and reporting
2. Information Technology
3. Social & Labour law
4. Credit and market risks
5. Actuarial compliance
6. Tax compliance

When an affiliated company of the BIH group establishes a representative office or a branch outside Luxembourg, it likely becomes subject to double supervision, from respectively the local and Luxembourg regulator/s. The responsibility for the Compliance function will then be on the Compliance Officer of the Luxembourg regulated company.

The Compliance Function may appoint a local Compliance Officer for the representative or branch office, to be notified, where required, to the local regulator; the overall structure of the Compliance Function shall comply with the requirements of independence and segregation in terms of roles, duties and responsibilities of all its team members. However, the proportionality principle can be applied, again provided that any effective/potential conflict of interest or poor segregation of duties is identified and mitigated.

Compliance Policy

This compliance policy applies to:

1. the Company and its affiliated regulated undertakings in which BIH holds major participating interests,
2. all directors and employees of BIH Group without restriction.

The fundamental compliance principles which must be observed by all employees and directors of BIH Group are laid down in our code of conduct. In addition, directors sign a separate Code of Conduct for directors.

BIH expects its directors and employees to observe strict compliance with the principles listed in both Codes of Conduct and to act in accordance with BIH' Group ethical principles as they carry out their business activities.

The compliance policy includes all measures, actions and options decided in order to limit risks to an acceptable level in pursuit of BIH business.

The document defines the fundamental principles, roles and responsibilities of the Compliance function within the BIH Group and subsidiaries as well as relationship with Executive Management, the Board of Directors, the business and operational functions.

- The Compliance Department may support, when needed, on non-compliance tasks, if a clear difference is made between the various roles so that these do not create any conflicts of interest with compliance responsibilities.
- The compliance function has the right to start investigations at its own initiative, when deemed necessary. Incidents management is part of the compliance role.
- The compliance function can only issue advices and does not take any decision. Decision makers however should act in due consideration of the compliance advice.
- The compliance function shall have full and unrestricted access to any information at any time. All staff members of the compliance function must comply with confidentiality requirements.
- The compliance function is subject to review by Internal Audit.
- The Chief Compliance Officer has the authority to contact the external bodies or regulators directly.
- The Compliance Function has a direct access to the CEO and the Board of Directors of the company.

Annual Compliance Plan

Developments in the regulatory framework, as well as risk assessment, provide the basis for the annual compliance plan and monitoring activities. The annual compliance plan is discussed with the Management and submitted to the ARC for approval.

A three years Compliance program was discussed with the Management and the Audit and Compliance Committee (ARC) and then submitted to the Board of Directors for approval.

The Compliance program is reviewed on a yearly basis, or when changes occur in the regulatory/internal environment and submitted to the Board of Directors for approval.

Reporting

The compliance function reports on compliance matters, results, and progress made on the relevant actions to the CEO, Board of Directors and the Audit, Risk and Compliance Committee (ARC).

Whistleblowing

The whistle-blowing system of HOCHTIEF AG (hotline and e-mail) is available and can be used by employees or third parties to draw attention to possible offenses or non-observance of the regulations, or code of conduct.

Due to the relatively small size of the company in terms of headcount, upward communication to Senior Management is facilitated. Employees are encouraged to report any concerns or suggestions to Senior Management without restrictions.

B.5. Internal Audit function

B.5.1 Positioning and structure of internal audit function

The Head of Internal Audit function is outsourced to the HOCHTIEF AG Group Internal Audit Team. The Internal Audit function reports to the Company's Board of Directors. The ultimate responsible for the internal audit function is a non-executive director: Mr Jörg Mathew (Head of Corporate Auditing – HOCHTIEF AG).

In 2016 the Head of Internal Audit appointed Ernst & Young Luxembourg for a co-sourcing of the function (in particular the scope related to Solvency II).

Person to whom the function is outsourced: Sven Kehrbein (HOCHTIEF AG) in co-operation with Ernst & Young Luxembourg

B.5.2 Responsibilities and Duties

The function provides independent and objective assurance services, via a formal outsourcing arrangement in respect of the Company's processes, with due regard to the adequacy of the governance, risk management and internal control framework.

B.5.3 Annual Audit Plan

The Internal Audit prepares a three-year internal audit plan according to business priorities and risk areas. The Audit, Risk and Compliance Committee oversee the 3-years risk-based Audit Plan.

B.6. Outsourcing

A due diligence process is undertaken by the relevant department (responsible for the contract) prior to any final decision being made as to whether to outsource a material business activity. This process addresses all material factors that would impact on the service provider's ability to perform the activity. The Compliance function is responsible for revising the onboarding due diligence and complement it with additional checks.

BIH has established an Outsourcing Policy applicable in all BIH subsidiaries including the Company.

The Outsourcing Policy sets out the following:

- Definition of outsourcing and material outsourcing;
- Risk mitigation strategies;
- Board and management responsibility;
- Business Case;
- Due diligence;
- Contractual Agreements;
- Management and control of the outsourcing relationship;
- Final approval.

The Company's outsourcing arrangements are subject to a review whose frequency depends upon the risk attached to the outsourcing activity. Findings of this review are submitted to the Board in the annual Compliance report.

B.7. Actuarial function

B.7.1 Positioning and structure of actuarial function

The actuarial function is a centralized function established at the level of BDi and BRe.

This position is held by the Head of Actuary. He/she provides independent oversight and validation on the actuarial works of the Group.

B.7.2 Responsibilities and duties

The responsibilities of the Head of Actuary include:

- Guaranteeing the appropriate nature of methodologies, the underlying models and cases used to calculate technical provisions;
- Assessing the sufficiency and quality of data used to calculate technical provisions;
- Expressing an opinion on the underwriting policy;
- Preparing an opinion on the adequacy of the reinsurance arrangements;
- Contribute to the effective implementation of the risk-management system, including risk modelling.

B.7.3 Reporting

The Actuarial Function produces an annual report for the company that highlights the adequacy of technical provisions, as well as an opinion on the underwriting and reinsurance arrangements.

B.8. Any Other Information

The Company has assessed its corporate governance system at the date of this report and concluded that it provides a sound and prudent management of the business, and is proportionate to the nature, scale, and complexity of the operations of the Company.

C. Risk Profile

Builders Group maintains one Risk Profile comprising all Risk from the two insurance entities and the risks of the holding. This reflects dependencies between the entities better.

C.1. Underwriting risk

Builders Group takes a conservative approach to underwriting risk in order to maintain its financial security and regulatory compliance.

Insurance risk concentration occurs due to the concentration of insurance operations in a particular geographic area, industry or insurance peril. It may also occur as a result of a correlation between individual insured perils.

This underwriting risk is divided into three modules: Premiums and Reserves Risk, Catastrophe Risk and Lapse Risk.

- **Premium & Reserve Risk**

Premium Risk is related to future claims arising during the cover period. The risk is that the value of expenses and losses (incurred and not yet incurred) for claims (comprising both amounts paid during the period and provisions made) is higher than the gross premiums received, or that the profitability will be less than expected.

Reserve Risk is the risk that the final value of claims paid is higher than the amount provisioned.

The value measure for the Premium Risk, i.e. the premium volume, is evaluated as the Gross Earned Premium of the year T+1. The Reserve Risk measure, i.e. the reserve volume, is the value of the claims provision, net of reinsurance.

Strategic decisions about the underwriting portfolio growth directly impact the SCR since the underwriting risk is composed of both the Premium Risk and Reserve Risk.

- **Natural Catastrophe Risk**

Natural catastrophe risk arises from the failure to manage risk aggregation or accumulation that may result in increased exposure to natural catastrophe losses (e.g. hurricanes, earthquakes or floods).

If insured risks are overly correlated, e.g. due to geographical concentration, losses can occur and affect multiple lines of business.

- **Man-made Catastrophe risk**

Man-made catastrophe risk arises from a failure to manage risk aggregation or accumulation that may result in increased exposure to man-made catastrophe losses (e.g. terrorism, explosion, systemic financial losses, latent disease or pandemic).

1) Lapse Risk

As there is no tacit renewal of cover, we do not assume any lapse risks. Whilst there may be occurrences of insurance contracts being cancelled mid-term the impact is immaterial.

C.1.1 BRe Exposure & Concentration

All programmes are reinsurance programmes, some proportional and some non-proportional. As defined in the EIOPA segments, the Proportional segments are classified in the range S1 to S9 for non-life and S1 to S3 for health. For the Non-Proportional programs, the range is S10 to S12 in non-life and S4 in health.

BRe covers the following classes of business in the non-life and health segments. The table below shows the breakdown by a segment of premium volume (Gross Earned Premium of the year T+1) and reserve volume (claims provision, net of reinsurance) as of 31 December 2020, in thousands of United States dollars:

	Volume measure Premium Risk	Volume measure Reserve Risk
Motor vehicle liability - S1 :	4,178	124
Other motor - S2 :		
Marine, aviation and transport - S3 :	2,122	4,582
Fire and other damage to property - S4 :	21,044	18,452
General liability - S5 :	44,352	82,008
Credit and suretyship - S6 :	11,418	4,773
Legal expenses - S7 :		
Assistance and its proportional reinsurance - S8 :		
Miscellaneous financial loss - S9 :	10,766	261
Casualty - S10 :	58,826	62,324
Marine, aviation and transport - S11 :		
Property S12 :	4,893	7,186

For BRe, the Non-Life premium volume is USD 157598 thousands and the reserve volume is USD 179,711 thousands.

	Volume measure Premium Risk	Volume measure Reserve Risk
Medical expense - S1 :	-	-
Income protection - S2 :	-	-
Workers' compensation - S3 :	49,692,732.42	60,252,137.08
Non-proportional health reinsurance - S4 :	3,254,257.06	2,948,241.57

The health premium volume is USD 52,947 thousands and the reserve volume is USD 63,200 thousands.

The premium and reserve risk is sufficiently diversified. The premium and reserve risk for the non-life business is USD 91,819 thousands which represents 32% of the non-life exposure (premium and reserve) and for health USD 27,676 thousands which represents 24% of the health exposure (premium and reserve).

C.1.2 BDi Exposure & Concentration

The underwriting risk is the main risk for BDi which consists of:

Non-life underwriting risk relates to BDi commitments in the following business segments: insurance fire and other property damage, general liability insurance, credit and suretyship insurance and miscellaneous financial losses.

BDi has not underwritten any Health risk (assimilated to non-life) in 2021.

New business is defined and controlled by the underwriting policy within BDi. In addition, the underwriting risk exposure is managed by a series of reinsurance programs, provided in the main by BDi's sister company Builders Re, that is positioned to limit the underwriting risk.

BDi's portfolio is heavily reinsured, therefore there is no significant concentration risk at the BDi company level.

The programmes underwritten in 2021 were classified into 6 non-life segments; the table below shows the breakdown by segment of premium volume (Gross Earned Premium of the year T+1) and reserve volume (claims provision, net of reinsurance) as of 31 December 2021 in thousands of euros:

	Volume measure Premium Risk	Volume measure
Motor vehicle liability - S1 :		
Other motor - S2 :		
Marine, aviation and transport - S3 :		
Fire and other damage to property - S4 :	8,501	5,801
General liability - S5 :	2,084	1,232
Credit and suretyship - S6 :	1,743	101
Legal expenses - S7 :		
Assistance and its proportional reinsurance - S8 :		
Miscellaneous financial loss - S9 :	3,828	1,784
Casualty - S10 :	543	524
Marine, aviation and transport - S11 :		
Property S12 :	432	676

For BDi, the premium volume is EUR 17,131 thousands and the reserve volume is EUR 10,118 thousands.

The premium and reserve risk is sufficiently diversified. The premium and reserve risk for the non-life business is EUR 5,740 thousands which represents 22% of the non-life exposure (premium and reserve).

C.1.3 BIH Group Exposure & Concentration

The programmes underwritten in 2020 were classified into 8 non-life segments and 2 health segments.

The table below shows the breakdown by segment of premium volume (Gross Earned Premium of the year T+1) and reserve volume (claims provision, net of reinsurance) as of 31 December 2021 in thousands of euros:

	Volume measure Premium Risk	Volume measure Reserve Risk
Motor vehicle liability - S1 :	3,675	109
Other motor - S2 :		
Marine, aviation and transport - S3 :	1,866	4,030
Fire and other damage to property - S4 :	25,554	22,024
General liability - S5 :	39,480	73,495
Credit and suretyship - S6 :	11,877	4,307
Legal expenses - S7 :		
Assistance and its proportional reinsurance - S8 :		
Miscellaneous financial loss - S9 :	9,877	2,014
Casualty - S10 :	52,281	55,379
Marine, aviation and transport - S11 :		
Property S12 :	4,724	6,995

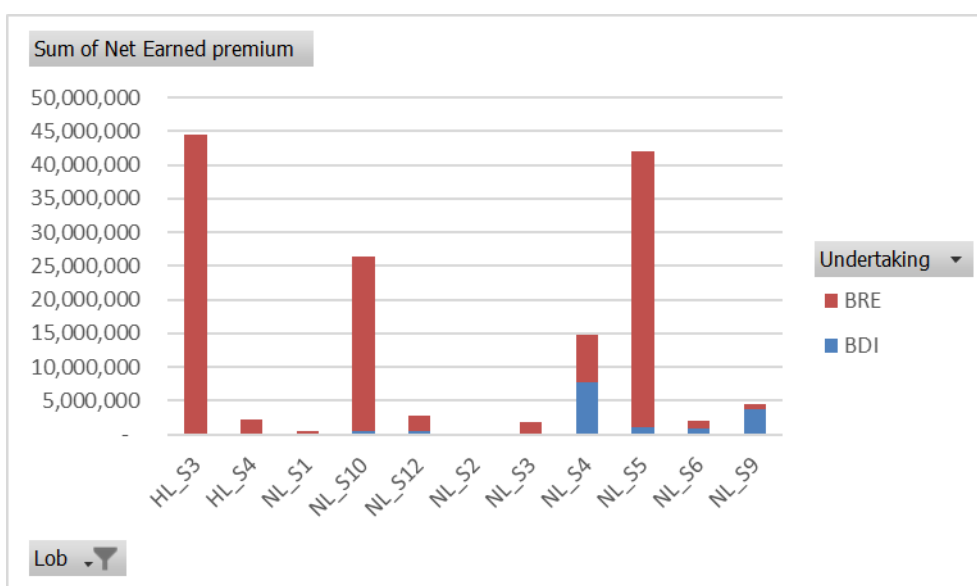
At the BG level, the Non-Life premium volume is EUR 149,334 thousands and the reserve volume is EUR 168,354 thousands.

	Volume measure Premium Risk	Volume measure Reserve Risk
Medical expense insurance and proportional reinsurance - S1 :	-	-
Income protection insurance and proportional reinsurance - S2 :	-	-
Workers' compensation insurance and proportional reinsurance - S3 :	43,705,152.72	52,629,537.99
Non-proportional health reinsurance - S4 :	2,862,144.92	2,575,256.08

At the BG level, the Health premium volume is EUR 46,567 thousands and the reserve volume is EUR 55.205 thousands.

The premium and reserve risk is sufficiently diversified.

The graph below shows the net written premium by segment and demonstrates the importance of the Liability Proportional business (NL_S5), Casualty (Surety) Non-Proportional business (NL_S10) and Worker's Compensation (HL_S3), suggesting some concentration risk. Secondly, the most important undertaking is still BRE.



BG manages insurance risks by monitoring and controlling the nature of and accumulation by geographic location of risks in each segment underwritten. This is achieved through a number of proven techniques and procedures including:

1. the management of pricing risk through the establishment and review of pricing guidelines;
2. the purchase of reinsurance to mitigate exposure;
3. the review of business plans and underwriting of new programs.

A robust underwriting policy and risk mitigation techniques have resulted in minimal volatility and acceptable claims ratios. The financial impact of a surge in major claims or the occurrence of a catastrophic event is mitigated by retrocession limits that are in place.

The non-life catastrophic risk has been estimated at EUR 35.448 thousands in Non-Life and EUR 858 thousands in Health.

C.1.4 Sensitivity analysis

BG performs sensitivity and scenario analysis which are relevant with their risk profile:

- Deterioration of quality of risks leading to a significant increase of the loss ratios;
- Catastrophic scenarios on specific geographical areas;
- Significant increase of BDI's retention because of impossibility to maintain the existing retrocession;
- Covid-19 scenario impacting financial market, credit risk and business related to credit and suretyship.

The occurrence of these scenarios is not likely to affect significantly the solvency position of the company neither to create durable deviation from its risk appetite thanks to effective mitigation measures in place.

C.2. Market risk

Each BG company's assets are held in accordance with the BG investment policy and comply with the 'prudent person' principle as defined in article 132 of the Directive 2009/138/EC.

The market risk is the risk that BG is adversely affected by movements in the fair value of its financial assets arising from market movements, such as credit spreads, interest rates and foreign exchange rates or other price risks.

According to the standard formula, the components of market risk are:

- Spread risk: the potential financial loss due to the increase in the spread that an asset trade has relative to comparable government bonds hence a decrease in the asset's market value;
- Currency risk: the potential financial loss arising from the change in the value of currency exchange rates or from closing out a currency position at a loss due to adverse movements in exchange rates;
- Interest rate risk: the potential financial loss arising from the reduction in the value of the investment portfolio and liabilities due to changes in the level of interest rates;
- Equity risk: the potential financial loss arising from the reduction in the value of the investment portfolio due to changes in prices of equities or mutual funds;
- Property risk: the potential financial loss arising from the reduction in the value of the investment portfolio due to changes in real estate prices.


In relation to the market risk concentration, BG holds and maintains a diversified investment portfolio in corporate bonds, governments bonds, securitized loans and mortgages, un-listed equities, mutual funds and short-term deposits.

C.2.1 BRe Exposure & Concentration

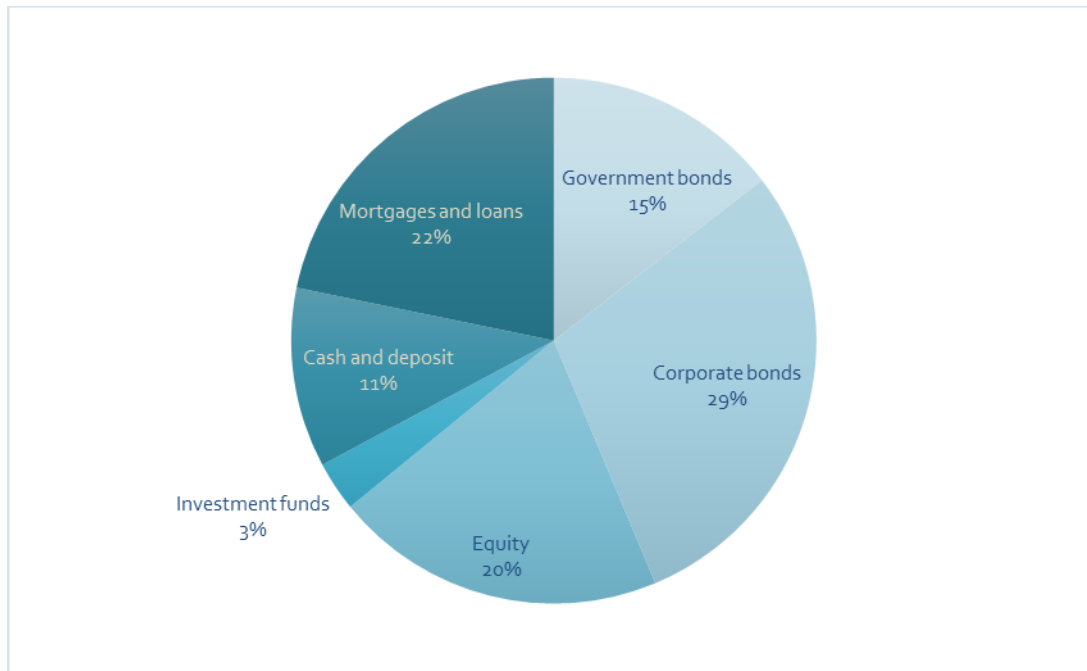
As explained in Section A.3 the investments of BRe are located in its subsidiary, SMAF.

Assets Ptf	Statutory BS	EconomicBS	Delta	%
Cash and deposits	91,748,278	91,748,278	-	0.0%
Participation	733,353,372	896,495,773	163,142,400	22.2%
Tot Portfolio	825,101,650	988,244,051	163,142,400	19.77%

Assets Ptf	Economic
Cash	67,443,868
including participations	896,495,773
Deposits	24,304,410
Tot Portfolio	988,244,051



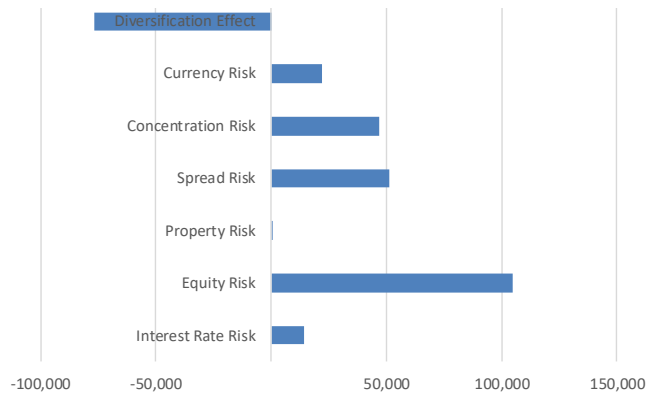
The look-through of the BRE invested Portfolio, including Smaf, could be summarised as follows:



Risk assessment

Measured with the Solvency II Standard Formula, the equity risk with a value of USD 104,878 thousands and the spread risk with a value of USD 51,266 thousands were the two major risks that BRe was facing at 31/12/ 2021. In total, with a value of USD 162,720 thousands after the diversification effect, the market risk is higher than the underwriting risk being USD 138,499 thousands.

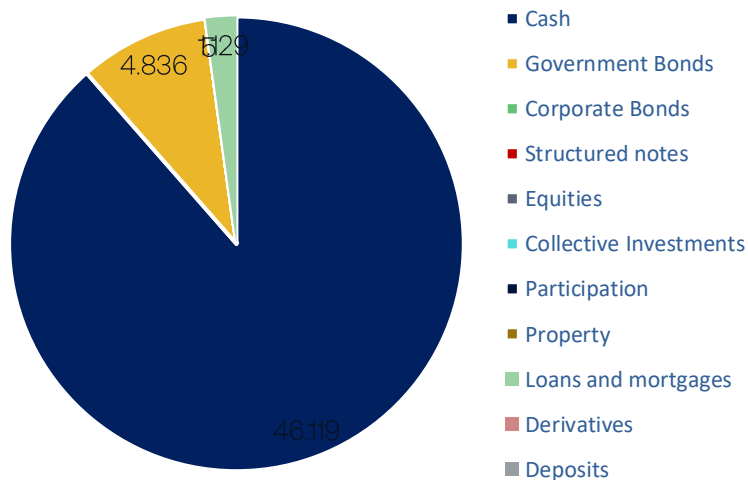
Market Risks	162,720
Interest Rate Risk	14,135
Equity Risk	104,878
Property Risk	15
Spread Risk	51,266
Concentration Risk	46,969
Currency Risk	22,147
Diversification Effect	-76,690
Tot Base	988,244
Average Shock :	16.47%



C.2.2 BDi Exposure & Concentration

BDi owns a small government portfolio as of 31/12/2021 with a value of 4,386 thousand Euro.:

In addition to the bonds, BDi has cash and current accounts.




These assets are held in accordance with the BDi investment policy and this in compliance with the principle of the 'prudent person' as defined in article 132 of the Directive 2009/138/EC.

The most significant investments are Cash for 87.5 % and government bonds for 12.5%.

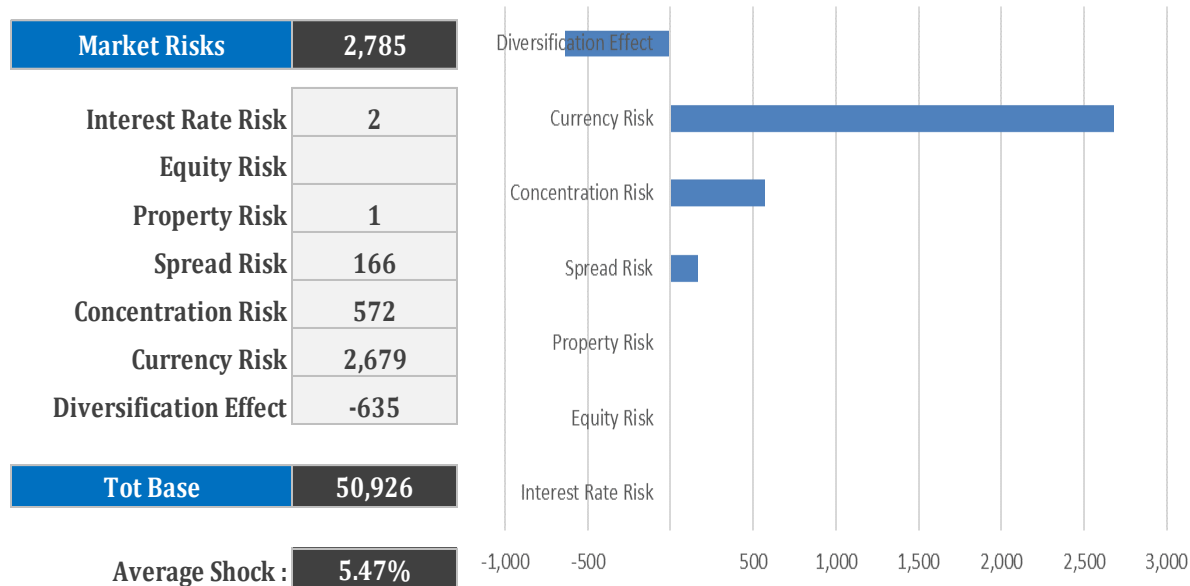
Assets Ptf	Statutory BS	EconomicBS	Delta	%
Cash and deposits	46,118,538	46,118,538	-	0.0%
Bonds & Loans	5,954,912	5,965,503	10,590	0.2%
Properties	5,217	5,217	-	0.0%
Tot Portfolio	52,078,667	52,089,257	10,590	0.02%

Assets Ptf	Economic
Cash	46,118,538
Government Bonds	4,836,391
Property	5,217
Loans and mortgages	1,129,112
Tot Portfolio	52,089,257



Risk assessment

According to the Solvency II Standard Formula, the concentration risk with a value of EUR 572 thousands and the currency risk with a value of EUR 2,697 thousands were the major market risks with which BDi was exposed to in 2021. In total, with a value of EUR 635 thousands after diversification effect, the Market risk is significantly lower than the underwriting risk equal to EUR 5,986 thousands.



C.2.3 BIH Group Exposure & Concentration

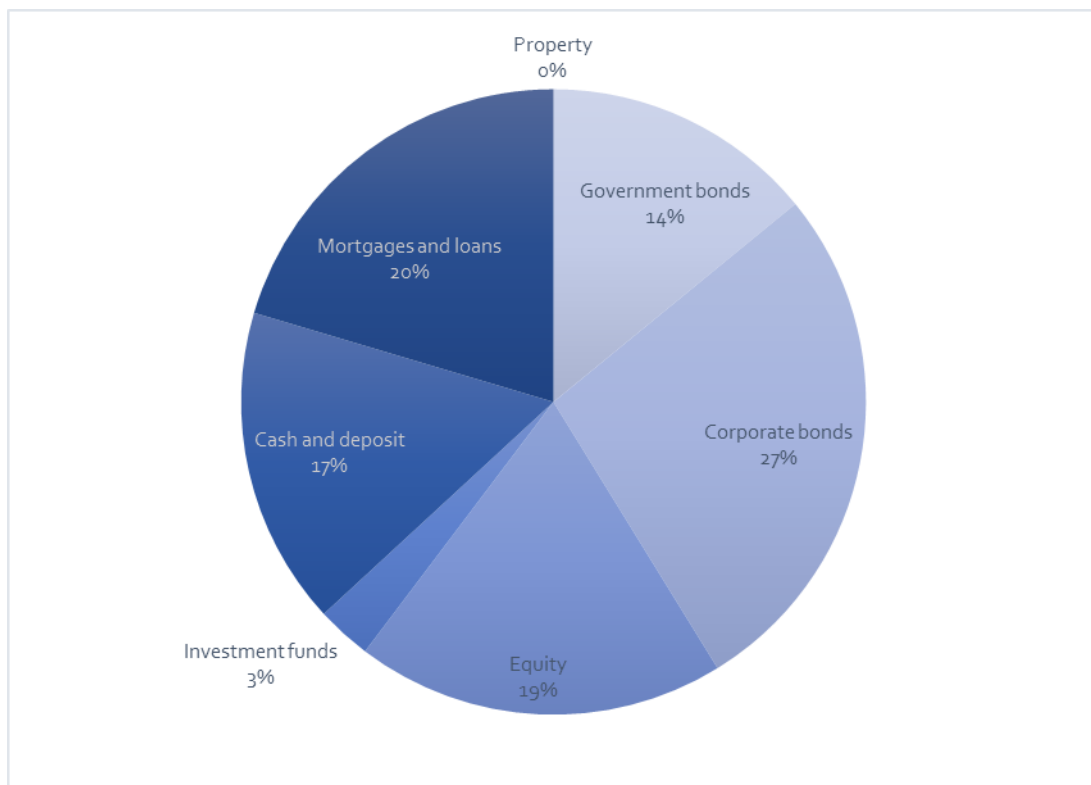
The investments of BIH are the addition of the SMAF POOL converted in EUR, the BDI portfolio and some assets specific to the holding.

Assets Ptf	Statutory BS	EconomicBS	Delta	%
Cash and deposits	128,485,497	128,485,497	-	0.0%
Bonds	4,836,214	4,836,391	177	0.0%
Participation	595,624,392	789,035,150	193,410,758	32.5%
Properties	5,217	5,217	-	0.0%
Tot Portfolio	728,951,319	922,362,255	193,410,935	26.53%

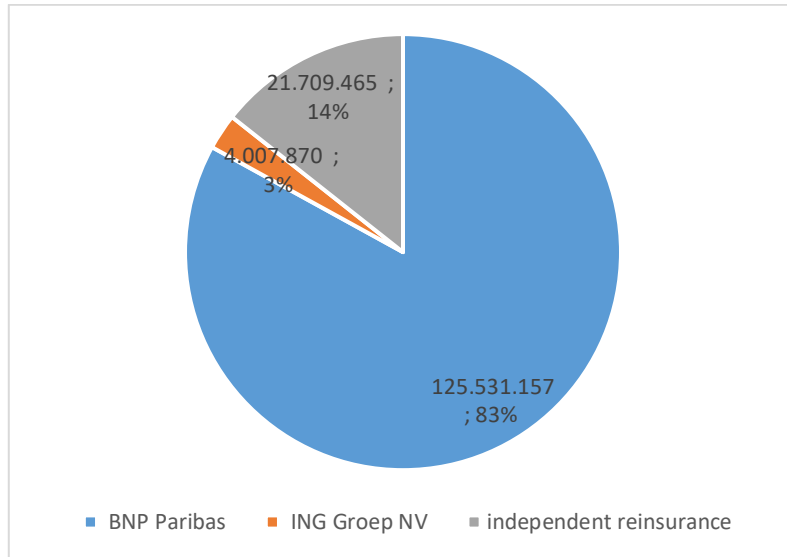
Assets Ptf	Economic
Cash	107,109,576
Government Bonds	4,836,391
including participations	789,035,150
Property	5,217
Loans and mortgages	1,129,112
Deposits	21,375,922
Tot Portfolio	923,491,367



The investment categories could be summarised as follow:



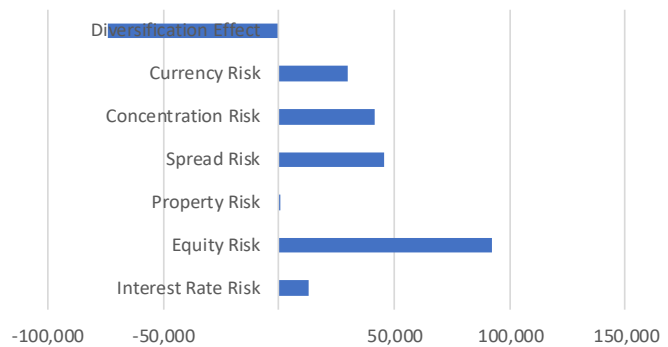
The specific assets related to the holding are the participation in IRIS and two main bank accounts.



Risk assessment

Measured with the Solvency II Standard Formula, the equity risk with a value of EUR 92,492 thousands and the spread risk with a value of EUR 45,843 thousands were the two major risks that BIH was faced with in 2021. In total, with a value of EUR 148,458 thousands after the diversification effect, the market risk is higher than the underwriting risk being EUR 125,911 thousands.

Market Risks	148,458
Interest Rate Risk	12,776
Equity Risk	92,492
Property Risk	15
Spread Risk	45,843
Concentration Risk	41,426
Currency Risk	29,811
Diversification Effect	-73,905
Tot Base	922,317
Average Shock :	16.10%



C.2.4 Sensitivity analysis

BG performs sensitivity and scenario analysis related to their risk profile:
 Deterioration of quality of risks leading to a significant increase of the loss ratios;
 Catastrophic scenarios on specific geographical areas;
 Significant increase of BDI's retention because of impossibility to maintain the existing retrocession;
 Covid-19 scenario impacting financial market, credit risk and business related to credit and suretyship.

The occurrence of these scenarios is not likely to affect significantly the solvency position of the company neither to create durable deviation from its risk appetite thanks to effective mitigation measures in place.

C.3. Default risk

Counterparty default risk is the risk of losses arising from a debtor's failure to pay or a downgrade of their credit rating.

BG is exposed to default risk on both the asset and liability side of its balance sheet and its default risk is categorised into two components below:

1. Type 1 exposures that include risk mitigating contracts like reinsurance arrangements, securitisations, derivatives, deposits with ceding institutions, cash at bank.
2. Type 2 exposures that include diversifiable and unrated exposures such as receivables from intermediaries, policyholder debtors etc.

C.3.1 BRe Exposure & Concentration

The most significant exposure of BRe is the retrocession contract with Hannover Re brokered by AON Benfield where a deferred profit commission has been defined in the agreement which has given rise to a material debt of USD 17,835 thousands. BRe has diversified its banking partners in past but remains exposed to its major well-rated custody bank.

C.3.2 BDi Exposure & Concentration

For BDI, credit risk results from fluctuations affecting the credit quality of issuers of securities, counterparties (reinsurers, banks for cash held) and debtors.

The counterparty default risk is driven by the concentration in mostly one reinsurer (BRe), the remaining reinsurers for BDI are A rated.

An observation can be made regarding the cash held in banks. One depositary bank owns 92% of all the assets in cash (in addition to a minor secondary bank). However, given the amounts exposed compared to the amounts for reinsurance, the concentration risk is not significant.

C.3.3 BIH Group Exposure & Concentration

The default risk concentration is associated with any single exposure or group of exposures with the potential to produce large losses to threaten the BG's core operations.

BDI is widely reinsured with a panel of well-known and well rated reinsurers, where the majority of reinsurance is with BRe. BRe itself is again widely reinsured in the Market with the main reinsurer being Hanover Re.

Especially high rated reinsurer reduces the default risk.
However the concentration risk can be caused by intra-group reinsurance.

The BIH counterparty risk is composed by a well-diversified panel of reinsurance. As described above the majority of cash is stored on one well rated account.

C.3.4 Sensitivity analysis

BG performs sensitivity and scenario analysis which are relevant with their risk profile:

1. Deterioration of loss ratios;
2. Catastrophic scenarios on specific geographical areas;
3. Significant increase of BDI's retention because of impossibility to maintain the existing retrocession;
4. Covid-19 scenario impacting financial market, credit risk and business related to credit and suretyship.

The occurrence of these scenarios is not likely to affect significantly the solvency position of the company neither to create durable deviation from its risk appetite thanks to effective mitigation measures in place.

C.4. Liquidity risk

Liquidity risk is the risk that BG is not able to meet its financial obligations to policyholders and other creditors when they become due and payable.

The risk that BG is unable to realise investments and other assets in order to settle its financial obligations when they fall due is not explicitly covered in the standard formula. It is assumed that a capital requirement to cover the liquidity risk would be ineffective and should be covered by an explicit liquidity risk management policy within the overall Risk Management System instead.

The liquidity risk has been tackled in the Risk Appetite Statement and is then considered as a key dimension in the Risk Management System.

BG continually monitors its ability to meet cash outflows in all the scenarios. The excess liquidity must be positive in all analysed stress scenarios (including very extreme scenarios with panic effect or catastrophe). A significant element of investment assets is held in cash.

C.5. Operational risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. The Risk Function has identified the following risks categories that have been endorsed by the Risk Committee and incorporated into BG's internal Risk Management System:

1. Clients, products and commercial practices
2. Execution, delivery, process management
3. Internal fraud
4. External fraud
5. Dysfunctions activity and systems
6. Employment practices and safe place of work
7. Damage to assets

That risk is measured by using the standard formula for the Solvency Capital Requirement needs.

Operational risk is managed by the Risk Management System for internal needs as follows.

A top-down analysis of the Group BIH risks is performed by the Risk Function and discussed during the Risk Committee in order to decide on risk exposure and actions plans.

The heads of department are continually involved in the validation and qualitative evaluation of identified risks.

C.6. Other material risks

Not all quantifiable risks have been explicitly included in the standard formula; furthermore, for some risks, it is generally assumed that the exposure is not sufficiently material and therefore an SCR quantification within the context of a standard formula would not be appropriate.

For some risks it is inappropriate to cover them through pillar 1 capital requirement so these are covered instead through pillar 2 requirements and Risk Management System requirements for appropriately monitoring and disclosing the risk profile.

Operational, Reputation and Strategic risks are qualitatively covered in the Risk Management System. BIH has identified three key material risks: inflation risk, reputation risk and strategic risk.

C.6.1 Inflation risk

The sensitivity of the value of assets, liabilities and financial instruments to changes in the term structure of inflation rates, or in the volatility of inflation rates, is not explicitly considered in a separate risk sub-module. For non-life business, the inflation risk is assumed implicitly in the calibration of the upward/downward interest rate shocks and in the reserve volatility parameter. The BG investment strategy requires mitigation of inflation risk via investments in index-linked bonds.

C.6.2 Reputation risk

Reputational risk is the risk that the trust placed on BG by stakeholders is compromised thus damaging the Builders brand. BG seeks to mitigate the potential for the occurrence of a reputational damaging event through its internal controls and Risk Management System. Additionally, BG has developed a Code of Conduct to which all employees and business partners are required to subscribe.

C.6.3 Strategic risk

Strategic risk is the risk that BG fails to achieve its corporate objectives. This may arise out of a change in prevailing market conditions, deficient or inappropriate resources, poor decision-making or poor systems execution. BG manages such risks in the following way:

1. Regular management meetings;
2. Monthly board meetings in which financial reports are presented and variances to plans and forecasts explained;
3. The production of 12 month forecasts every quarter with explanations of variances from previous forecasts.

C.7. Any other information

There is no other information to be reported.

D. Valuation for Solvency purposes

To define BG available capital, we apply the consolidation-method for 2 entities BDi and BRe (100% affiliated to BIH).

The statutory and economic balance sheets with the consolidation method are as follows:

Statutory		Economic	
Assets		Assets	
Investment	622,910	Investment	816,332
RI Recoverable	64,481	RI Recoverable	38,271
Debt	38,897	Debt	66,367
Other Assets	107,254	Other Assets	107,254
P and A Income	10,592	P and A Income	352
Other	9,345	Other	9,333
Total	853,479	Total	1,037,909

Liabilities		Liabilities	
Basic Own Fund	318,409	Basic Own Fund	602,359
Tech. Provision	478,932	Tech. Provision	275,400
Debt	35,337	Debt	35,337
Prov. for Taxation	2,167	Prov. for Taxation	108,205
Reg. Account	6,234	Reg. Account	525
Other	12,401	Other	16,083
Total	853,479	Total	1,037,909

The available capital in economic value has been evaluated at EUR 602,359 thousands.

D.1. Assets – Consolidated BS


D.1.1 Investment Portfolio, Cash and Deposits

The market valuation of the investment portfolio (equities, government bonds and corporate bonds) is done at the closing date, based on prices provided either by the undertaking or by the responsible asset manager.

The reports provided by the custodian include the exchange rates, the quantities held, the prices in local and reference currency and the following asset types: Fixed Income, Equities, Emerging Market Equities, and Cash;

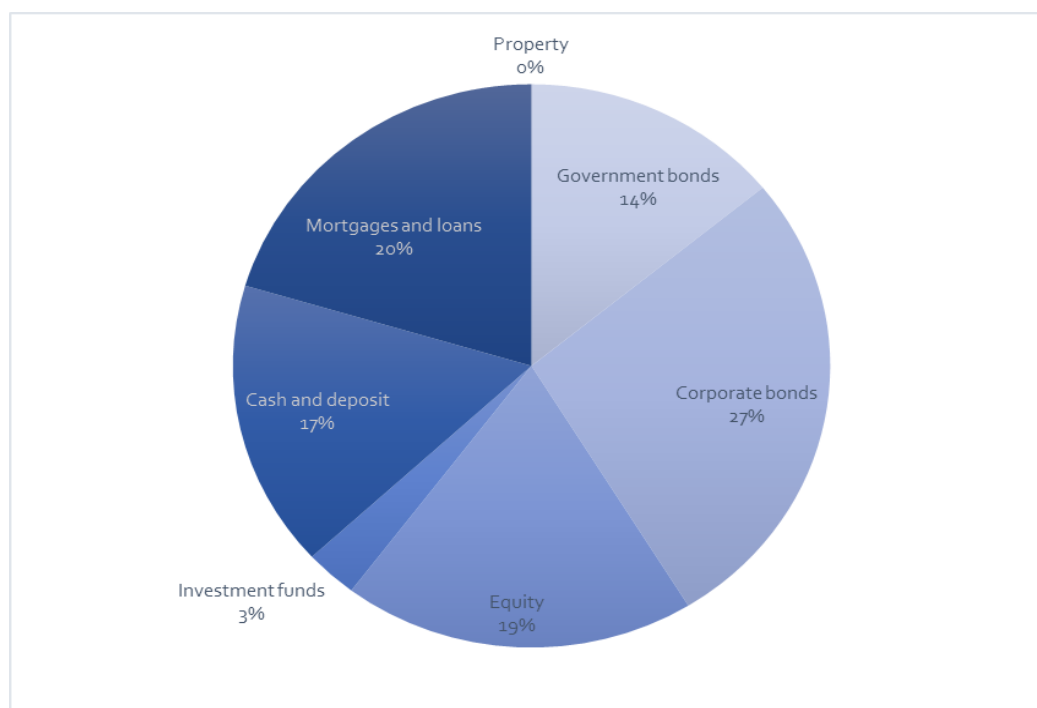
Assets Ptf	Statutory BS	EconomicBS	Delta	%
Cash and deposits	128,475,721	128,475,721	-	0.0%
Bonds	4,836,214	4,836,391	177	0.0%
Equities	-	-	-	0.0%
Participation	595,624,392	789,035,150	193,410,758	32.5%
Properties	5,217	5,217	0	0.0%
Tot Portfolio	728,941,543	922,352,479	193,410,935	26.53%

Assets Ptf	Economic
Cash	107,099,799
Government Bonds	4,836,391
Including participations	789,035,150
Property	5,217
Loans and mortgages	1,129,112
Deposits	21,375,922
Tot Portfolio	923,481,591



Under the participation in affiliated undertakings (EUR 595,624 thousands), we have the Steinfort Multi-Asset Fund SICAV-SIF (EUR 595,624 thousands). The Solvency II value (NAV) of the fund is EUR 193,411 thousands higher than its cost. This added value represents the main part of the Investment increase at BIH level.

By using the look-through analysis of the investments (SMAF) the investment portfolio is mainly composed of Corporate bonds (27%), Equity (19%), Loans (20%) and Government bonds (14%).



D.1.2 Receivables

Reinsurance receivables have been increased following the Solvency valuation (IFRS). This increase comes from the Introduction of the Retrocession of Profit Sharing Mechanisms in the Aon Benfields Contacts at BRE level.

This new valuation leads to an increase of assets equals to EUR 30,679 thousands.

	Solvency II value	Statutory accounts value
Insurance and intermediaries receivables	27,022	27,022
Reinsurance receivables	35,150	7,680
Receivables (trade, not insurance)	4,195	4,195

D.1.3 Other assets

The other assets items are similar in statutory as in economic value.

D.2. Technical provisions – Consolidated BS

As BIH is a holding company, no best estimate calculation is required to be performed.

At the entity level, the technical provisions are evaluated as a homogeneous group. As with standard actuarial techniques, large individual claims are considered separately from the remainder of the risk group if their inclusion would otherwise distort the results, or if separation is considered to produce a more reliable valuation.

The provisions are converted into modelled cash-flows using appropriate payment patterns and are discounted by applying risk-free yield curves (by currency) that are provided by EIOPA to get the Best Estimate discounted.

Technical provisions are grouped into the following key components:

4. Gross claims provisions: the best estimate of provisions that relate to the earned exposure;
5. Gross premium provisions: the best estimate of provisions that relate to the unearned exposure i.e. driven from unearned premium and policies which are bound but not yet incepted at the valuation date;
6. Risk margin: an additional provision to bring the best estimates to the level required to transfer the obligations to a third party.

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

7. The final settlement cost of open claims – These cannot be known precisely, being dependent on factors such as court decisions as to the party liable or the prognosis for recovery from injuries;

8. Material adverse or favourable developments in large claims occurred;
9. Inflation rates may differ from assumed;
10. Social, legal, technological or economic environments may differ from assumed;
11. A 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;
12. The level of expenses.

An active approach is taken by management to identify sources of uncertainty, quantify them and take actions to mitigate their potential impact. A review is done every year to assess the actuarial assumptions against actual results.

D.3. Other liabilities

As disclosed in S.02.01 the Solvency II values and statutory accounts values of creditors and accruals are evaluated at settlement value. Under Solvency II tax provisions are disclosed as accruals while under Lux-GAAP under creditors.

Provisions for deferred tax are the results of valuation differences between Lux-GAAP and Solvency II of all assets and liabilities. The major driver however for deferred tax is the reclassification of the equalization reserve and the valuation differences for technical provisions and listed assets.

A deferred tax liability is calculated with a tax rate of 27.19%.

D.4. Alternative methods for valuation

BG does not use any alternative methods for valuation.

D.5. Any other information

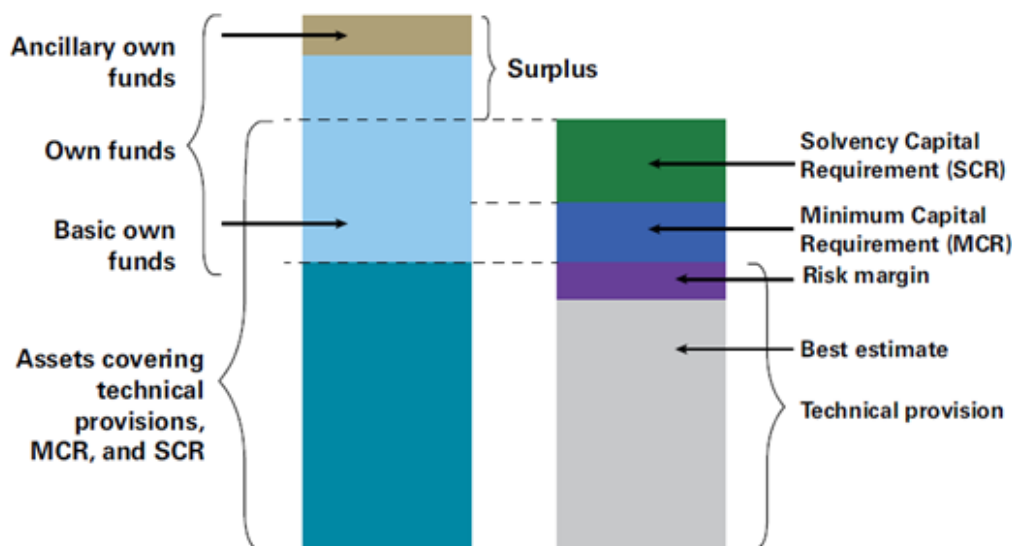
No other information is deemed necessary.

E. Capital management

E.1. Own Funds

E.1.1 Available capital

The Solvency II balance sheet can be summarised as follows:



The Basic own funds are the surplus of assets over liabilities (including subordinated liabilities).

The Ancillary Own Funds are off-balance sheet items such as unpaid share capital, letters of credit and guarantees.

For BIH Group, the economic available capital consists solely of own funds and is valued at EUR 602,358 thousands.

E.1.2 Eligibility of Own Funds

The classification of funds is done according to their capacity to absorb losses:

1. Tier 1 funds are permanently available to fully absorb losses in case of winding up and on a going concern basis.
2. Tier 2 funds absorb losses in the case of a winding-up of the undertaking.
3. Tier 3 funds are own funds which do not have the characteristics of the first two tiers.
4. Own funds are deemed as being permanently available because of their sufficient duration, restrictions on redemptions and freedom from encumbrances. The value of EUR 602,358 thousands is classified in Tier 1.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

To evaluate the solvency ratio of the group, we do consolidate the BRE and BDI entities with the specificities of BIH stand alone and we apply the consolidation method 1.

SCR	160,689
Available Capital	602,359
Solvency Ratio	375%

The SCR is estimated at EUR 163,780 thousands; with an economic capital of EUR 610,935 thousands, the solvency ratio is 373 % and the surplus is EUR 447,155 thousands.

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

BG has not opted to use the duration-based equity risk sub-module of the Solvency II regulations.

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

BG solvency is governed by a standard formula, rather than an internal model. The Board believes that this enhances transparency and consistent interpretation.

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

BG has not reported any breach in the Minimum Capital Requirement or significant non-compliance issues with the Solvency Capital Requirement during the reporting period.

E.6. Any other information

BRe being rated by A.M. Best since 2010 (BDi from 2016) BG considers it is paramount to have a capital evolution policy for maintaining the adequacy of the capital with its business evolution over the next 3 to 5 years.

Disclaimer

To the best of the BG's knowledge, the information contained herein is accurate and reliable as at the date of publication. However, BG does not accept any liability whatsoever for any loss or damage whether or not arising from any omission or error in compiling such information or as a result of any party's reliance or use of such information.

Contact

Readers can address any comments and questions on this document to contact@builders.lu

Appendix: Publicly disclosed QRTs

S.02.01.02

Balance sheet

S.02.01.02.01

Balance sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	5,216.64
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	793,871,540.85
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	789,035,150.27
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	4,836,390.58
Government Bonds	R0140	4,836,390.58
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1,129,112.09
Loans on policies	R0240	1,129,112.09
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	38,271,359.19
Non-life and health similar to non-life	R0280	38,271,359.19
Non-life excluding health	R0290	38,327,091.71
Health similar to non-life	R0300	55,732.52
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	21,375,921.76
Insurance and intermediaries receivables	R0360	27,022,371.89
Reinsurance receivables	R0370	35,150,239.17
Receivables (trade, not insurance)	R0380	4,194,556.44
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	107,109,575.65
Any other assets, not elsewhere shown	R0420	445,787.95
Total assets	R0500	1,028,575,681.64
Liabilities		
Technical provisions – non-life	R0510	275,400,202.64
Technical provisions – non-life (excluding health)	R0520	227,581,623.00
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	216,953,822.16
Risk margin	R0550	10,627,800.84
Technical provisions - health (similar to non-life)	R0560	47,818,579.64
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	45,404,503.16
Risk margin	R0590	2,414,076.48
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	2,166,934.87
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	6,749,765.01
Deferred tax liabilities	R0780	106,038,115.75
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	4,440,248.80
Insurance & intermediaries payables	R0820	4,780,403.75
Reinsurance payables	R0830	26,116,221.83
Payables (trade, not insurance)	R0840	-
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	524,949.95
Total liabilities	R0900	426,216,842.61
Excess of assets over liabilities	R1000	602,358,839.03

5.05.01.02

Premiums, claims and expenses by line of business

5.05.01.02.01

Z Axis:

VG/Statutory accounts

DI/Year to Date

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business											Line of Business				Total		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160	C0200
Premiums written																			
Gross - Direct Business	R0110							19,091,893.31	1,740,638.68	18,425,808.22			3,415,685.14						42,674,025.35
Gross - Proportional reinsurance accepted	R0120			48,020,068.71	524,186.84		2,135,134.23	7,560,730.89	35,158,297.76	2,085,284.37			1,322,803.67						96,806,506.47
Gross - Non-proportional reinsurance accepted	R0130																		
Reinsurers' share	R0140			2,421,112.49	25,219.92		729.14	10,552,950.89	3,680,159.82	18,879,094.04			2,863,639.22	2,355,366.32	37,723,224.55		2,689,437.55		42,768,028.41
Net	R0200			45,598,956.22	498,966.92		2,134,405.09	16,099,673.31	33,218,776.63	1,631,998.54			1,874,849.59	2,355,366.32	26,950,841.10		2,061,501.81		132,425,335.52
Premiums earned																			
Gross - Direct Business	R0210							16,746,102.08	1,112,734.04	14,057,176.02			10,260,034.92						42,176,047.05
Gross - Proportional reinsurance accepted	R0220			46,938,222.55	524,186.84		1,864,791.25	7,093,468.36	43,516,733.36	2,376,692.11			1,150,839.19						103,464,933.66
Gross - Non-proportional reinsurance accepted	R0230																		
Reinsurers' share	R0240			2,421,112.36	25,219.06		1,458.63	8,758,934.22	3,221,755.20	14,343,548.40			6,892,288.07	0.00	10,910,194.33		1,300,023.96		47,871,616.96
Net	R0300			44,517,110.19	498,967.78		1,866,249.88	15,080,636.22	41,407,712.20	2,090,319.73			4,518,586.04	2,317,347.33	26,461,507.55		2,723,781.64		141,482,218.56
Claims incurred																			
Gross - Direct Business	R0310							23,086,827.05	174,434.95	9,491,799.29			1,392,363.18						33,796,554.57
Gross - Proportional reinsurance accepted	R0320			16,873,914.96	196,328.03	311,363.40	863,133.30	3,658,300.80	15,364,838.33	1,977,703.05			413,376.15						39,036,231.23
Gross - Non-proportional reinsurance accepted	R0330																		
Reinsurers' share	R0340						360,294.72	10,918,438.38	107,078.84	9,305,960.96			1,046,775.57	0.00	2,365,764.66		1,660,157.24		27,849,319.50
Net	R0400			16,873,914.96	196,328.03	311,363.40	1,223,428.03	15,826,689.47	15,297,482.22	2,163,541.38			758,963.76	1,300,472.46	19,444,672.69		3,078,252.45		75,852,382.07
Changes in other technical provisions																			
Gross - Direct Business	R0410							60,695.43	3,558.29	1,048.35									63,205.38
Gross - Proportional reinsurance accepted	R0420			94,512.37	3,059.69				343,210.89										251,758.21
Gross - Non-proportional reinsurance accepted	R0430																		
Reinsurers' share	R0440																		6,761.26
Net	R0500			94,512.37	3,059.69			60,695.43	339,652.59	1,048.35									195,314.10
Expenses incurred	R0550			13,516,332.16	104,129.85		473,533.86	5,813,097.86	10,316,832.62	650,963.50			3,391,891.49	313,235.36	4,044,747.81		6,761.26		39,101,963.80
Other expenses	R1200																		
Total expenses	R1300																		39,101,963.80

S.05.02.01**Premiums, claims and expenses by country****S.05.02.01.01**

Z Axis:

VG/Statutory accounts

DI/Year to Date

Home Country - non-life obligations

		Home country
		C0080
Premiums written		
Gross - Direct Business	R0110	36,177,482.33
Gross - Proportional reinsurance accepted	R0120	2,085,284.37
Gross - Non-proportional reinsurance accepted	R0130	2,891,132.33
Reinsurers' share	R0140	29,395,087.44
Net	R0200	11,758,811.59
Premiums earned		
Gross - Direct Business	R0210	29,383,016.37
Gross - Proportional reinsurance accepted	R0220	2,376,692.11
Gross - Non-proportional reinsurance accepted	R0230	2,653,398.23
Reinsurers' share	R0240	22,924,284.25
Net	R0300	11,488,822.47
Claims incurred		
Gross - Direct Business	R0310	28,690,195.39
Gross - Proportional reinsurance accepted	R0320	1,666,339.66
Gross - Non-proportional reinsurance accepted	R0330	5,318,648.86
Reinsurers' share	R0340	20,132,227.97
Net	R0400	15,542,955.94
Changes in other technical provisions		
Gross - Direct Business	R0410	63,205.38
Gross - Proportional reinsurance accepted	R0420	-
Gross - Non-proportional reinsurance accepted	R0430	6,761.26
Reinsurers' share	R0440	-
Net	R0500	56,444.11
Expenses incurred	R0550	38,799,338.35
Other expenses	R1200	
Total expenses	R1300	

S.05.02.01

Premiums, claims and expenses by country

S.05.02.01.02

Z Axis:

VG/Statutory accounts

DI/Year to Date

X Axis:

LG/All members

Top 5 countries (by amount of gross premiums written) - non-life obligations

Localization of activity		BELGIUM	GERMANY	UNITED KINGDOM	UNITED KINGDOM (GIBRALTAR)	UNITED STATES
		Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations
		C0090	C0090	C0090	C0091	C0092
Premiums written						
Gross - Direct Business	R0110	3,080,857.88	-	3,415,685.14	-	-
Gross - Proportional reinsurance accepted	R0120	-	6,190,037.73	-	1,322,803.67	87,077,904.76
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	38,315,481.92
Reinsurers' share	R0140	3,041,087.90	2,083.26	2,334,517.75	529,121.47	14,521,326.89
Net	R0200	39,769.98	6,187,954.46	1,081,167.39	793,682.20	110,872,059.79
Premiums earned						
Gross - Direct Business	R0210	2,532,995.76	-	10,260,034.92	-	-
Gross - Proportional reinsurance accepted	R0220	-	5,386,680.93	-	1,150,839.19	94,426,581.67
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	37,750,367.44
Reinsurers' share	R0240	2,498,704.50	4,167.51	6,431,956.54	460,335.68	14,700,113.81
Net	R0300	34,291.26	5,390,848.45	3,828,078.37	690,503.52	117,476,835.30
Claims incurred						
Gross - Direct Business	R0310	3,713,996.00	0.00	1,392,363.18	-	-
Gross - Proportional reinsurance accepted	R0320	-	2,504,902.99	-	413,376.15	34,402,596.06
Gross - Non-proportional reinsurance accepted	R0330	-	-	18,730.39	-	20,449,207.65
Reinsurers' share	R0340	3,676,856.04	1,028,912.91	886,567.05	165,350.46	63,492.87
Net	R0400	37,139.96	3,533,815.90	487,065.74	248,025.69	54,788,310.84
Changes in other technical provisions						
Gross - Direct Business	R0410	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	251,758.21
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	251,758.21
Expenses incurred	R0550					
Other expenses	R1200					
Total expenses	R1300					

S.05.02.01.03

Z Axis:

VG/Statutory accounts

DI/Year to Date

Total Top 5 and home country - non-life obligations

		Total Top 5 and home country
		C0140
Premiums written		
Gross - Direct Business	R0110	42,674,025.35
Gross - Proportional reinsurance accepted	R0120	96,676,030.52
Gross - Non-proportional reinsurance accepted	R0130	41,206,614.25
Reinsurers' share	R0140	49,823,224.71
Net	R0200	130,733,445.41
Premiums earned		
Gross - Direct Business	R0210	42,176,047.05
Gross - Proportional reinsurance accepted	R0220	103,340,793.91
Gross - Non-proportional reinsurance accepted	R0230	40,403,765.67
Reinsurers' share	R0240	47,011,227.27
Net	R0300	138,909,379.37
Claims incurred		
Gross - Direct Business	R0310	33,796,554.57
Gross - Proportional reinsurance accepted	R0320	38,987,214.85
Gross - Non-proportional reinsurance accepted	R0330	25,749,126.12
Reinsurers' share	R0340	23,895,581.48
Net	R0400	74,637,314.07
Changes in other technical provisions		
Gross - Direct Business	R0410	63,205.38
Gross - Proportional reinsurance accepted	R0420	- 251,758.21
Gross - Non-proportional reinsurance accepted	R0430	- 6,761.26
Reinsurers' share	R0440	-
Net	R0500	- 195,314.10
Expenses incurred	R0550	38,799,338.35
Other expenses	R1200	-
Total expenses	R1300	38,799,338.35

5.23.01.22

Own funds

5.23.01.22.01

Z Axis:

VG/Solvency II

Own funds

		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						
Ordinary share capital (gross of own shares)	R0010	100,000,000.00	100,000,000.00			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	156,611,000.00	156,611,000.00			
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	345,747,839.03	345,747,839.03			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280					
Total basic own funds after deductions	R0290	602,358,839.03	602,358,839.03			
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					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	602,358,839.03	602,358,839.03			
Total available own funds to meet the minimum consolidated group SCR	R0530	602,358,839.03	602,358,839.03			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	602,358,839.03	602,358,839.03			
Total eligible own funds to meet the minimum consolidated group SCR	R0570	602,358,839.03	602,358,839.03			
Consolidated Group SCR	R0590	160,689,348.58				
Minimum consolidated Group SCR	R0610	43,697,109				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	60235883902.54%				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	1378.49%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings	R0660	602,358,839.03	602,358,839.03			
SCR for entities included with D&A method	R0670					
Group SCR	R0680	160,689,349				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	374.86%				

S.23.01.22.02

Z Axis:

VG/Solvency II

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	602,358,839.03
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	256,611,000.00
Adjustment for restricted own fund items in respect of matching adjus	R0740	-
Other non available own funds	R0750	
Reconciliation reserve	R0760	345,747,839.03
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life busine	R0780	21,768,440.59
Total Expected profits included in future premiums (EPIFP)	R0790	21,768,440.59

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

S.25.01.22.01

Z Axis:

CM/Accounting consolidation-based method [method 1 and part of combination of methods 1 and 2]

SO/Insurance/reinsurance sector

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	148,458,220.86	
Counterparty default risk	R0020	14,890,221.21	
Life underwriting risk	R0030	-	
Health underwriting risk	R0040	24,470,115.03	
Non-life underwriting risk	R0050	101,441,301.41	
Diversification	R0060	- 76,433,796.59	
Intangible asset risk	R0070	-	
Basic Solvency Capital Requirement	R0100	212,826,061.91	

S.25.01.22.02

Calculation of Solvency Capital Requirement

		Value	
			C0100
Operational risk	R0130		7,870,749.76
Loss-absorbing capacity of technical provisions	R0140		-
Loss-absorbing capacity of deferred taxes	R0150	-	60,007,463.09
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		-
Solvency Capital Requirement excluding capital add-on	R0200		160,689,348.58
Capital add-ons already set	R0210		-
Solvency capital requirement for undertakings under consolidated method	R0220		160,689,348.58
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410		160,689,348.58
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/MAP nSCR aggregation	R0450		4 - No adjustment
Net future discretionary benefits	R0460		-
Minimum consolidated group solvency capital requirement	R0470		43,697,109.26
Information on other entities			
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530		
Capital requirement for non-controlled participation requirements	R0540		
Capital requirement for residual undertakings	R0550		
Overall SCR			
SCR for undertakings included via D and A	R0560		-
Solvency capital requirement	R0570		160,689,348.58

5.32.01.22

Undertakings in the scope of the group

5.32.01.22.01

Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LEI/222100Q6057URQBGM426	LUXEMBOURG	Builders Reinsurance SA	3 - Reinsurance undertaking	société anonyme	2 - Non-mutual	Commissariat aux assurances	100%	100%	100%		2 - Significant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
LEI/529900T9K6ZWH89G869	LUXEMBOURG	BUILDERS DIRECT S.A.	2 - Non life insurance undertaking	société anonyme	2 - Non-mutual	Commissariat aux assurances	100%	100%	100%		2 - Significant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
LEI/529900VKR47CSZORH22	LUXEMBOURG	Builders Insurance Holdings	5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	société anonyme	2 - Non-mutual	Commissariat aux assurances	100%	100%	100%		2 - Significant	100%	1 - Included in the scope		1 - Method 1: Full consolidation