

Atlas Holdings Limited

(“Atlas Group”)

Solvency and Financial Condition Report

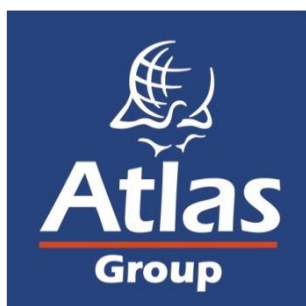


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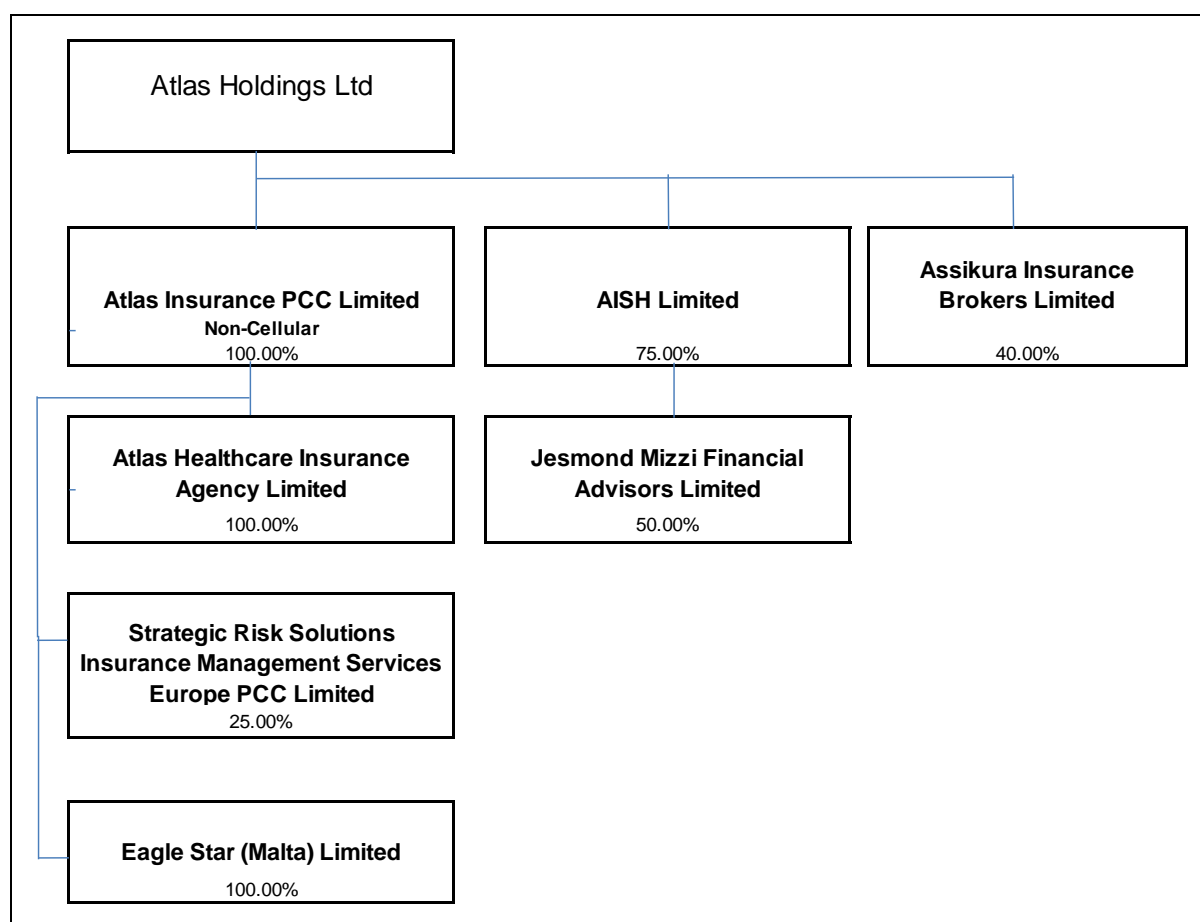
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1. Executive summary

The Solvency and Financial Condition Report (SFCR) is presented in line with the requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35.

Atlas Holdings Limited (the Atlas Group, the Group) is principally engaged in the holding of investments with a particular interest in insurance. The Atlas Group has been captured for Group Supervision under the Solvency II Directive which came in to force as on the 1 January 2016. As such this report is intended to satisfy compliance with Group Supervisory requirements under such regulation while also reporting on the Protected Cell Company's non-cellular results for the year under review. For the purposes of this report the non-cellular assets are referred to as "Core" assets.

The Atlas Group's corporate structure is demonstrated in the following organogram:



During the year under review in July Atlas Insurance PCC Limited (the PCC, the Solo Undertaking) acquired 100% ownership of Eagle Star (Malta) Limited (ESL). ESL operates as an intermediary for a substantial long term business run off for premium collection and claim settlement. In November 2018 the Solo Undertaking also sold 75% of its 100% ownership of Ark Insurance Management PCC Limited to Strategic Risk Solutions (SRS Europe) Limited retaining 25% ownership. The entity, which was renamed after this transaction to Strategic Risk Solutions Insurance Management Services Europe PCC Limited (SRSPCC), continues to operate under insurance management regulatory authorisation by the MFSA. In view that the Company does not hold a controlling interest in SRSPCC the equity held for SRSPCC is recognised in these results as being those of an Associate.

Atlas Holdings Limited

Atlas Holdings Limited receives dividend income from its equity investment in its controlled subsidiaries or from its associate companies. During the year under review the Company received dividends before taxation totalling €2,272,308 (2017: €8,039,039). The Company reports a profit before tax of €8,033,421 (2016: €2,020,365)

The Board of Directors implements a Group wide dividend policy for ensuring that dividend distribution does not compromise the Group's strength in matching its Solvency Margin under Solvency II regulation. As on 31 December 2018 the Company reports shareholder funds totalling €12,852,561 (2017: €12,746,313).

Atlas Group and its subsidiaries

The Atlas Group's consolidated accounts consider the results and financial positions of the holding company and its subsidiaries and associate companies. These include Atlas Insurance PCC Limited, Atlas Healthcare Insurance Agency Limited, Eagle Star (Malta) Limited, and AISH Limited, besides two associate companies Jesmond Mizzi Financial Advisors Limited, Assikura Insurance Brokers Limited and Strategic Risk Solutions Insurance Management Services Europe PCC Limited . In consolidating the results for the Atlas Group, Atlas Insurance PCC Limited only reports the results for the non-cellular operations and financial positions. The Cells results and financial positions included within the Atlas Insurance PCC Limited annual accounts are discarded for the purpose of accounting under International Financial Reporting Standards (IFRS) since such results do not form part of the Atlas Group.

Throughout this report the quantitative tables being reproduced also include results being reported separately for the Cells attaching to the PCC. Cells that have recourse to the PCC's Core Own Funds, under consolidation Solvency II principles, have recourse to the consolidated Own Funds Reserves of the Group.

The regulated Quantitative Reporting Templates (QRT's) being reproduced in this report will only state positions for the Group and for the PCC's Aggregate Position.

The Group reports a profit before tax of €4,520,860 (2017: €5,108,849), of which profit after tax of €2,907,960 (2017: €3,433,162) is attributable to the owners of the Holding Company.

Atlas Insurance PCC Limited (the PCC, the Solo Undertaking) is the flagship company within a group of companies specialising in insurance underwriting and insurance services. As such it plays a pivotal role within the group offering its own resources to its sister and subsidiary companies, on a cost sharing basis. These resources include its expert human resources, finance, office premises and IT infrastructure. The Solo Undertaking was authorised on the 29 April 2004 by the Malta Financial Services Authority (MFSA) to carry on business in the following Insurance Classes of Business:

- Class 1 – Accident,
- Class 2 – Sickness,
- Class 3 – Land Vehicles,
- Class 6 – Ships,
- Class 7 – Goods in Transit,
- Class 8 – Fire and Natural Forces,
- Class 9 – Other Damage to Property,

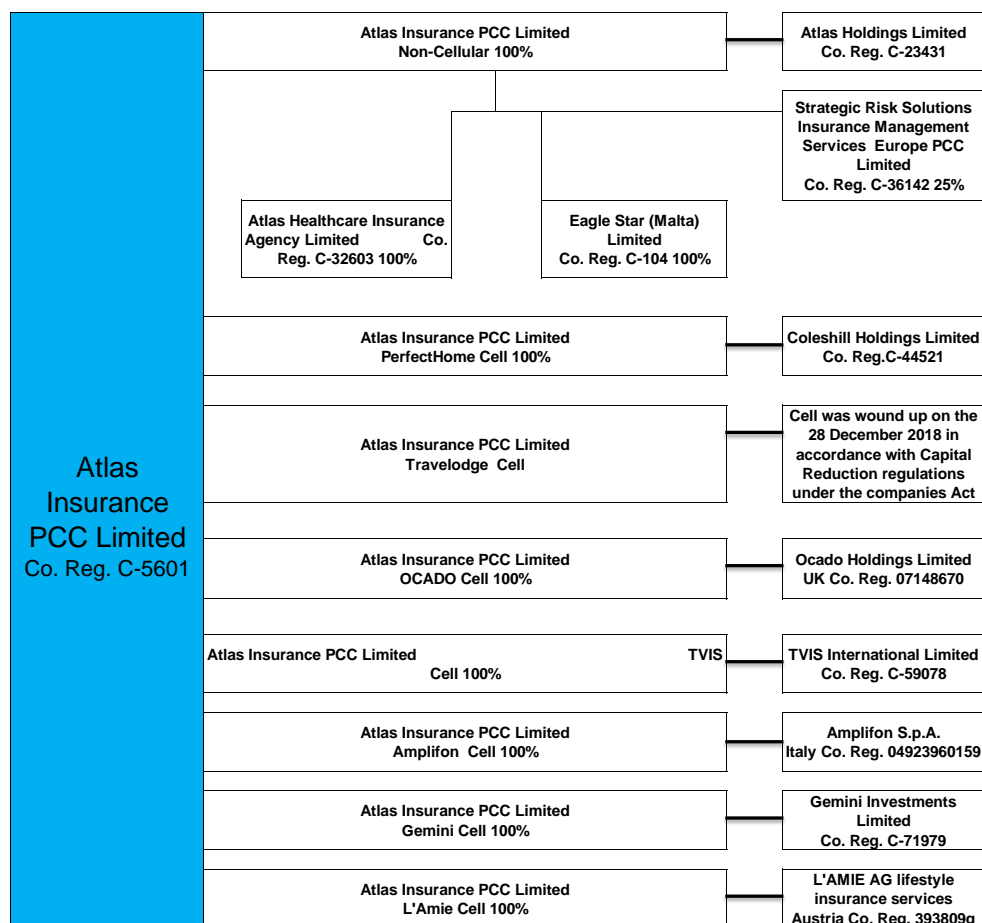
Class 10 – Motor Vehicle Liability,
 Class 12 – Liability for Ships,
 Class 13 – General Liability,
 Class 16 – Miscellaneous Financial Loss,
 Class 17 – Legal Expenses, and
 Class 18 – Assistance.

The Solo Undertaking was further authorised by MFSA to convert to a Protected Cell Company on the 1 November 2006, and later, on 11 June 2009, the MFSA reissued its authorisation to also carry on Reinsurance Business under its licence.

The Companies Act (Cell Companies Carrying on Business of Insurance) Regulations determine under article 9 (1) “that the assets of a cell company shall be either cellular assets or non-cellular assets”. In accordance with article 9 (2) of the same regulations, the Directors of Atlas are obliged to keep: “(a) cellular assets separate and separately identifiable from non-cellular assets; (b) cellular assets attributable to each cell separate and separately identifiable from cellular assets attributable to other cells; and (c) separate records, accounts, statements and other documents as may be necessary to evidence the assets and liabilities of each cell as distinct and separate from the assets and liabilities of other cells in the same company.”

Therefore, within the PCC, the core assets comprise the assets of the Company which are non-cellular assets relating to the core operation. The assets of the PCC are either core assets or cellular assets. The assets attributable to a cell comprise assets represented by the proceeds of cell share capital, reserves and other assets attributable to the cell.

The PCC underwrites (re)insurance risk through both its Core Activity and its Cellular Activity. The Company’s corporate structure is represented as follows:



Total premium income for the PCC as a whole and split by Geographical area is reported in the below table:

Premium Written by Geographical Area	Northern Europe		Western Europe		Southern Europe		Total	
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
	2018	2017	2018	2017	2018	2017	2018	2017
Core	-	-	-	-	26,689,044	25,262,348	26,689,044	25,262,348
Amplifon Cell	90,863	315,080	1,357,296	2,899,010	-	-	1,448,159	3,214,090
Other Cells	6,595,108	12,187,106	10,552,713	743,711	-	-	17,147,821	12,930,817
Total	6,685,971	12,502,186	11,910,009	3,642,721	26,689,044	25,262,348	45,285,024	41,407,255
Percentage Share of Total Premium	15%	30%	26%	9%	59%	61%	100%	100%

Core Results

The PCC through its Core underwrites a balanced general insurance business portfolio as a leading insurer of Maltese insurance risk. During 2018 the Core continued to register substantial growth in premium income, together with important technical results arising from the prudence applied in its underwriting and reinsurance operations.

Premium Written	Motor	Non-Motor	Total	Motor Share	Non-Motor Share					
	Euro	Euro	Euro							
	2018	2017	2018	2017	2018	2017				
	12,050,710	11,284,003	14,638,334	13,978,345	26,689,044	25,262,348	45%	45%	55%	55%
Percentage Growth for 2018	7%		5%		6%					

2018 has seen continued improved pure technical results. Managing the Motor Class remains challenging with claims expenses on the rise. Third party bodily injury and fatality claims are unpredictable and recent years have seen unusual increased frequency for such claims. The remedial underwriting action taken in recent years for this class works positively toward allowing the Company to reserve funds in the interest of the stakeholders.

The following table reports the Core's Gross loss ratios before reinsurance expenses.

Gross Claims Loss Ratio	Motor		Non-Motor		Total	
	Euro	Euro	Euro	Euro	Euro	Euro
	2018	2017	2018	2017	2018	2017
Premium Earned	11,715,660	10,626,716	14,485,397	13,454,357	26,201,057	24,081,073
Claims Incurred	5,927,191	6,561,295	5,590,788	10,297,578	11,517,979	16,858,873
Gross Ratio	51%	62%	39%	77%	44%	70%

The Core reinsures the insurance business risk it underwrites with a pool of "A" credit rated reinsurers of international repute.

During 2018 the Core registered a Gross Claims Loss Ratio of 44% increasing to 51% after reinsurance costs. The substantial overall improved gross claims loss ratio compared to that of 2017 is indicative of a year where gross claims incurred reduced materially from €16,858,873 for 2017 to €11,517,979 for 2018. This reduction in claims incurred results in a position of lower incidence for reinsurance recovery of such claims. Logically this causes a position where the proportionate level of retention for

2018 compared to that of 2017 is higher, resulting in a higher net retained loss ratio compared to the gross position reported above.

Notwithstanding, the 2018 net position improved from that of 2017 dropping to 51% from 55% allowing surpluses to comfortably absorb operating expenses resulting in good profitability. In the below table the improved net claims position retained by the Core is being noted.

Net Claims Loss Ratio	Total	
	Euro	Euro
	2018	2017
Net Premium Earned	15,611,096	14,279,484
Net Claims Incurred	7,938,210	7,914,744
Net Ratio	51%	55%

Substantial volatility for the Company's investment portfolio was experienced during 2018 in the local and international stock exchange market places. Notwithstanding market wide results, ongoing prudence applied by the executive in the management of the portfolio, a breakeven position was achieved for investment return during the year. The Board of Directors applies an investment policy which allows for reasonable return on investment while safeguarding through prudence by causing appropriate spread in its allocation, and largely placing investments in high grade securities.

The investment portfolio held in the balance sheet at year end 2018 totalled €41,752,086, 2017 - €40,337,091. This increase is attributable to further cash injections from profit reserves into the portfolio.

Notwithstanding marginal diminutions in fair value for the investment portfolio, the breakeven for return on investment, which solely arises from realised income, protected the very positive results achieved for the pure technical insurance operation and reports a satisfactory profit before tax of €4,362,052 compared to a prior year profit before tax of €4,560,478, increasing the total equity of the Core to €27,762,409 at year end from €26,390,023 at the beginning of the year under review.

During the year under review in July the Company acquired 100% ownership of Eagle Star (Malta) Limited (ESL). ESL operates as an intermediary for a substantial long term business run off for premium collection and claim settlement. In November 2018 the Company also sold 75% of its 100% ownership of Ark Insurance Management PCC Limited to Strategic Risk Solutions (SRS Europe) Limited retaining 25% ownership. The entity, which was renamed after this transaction to Strategic Risk Solutions Insurance Management Services Europe PCC (SRSPCC) Limited, continues to operate under insurance management regulatory authorisation by the MFSA. In view that the Company does not hold a controlling interest in SRSPCC the equity held for SRSPCC is recognised in these results as being those of an Associate.

The results for the two daughter companies, specifically Atlas Healthcare Insurance Agency Limited and Eagle Star (Malta) Limited, are not consolidated in the Company's accounts and are recognised in Atlas' Financial Statements and Solvency II Balance Sheet as equity investments held. These two companies' results are then consolidated in the Group Consolidation of the ultimate parent, Atlas Holdings Limited. Associate company results are also recognised as equity investment but only reported on for any dividend income received from the associate then having IFRS principles applied to the Group consolidation as stated above.

Atlas Healthcare Insurance Agency Limited (the Agency)

The Agency increased growth and profitability has continued to contribute to the Company's overall result allowing for the payment of increased dividend income.

The Agency is an enrolled agent authorised by the MFSA in accordance with the Insurance Distribution Act (Cap 487). Its agency representation focuses on health insurance products as its mainstream product line and operated in 2018 as an insurance agent for AXA PPP healthcare Limited. In December 2018 it also obtained permission from the MFSA to act as an insurance agent for Atlas Insurance PCC Limited.

The Agency's net asset value totaled €1,077,440 as on 31 December 2018 (31 December 2017 - €1,059,561), which result is in excess over regulated financial resources requirements under the Insurance Distribution Act (Cap 487).

Eagle Star (Malta) Limited

ESL's source of income is that of a structured remuneration in the form of a fee for the intermediation of the run-off for Long Term business. ESL does not introduce new business to its principal, Zurich Assurance Limited.

This subsidiary manages its financial resources for the smooth running of the portfolio run-off. The net asset value of ESL is reported as on 31 December 2018 at €107,222 (31 December 2017 at €331,113). The reduction in value from 2017 is due to dividend distributions related to the transfer of shareholder interest from Eagle Star Holdings Limited and Zurich Assurance Limited to the Company.

Cells

The PCC had six Cells incorporated within its structure as on 31 December 2018; the PerfectHome Cell, the Ocado Cell, the TVIS Cell, the Amplifon Cell, the Gemini Cell and the L'Amie Cell. As on 28 December 2018 the Travelodge Cell's operations and capitalisation was wound up. The Cell was originally incorporated within the PCC in 2014 to underwrite room cancellation insurance, which is essentially connected travel insurance sold by the Travelodge Group as part of a hotel room booking package.

During 2017 the Cell shareholder took the decision to wind up the Travelodge Cell's insurance operation and requested the Board of Directors of the PCC to initiate the process of closing down the Cell. The Travelodge Cell ceased to sell new insurance risk effective 31 August 2018.

In accordance with the Companies Act regulations and Insurance Business Act rules all Cellular Assets are segregated (ring fenced) one from the other and from the Core, whereas all Cells have recourse to the Core's assets once their own assets have been exhausted. There is one exception currently on the PCC's books, that of the Amplifon Cell. The Companies Act (Cell Companies Carrying on Business of Insurance) Regulations determine under article 15 that "where a cell exclusively carries on business of affiliated insurance or business of reinsurance and provided that it is specifically permitted by the memorandum and articles of association of the cell company, the company may, by specific written agreement to that effect, provide that only the cellular assets of that cell may be utilised to satisfy the cellular liability of such cell". This is known as non-recourse to the Core's Assets.

The **PerfectHome Cell** writes theft and accidental damage insurance cover for furniture and white and brown goods in the United Kingdom. The PerfectHome Group's mainstream operation is that of online retail. The PerfectHome business sells primarily via an HP agreement repayable over weekly cash or monthly instalments. The Cell also writes a much smaller book of extended warranty on such products.

This Cell was incorporated within the PCC during 2008. Its operating functional currency is British Pound.

The Cell shareholder has given notice to the Company's board of directors that they are intended to wind up the Cell during 2019. The MFSA has also been informed of this development and the Regulator has given its consent for the Cell to be wound up in accordance with its authorisation and insurance policy conditions.

This Cell is insurance managed by Artex Risk Solutions (Malta) Limited.

The **OCADO Cell** is ultimately wholly owned by OCADO Group plc (OCADO), a public company listed on the London Stock Exchange. OCADO is a leading online supermarket in the UK and provides home delivery of food, drink and household goods. This Cell was incorporated within the PCC during 2010 with the purpose of underwriting OCADO's Motor Own Damage/Third Party Liability & Public and Products Liability insurance risk in the United Kingdom and its operating functional currency is British Pound.

Effective 1 December 2018 OCADO has successfully placed its insurance risk previously underwritten by the Cell in the open market. This decision has been taken in line with OCADO Group plc's business objectives for their financial period ending 30 November 2019. As such the Cell does not underwrite any renewed OCADO insurance risk for the same period. The Cell continues to run off known claims reserves and an incurred but not yet reported reserve. Arising from former underwriting years.

The OCADO Cell is insurance managed by Willis Towers Watson Mangement (Malta) Limited.

The **TVIS Cell** is ultimately owned by TVIS Limited, an insurance intermediary authorised by the Financial Conduct Authority in the UK. The intermediary authorised in February 2009 works in partnership with vets as a distribution point for pet insurance.

This Cell was incorporated within the PCC during 2014 to specifically underwrite the United Kingdom book of Pet Insurance held by the intermediary and with the intention to grow the portfolio.

The Cell's operating functional currency is British Pound and is insurance managed by the executive of the PCC.

The **Gemini Cell** is ultimately owned by Aftersales Group and was incorporated within the PCC during 2015.

Aftersales Group specialises in after sale services, operating leases and insurance programmes for electronic devices such as mobile telephones, tablets, laptops and hard disk drives. The cell underwrites related theft and material damage programmes.

The Gemini Cell underwrites the business via Aftersales Group BV which is an authorised intermediary regulated by the Dutch authorities and passported to a number of European member states. The Cell currently underwrites insurance risk in Belgium and the Netherlands and its operating functional currency is Euro.

The Gemini Cell is insurance managed by Marsh Management Services Malta Limited.

The **L'Amie Cell** is immediately owned by L'AMIE AG lifestyle insurance services, an insurance intermediary authorised by the Austrian insurance regulator. The Cell is ultimately owned by Integral Insurance Broker GmbH, which is likewise authorised in Austria. With a licence issued during 2015 and updated in 2017 the L'Amie Cell writes a handset theft and material damage portfolio in Austria and is expected to grow the portfolio materially over the coming years in other European countries and, as a reinsurer, in certain non-EU countries.

The insurance product is a 5 year contract payable monthly and the Cell has written over €7 million premium in its first full year of operations for this product.

The Cell's operating functional currency is Euro and is insurance managed by the executive of the PCC.

The ultimate owner of the **Amplifon Cell**, Amplifon SpA, is a publicly listed company on the Milan Stock Exchange and is a world leader in the distribution of hearing solutions and small hearing aids. The company is present in 21 countries.

Amplifon Cell reinsures risks originating from various territories within the European Union. The insurance product is introduced by Amplifon SpA, insured by a primary multinational insurer and then reinsured with the Cell. The primary policy cover is for theft and material damage to the Insured hearing aid.

Amplifon Cell however stopped writing new business in the second quarter of 2018 and there is no intention to wind up the Cell until the run-off of existing reinsurance risk written up until 31 March 2018 is run off.

The Cell's operating functional currency is Euro and is insurance managed by Marsh Management Services Malta Limited.

Aggregate Cell Results

Premium written in aggregate for the Cells sees material increases in turn over and remains perfectly reflective of the their individual business objectives. This growth is however attributable to mixed results achieved by the different Cells as follows:

1. During 2017 the PerfectHome Cell had modified its model for operations where it had changed its strategy for sales by moving on to online sales. This strategic change showed initial reductions in premium income for the Cell and this trend continued during 2018.
2. The OCADO Cell did not write any premium during the year under review as explained under section 1.1.
3. The Amplifon Cell ceased to write new reinsurance business as from 1 April 2018.
4. During December 2017 the L'Amie Cell started writing its handset theft and material damage insurance product which led the Cell to register important premium income in its first year of underwriting this product.

The total premium written by the Cells for 2018 is reported in aggregate in the below table, highlighting the Amplifon Cell results separately which is ring fenced to the extent of not having recourse to the Core capital.

Premium Written	Amplifon Cell	Other Cells	Aggregate
	Euro	Euro	Euro
2018	1,448,159	17,147,821	18,595,980
2017	3,214,090	12,930,817	16,144,907
Percentage Growth/-Diminution for 2018	-55%	33%	15%

The Cells' gross claims loss ratio for 2018 does not cause concern to management for any threats to the Core capital in view that all Cells have registered reasonably good net loss ratios. The most important development during 2018 was the final settlement and closing of a third party bodily injury claim attaching to the OCADO Cell.

These positive developments may be noted from the progression in the table reproduced below moving from gross to net claims loss ratios.

Gross Claims Loss Ratio	Amplifon		Other Cells		Aggregate	
	Euro	Euro	Euro	Euro	Euro	Euro
	2018	2017	2018	2017	2018	2017
Premium Earned	2,419,803	2,423,682	12,382,328	12,158,052	14,802,131	14,581,734
Claims Incurred	1,606,398	1,320,489	2,491,828	21,434,107	4,098,226	22,754,596
Gross Ratio	66%	54%	20%	176%	28%	156%

Net Claims Loss Ratio	Amplifon		Other Cells		Aggregate	
	Euro	Euro	Euro	Euro	Euro	Euro
	2018	2017	2018	2017	2018	2017
Premium Earned	2,419,803	2,423,682	10,667,298	11,226,284	13,087,101	13,649,966
Claims Incurred	1,606,398	1,320,489	5,611,000	4,626,869	7,217,398	5,947,358
Gross Ratio	66%	54%	53%	41%	55%	44%

1.2 System of Governance

The Atlas Group is captured for group regulatory reporting under the Solvency II regime. As is required under Solvency II for the Atlas Group's regulatory requirements under group supervision rules, the Solo Undertaking's Board is entrusted to oversee the Group's compliance for all three Pillars under the Solvency II regime, besides that of the PCC. As such it is also responsible to ensure that appropriate governance procedures are set within the whole group.

The Solo Undertaking's Board exercises accountability through oversight which is entrusted to a number of board members. The PCC's Board exercises accountability through oversight which is entrusted to a number of board committees who have the responsibility to oversee key functional areas of the PCC and the Group. The relevant Committees are:

- the Investment Committee;
- the Audit Committee;
- the Remuneration and Nominations Committee;
- the Risk and Compliance Committee, and
- the Information Technology Committee (constituted during March 2018).

With due regard to the system of governance required by the Solvency II Directive and in considering the specific requirements of the PCC as a whole the Board also appoints the Protected Cells Committee and the Executive Committee.

Atlas believes that good risk management that is visible, repeatable and consistently applied to support decision making increases probability of success and reduces probability of failure and the uncertainty of achieving overall objectives.

The Group defines the following risk categories being key:

Risk Category	Definition
Operational	Risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events
Insurance	Risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.
Credit	Risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. Key counterparties are reinsurers, intermediaries, insureds, reinsureds & bonds.
Market	Risk that arises from fluctuations in values of, or income from, assets or interest or exchange rates.
Liquidity	Risk that sufficient financial resources are not maintained to meet liabilities as they fall due
Group	Potential impact of risk events, of any nature, arising in or from membership of a corporate group.

The categorisation follows best practice and current regulations.

For this purpose the Atlas Group adopts a three lines of defence approach considered as best practice. Responsibilities are defined in the Risk Management Policy.

1.3 Risk Profile

Atlas Group takes and manages risks to achieve its objectives. The Board has set a risk appetite statement that broadly describes the types and amounts of risk which Atlas is willing to take in pursuit of these objectives.

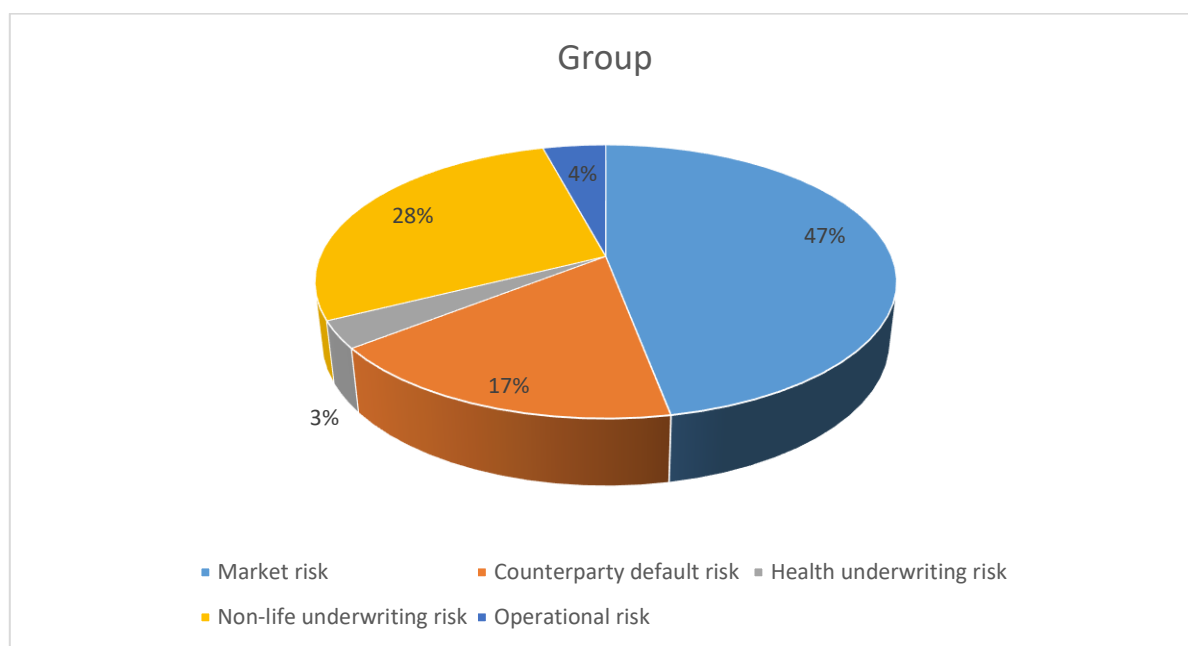
Atlas Group's objectives include achieving target performance and maximising shareholder value, preserving a level of solvency that would support the Group in challenging environments, maintaining adequate liquidity to satisfy obligations as they come due, and protecting all aspects of the Group's value, including its brand and reputation.

Underlying the Atlas Group's risk appetite are risk tolerances, high-level quantitative measures and qualitative assertions for the maximum risk allowed, set at corporate level and in line with the needs of its stakeholders. At the highest level, they are intended to maximise the likelihood of delivering on the Group's vision, mission, and values.

As is obligatory under the Solvency II regime the Group reserves equity so as to ensure that risk scenarios at a minimum confidence level will be sufficiently matched with appropriate assets matched to its existing and contingent liabilities. In so doing the PCC's Board has opted to adopt the standard formula for the PCC and the Group which is driven by European Union (EU) regulation as being the model in calculating the regulated equity required for the matching of its solvency positions.

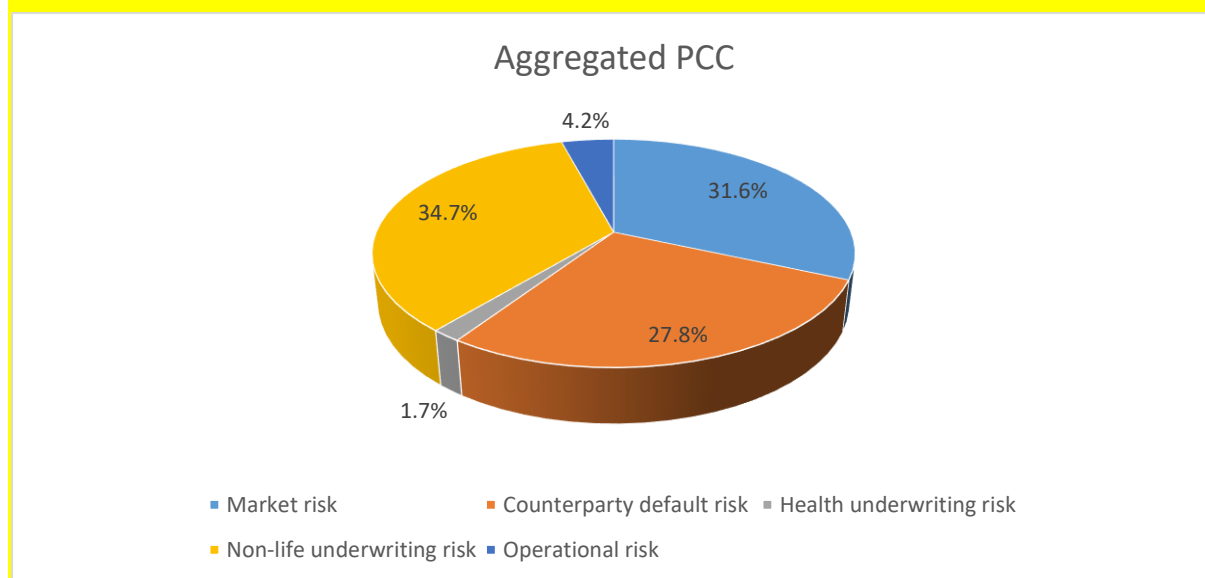
Regulation requires all Cells within the PCC to determine their individual notional Solvency Capital Requirement (nSCR) under "ring fenced funds" Solvency II rules. The PCC's Core Capital surplus over its own nSCR may also be utilised to cover any shortfall in each Cell's equity in matching their own individual nSCR with the exception of the Amplifon Cell, which Cell too reserves equity to match its own nSCR. As such the Group's Own Funds are also depleted by any shortfall that a Cell may have in matching its own nSCR.

The Atlas Group's risk profile is simply reproduced and expressed in percentages of that calculated as on end 2018 solvency capital requirement (SCR) of €10,068,671 as follows:



As part of the Atlas Group's regulated Own Risk and Solvency Assessment (ORSA) the Group carries out a number of stress tests on various risk scenarios, while also comparing these results with those produced under the standard formula. This reporting procedure to the Board of Directors is carried out by the Chief Risk Officer of the Group.

Same as for the Group above, the PCC's aggregated risk profile inclusive of Cells is also being reproduced as calculated at year end 2018 and the solvency capital requirement (SCR) of €18,996,085 is split between risk components as follows:



Solvency II regulation requires that the Group is to match its SCR with an equal amount or more of Own Funds (Equity). It also defines Equity in three tiers, with Tier 1 ranking to its full capacity and Tiers 2 and 3 allowed to apply for up to 50% of the nSCR. The Atlas Group matches its SCR with 100% Tier 1 Own Funds which total €30,418,247 as on 31 December 2018 (2017: €28,423,014).

Furthermore Solvency II regulations require a Group to ensure that it matches appropriate own funds to the minimum capital requirement (MCR) at all times and may not fall below a 100% ratio of the MCR threshold.

The MCR is a product of the entity's SCR calculation as determined under the standard formula. The regulations apply the principle of an Absolute Minimum Capital Requirement (AMCR) which is currently set at €3,700,000. The Group would be required to hold sufficient own funds in excess of the MCR or AMCR whichever is the highest. The Group's MCR for 2018 is being reported at €xxx.

As may be seen under section 1.4 below, the Atlas Group's substantial own funds do not fall short of this requirement and notes material surplus capital over its SCR.

As part of the Atlas Group's regulated Own Risk and Solvency Assessment (ORSA) the Group carries out a number of stress tests on various risk scenarios, while also comparing these results with those produced under the standard formula. This reporting procedure to the PCC's Board of Directors is carried out by the Chief Risk and Compliance Officer of the Group.

The preparation of the Atlas Group's financial statements is carried out in conformity with IFRSs as adopted by the EU and this requires the use of critical accounting estimates.

It requires the directors to exercise their judgement in the process of applying the Group's accounting policies. A higher degree of judgement for the complexity of the management of insurance and financial risk is also required where these areas of assumptions and estimates are significant to the consolidated financial statements.

Insurance risk

The Atlas Group recognises liabilities arising from its operations, and specifically identifies those arising from premium written and claims incurred, while also establishing recoverability from reinsurers.

The PCC uses various techniques in estimating liabilities arising from claims. A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the PCC where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until several years after the event. In calculating the estimate cost of unpaid claims the PCC uses statistical analyses of historical experience in order to identify the IBNR component to be added to its known claims reserves

Unearned premium reserves are formulated on a 365th time apportionment basis of calculation. This method of calculation proves to be most accurate in identifying arising liabilities at the time of Balance Sheet reporting. These liabilities are reflective of that amount of premium remaining unearned on an individual policy basis, aggregated to determine the PCC's total liability at any point in time.

Provision is also made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the balance sheet date.

Financial Risk

The Atlas Group is exposed to financial risk through its financial assets and liabilities, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets would not be sufficient to fund the obligations arising from its insurance contracts and investing activity. The most important components of the Group's financial risk are market risk (cash flow and fair value interest rate risk, equity risk, spread risk, concentration risk and currency risk), credit risk and liquidity risk. These risks mainly arise on open positions in interest rate, debt and equity products, and currency exposures, which are all subject to market movements.

The Group holds investments mostly in equity and debt securities. Debt securities are subject to spread risk, interest rate risk and concentration risk. Equities are subject to equity risk and concentration risk. Foreign denominated equity and debt securities are also subject to currency risk.

As such both types of securities are fair valued for reporting the balance sheet in accordance with IFRS.

Solvency II values

A set of rules under Solvency II regulation requires that differing criteria are applied to the valuation of Assets and Liabilities representing the Group's Equity in the Balance Sheet causing deviation from those represented under accounting principles.

The value of assets represented in the Solvency II balance sheet totalling €64.06 million differ from the total of the assets as represented under IFRS for the Group of €71.86 million (the Solo Undertaking – €86.07 million for Solvency II, IFRS - €109.17 million). The differences between the Solvency II values and those of IFRS arise due to different criteria of valuation for deferred acquisition costs, deferred taxation and reinsurance recoverables.

The Technical Provisions have been calculated as the sum of a best estimate plus a risk margin in accordance with the Solvency II Directive and associated texts. The claims provision is the discounted best estimate of cash flows relating to past claim events that occurred before the valuation date, whether reported or not. The cash flows include: future cash flows resulting from past claims events (including salvage and subrogation) and cash flows arising from allocated and unallocated expenses in respect of past claims events. The methodology used to determine the best estimate and risk margin for technical provisions may be found under Section 5.3. This different approach results in the value of liabilities represented in the Solvency II balance sheet totalling €33.53 million having reduced from the total of the liabilities as represented under IFRS of €42.72 million (the Solo Undertaking – €44.13 million for Solvency II, IFRS - €69.91 million).

In arriving at the best estimate for technical provisions no transitional arrangements allowed under Solvency II regulation have been used by the actuaries.

Atlas Group recognises the importance of optimising the balance between return and risk, whilst maintaining economic and regulatory capital in accordance with the risk appetite.

The Group adheres to a Capital Management Policy approved by the PCC's Board which includes procedures to ensure that the own funds items satisfy at issue the prescribed profiling of Solvency II regulated tiering under Article 93 of Directive 2009/13/EC of capital on an ongoing basis. Such Policy includes controls on issuance of new capital instruments and sets out the approach to managing dividends and distribution.

As on 31 December 2018 the Atlas Group's eligible own funds in matching the Group's SCR stood at a Solvency ratio of 302% of the required margin and this positioning is perfectly reflective of the prudence applied by the Atlas Group in ensuring sufficient reserves under own funds which totaled €30,418,247. This position also factors in any Cells' shortfall in matching their individual SCR within the PCC.

The PCC's Board are ultimately responsible for the establishment of such procedures and controls in order to provide reasonable assurance that the Atlas Group is adequately capitalised in the interest of all stakeholders. Adequate reporting by the Executive to the Board is routinely carried out.

The PCC's Board of Directors has also developed a Group wide medium-term capital management plan. This control is largely reflected in the Group's ORSA which factors in future year projections for both the Group and the Cells incorporated within the PCC. The ORSA approved by the Solo Undertaking's board carries forecasts that the PCC will carry on to register high solvency margin ratios in excess of those required for the medium term.

2. Business and Performance

2.1 Business

2.1.1 Corporate form, Regulatory Supervision and Beneficial Owners

Atlas Holdings Limited is a limited liability Company incorporated in Malta (Company Registration no. C 23431) with registered office at 48-50, Ta'Xbiex Seafront, Ta'Xbiex, Malta. The Company is considered by the Solvency II Directive as being an "insurance holding company" as defined by Title III, Section 1, Article 212 1.f. of the Directive.

Supervision of the Group

As such the MFSA is the national regulator responsible for the Group Supervision of the Atlas Group. The MFSA offices are located at Notabile Road, Mriehel, Malta having its registered site website www.mfsa.com.mt.

Under Group Supervision Regulation the Group is required to report on the consolidated results for the Atlas Group and for the authorised undertaking, **Atlas Insurance PCC Limited** and the PCC's **Cells**.

As highlighted under the Executive Summary of this report, the Cell's results are discarded for the reporting of the Group's consolidated results. The Cells are then also reported on separately.

External Auditors

The external auditors for the Atlas Group are PricewaterhouseCoopers (PWC) whose registered address is 78, Mills Street, Qormi, Malta and having their registered website www.pwc.com/mt/en. PWC have issued unqualified audit reports for the Atlas Group, and its subsidiaries, financial statements.

Shareholders and qualifying ultimate beneficial owners holding more than 10% holding of the Atlas Group

The Group is immediately owned by:

- Walter Camilleri Management Limited – 19.05%
- Catherine Calleja – 0.80%
- Albert Formosa – 19.85%
- John Formosa – 14.33%
- Brockland Holdings Limited – 26.97%
- Arva Holdings Limited – 8.00%
- Palico Holdings Limited – 0.15%
- Safaco Limited – 1.30%
- Earli Limited – 1.30%
- SIGA Limited – 5.50%
- Alf Mizzi & Sons Limited – 2.75%

Individuals holding shares amounting to more than 10% of the total issued shares as qualifying owners of Atlas Holdings Limited are:

- Mr Matthew von Brockdorff – 15.48% as shareholder of Brockland Holdings Limited
- Mrs Michelle Lundquist – 11.49% as shareholder of Brockland Holdings Limited
- Mr Robert and Mrs Elizabeth von Brockdorff – 26.97% in virtue of their controlling interest in Brockland Holdings Limited
- Mr Walter and Mrs Patricia Camilleri – 19.05% in virtue of their controlling interest in Walter Camilleri Management Limited
- Mr Albert Formosa – 19.85%
- Mr John Formosa – 14.33%

2.1.2 Review of the Business

Atlas Group reports for its controlling interests in its subsidiaries and for its associate companies a consolidated profit before tax for the financial year ended 31 December 2018 of €4,520,860 (2017: €5,108,849).

The Group reports slightly reduced profitability over the previous year with all its subsidiaries and associate companies returning mixed results for profitability as compared to the prior year. While financial markets remained volatile during the year under review the Group managed an overall breakeven return on its holdings of investment securities.

The Solo Undertaking's pure technical results showed material improvement. This result, combined with the increased profitability for the Agency and a good return from one specific associate company worked toward what is considered by the board of directors to be yet another good year working toward strengthening the Atlas Group's Balance Sheet and reserves.

The Group Companies' profit before taxation is summarised in the below table as follows:

Profit before Taxation	2018	2017
	€	€
Atlas Holdings Limited	2,263,767	8,033,421
Atlas Insurance PCC Limited - Core	4,362,052	4,560,478
Atlas Healthcare Insurance Agency Limited	737,004	780,886
AISH Limited	4,162	606,608
Share in Associate Companies' Results	139,062	337,162
Atlas Insurance PCC Limited - Aggregated Cells	1,643,472	2,962,229

The Atlas Group saw its premium underwritten by the PCC through its Core operation grow from €25,262,348 to €26,689,044, an increase of 5% over the prior year.

The PCC Core has registered good profits in the light of underwriting measures taken during prior years. Whereas in recent years the results for the motor class have negatively impacted the Core's technical results through increased claims costs and bodily injury and fatality claims, the year under review has seen a substantial improvement in the light of appropriate adjustments in premiums to reflect today's reality for the class of business. This resulted in a combined loss ratio of 91% (2017: 83%) across the Core's full portfolio.

The Agency also saw its premium written base grow for the year under review by 21% from €9,105,306 for 2017 to €11,054,329 for the year ended 31 December 2018. This increase in premium results in increased agency commission earned for the year under review.

2.1.3 Atlas Group Income Statement

The below statement, an extract from the Group's audited accounts, summarises the results for the Group after taxation and reports a consolidated profit of €2,907,960 accruing to the Atlas Holdings Limited shareholders for the year ended 31 December 2018.

Income statements

	Group	
	2018	2017
	€	€
Revenue	2,598,273	2,175,079
Direct expenses	(353,309)	(307,522)
Balance on the general business of insurance technical account (page 15)	4,603,149	4,049,276
Gross profit	6,848,113	5,916,833
Administrative expenses	(1,775,082)	(1,212,212)
Operating profit	5,073,031	4,704,621
Investment income	(681,533)	76,478
Net interest (expense)/income	(9,700)	(9,412)
Share of results of associates	139,062	337,162
Profit before tax	4,520,860	5,108,849
Tax expense	(1,605,332)	(1,614,951)
Profit for the year	2,915,528	3,493,898
Attributable to:		
Owners of the Company	2,907,960	3,433,162
Non-controlling interests	7,568	60,736
	2,915,528	3,493,898

The Atlas Group is also required to report on the Solo Undertaking and its incorporated Cells and in the following extract from the financial statements the Group is reproducing the PCC's aggregated results for the year ended 31 December 2018.

The Atlas Group underwrites insurance risk through its protected cell company, Atlas Insurance PCC Limited. As such the Group is also required to report on the technical results of the PCC for its Core and Cells separately.

The PCC reports an aggregated profit before tax for the financial year ended 31 December 2018 of €6,005,524 (2016: €7,522,707).

The PCC continues to report sustained profitability in both its Core and individual cellular operations.

The Company's aggregate profit before taxation is summarised in the below table as follows:

	Core		Cells		Total	
	2018	2017	2018	2017	2018	2017
	Eur	Eur	Eur	Eur	Eur	Eur
Balance on the technical account for general business	4,603,149	4,049,276	1,668,986	2,940,534	6,272,135	6,989,810
Investment income	253,652	1,679,009	25,263	97,050	278,915	1,776,059
Investment expenses and charges	(209,456)	(254,518)	(22,839)	(139,578)	(232,295)	(394,096)
Allocated (investment return)/expenses and charges transferred to the general business technical account	(23,739)	(767,572)	5,210	103,826	(18,529)	(663,746)
Administrative expenses	(261,554)	(145,717)	(33,148)	(39,603)	(294,702)	(185,320)
Profit before tax	4,362,052	4,560,478	1,643,472	2,962,229	6,005,524	7,522,707
Income tax expense	(1,616,219)	(1,548,848)	(658,100)	(1,087,352)	(2,274,319)	(2,636,200)
Profit for the year	2,745,833	3,011,630	985,372	1,874,877	3,731,205	4,886,507

The Core has registered continued good profits for the year under review in the light of the pure technical results achieved resulting from the prudent underwriting measures adopted by the Company. The Motor Class has combined well with traditionally positive results produced for other classes of business. This resulted in a combined loss ratio of 82% (2017: 83%) across the Core's full portfolio.

The PCC's pool of Cells have also performed well. There has however been a reduction in aggregate profit due to a specific cell's reorganisation of its operations.

The Amplifon Cell registers a combined loss ratio of 77% (2017: 66%). Effective 1 April 2018 the Cell stopped writing new reinsurance business as forming part of the Amplifon SPA Group business objectives. The Amplifon Cell continues to run-off reinsurance business risk which extends up to early 2022. The run-off positioning for the Cell is expected to continue to generate profits in supporting the attaching reinsurance risk.

Other Cells also performed well registering an aggregate combined loss ratio of 91% (2017: 83%).

The PCC continues to grow its premium income through its Core operation with premium written for the Core being reported at €26,689,044, an increase of 6% over the previous year which had been reported at €25,262,348.

The PCC's aggregate premium income also registers material increases over the previous year. The result is reported for 2018 at €45,285,024 (2017: €41,407,255). Besides Core growth, the PCC's aggregate growth largely relates to one specific Cell which underwrites hand set insurance risk extending beyond one year.

As highlighted in the executive summary the aggregate Cellular premium written has grown materially during 2018 due to a specific cell underwriting a new book of insurance risk extending insurance risk for the Cell beyond 1 year. This increase in premium written on an aggregate basis has been partially offset by a diminution in premium written for the Amplifon Cell as reported earlier in this subparagraph.

The aggregated Cells' premium underwritten by the PCC increased from €16,144,907 in 2017 to €18,595,980 in 2018.

The PCC continues to entertain interest from prospective cell shareholders. This augurs well for the Company to grow its cellular network during 2019 and in moving forward. The PCC's executive have positively addressed any threat to the Company's continued operation that Brexit may prospect in the future for its existing and new cellular operations in the United Kingdom. The Company's application to carry out business in the UK under the Temporary Permission's regime was accepted by the UK FCA/PRA during the period under review.

2018 saw continued volatility in the local and foreign investment securities' market places.

The Company's prudent investment policy caused a balance for the managing of realised investment income softening the negative results for fair value movements. In effect this caused a neutral impact of the Company's results notwithstanding a volatile year in both local and international stock exchange market places.

The following two tables illustrate summarily the technical results for the PCC for both insurance and reinsurance operations.

Atlas Insurance PCC Limited - PCC Aggregate in Euro '000						
	Premium Written			Net Premium Earned	Net Claims Incurred	Net Claims Loss Ratio before other costs
	Gross	Reinsurer	Net			
Medical Expense Insurance	140,272	105,204	35,068	-	-	0.00%
Income Protection Insurance	523,219	5,082	518,137	517,267	262,636	50.77%
Motor Vehicle Liability Insurance	6,715,252	682,523	6,032,729	7,540,464	4,612,363	61.17%
Other Motor Insurance	5,335,458	-	5,335,458	5,612,377	3,182,785	56.71%
Marine, Aviation and Transport Insurance	1,492,150	888,139	604,011	589,306	462,904	78.55%
Fire and Other Damage to property Insurance	27,672,863	13,313,288	14,359,575	10,864,918	6,184,221	56.92%
General Liability Insurance	2,747,014	467,951	2,279,063	2,336,420	590,939	25.29%
Miscellaneous Financial Loss Insurance	658,796	682,797	24,001	1,237,445	140,240	-11.33%
Total	45,285,024	16,144,984	29,140,040	28,698,197	15,155,608	52.81%

Atlas Insurance PCC Limited - Core in Euro '000						
	Premium Written			Net Premium Earned	Net Claims Incurred	Net Claims Loss Ratio before other costs
	Gross	Reinsurer	Net			
Medical Expense Insurance	140,272	105,204	35,068	-	-	0.00%
Income Protection Insurance	523,219	5,082	518,137	517,267	262,636	50.77%
Motor Vehicle Liability Insurance	6,715,252	682,523	6,032,729	5,818,679	3,001,736	51.59%
Other Motor Insurance	5,335,458	-	5,335,458	5,181,931	2,813,779	54.30%
Marine, Aviation and Transport Insurance	1,492,150	888,139	604,011	589,306	462,904	78.55%
Fire and Other Damage to property Insurance	9,121,008	7,782,642	1,338,366	1,284,009	818,769	63.77%
General Liability Insurance	2,709,865	463,915	2,245,950	2,200,015	550,515	25.02%
Miscellaneous Financial Loss Insurance	651,820	632,797	19,023	19,889	27,871	140.13%
Total	26,689,044	10,560,302	16,128,742	15,611,096	7,938,210	50.85%

At year end 2018 the PCC's Core registered an overall net claims loss ratio before other expenses of 51%, whereas the PCC registered an aggregated claims loss ratio before other expenses of 53%.

Solvency II rules require that quantitative information is reported under prescribed templates. Below, the Group is reproducing the Quantitative Reporting Templates (QRT) as required under regulation for the Group and the PCC's Aggregate.

QRT Table 1 – Atlas Group in Euro '000

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional)								Total
		Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0120	
Premiums written										
Gross - Direct Business	R0110	140	523	6,715	5,335	1,492	9,121	2,710	652	26,689
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	105	5	683		888	7,783	464	633	10,560
Net	R0200	35	518	6,033	5,335	604	1,338	2,246	19	16,129
Premiums earned										
Gross - Direct Business	R0210		522	6,534	5,182	1,471	9,121	2,618	753	26,201
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240		5	715		882	7,837	418	733	10,590
Net	R0300		517	5,819	5,182	589	1,284	2,200	20	15,611
Claims incurred										
Gross - Direct Business	R0310		291	3,011	2,814	1,073	3,287	673	369	11,518
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340		28	10		610	2,468	123	341	3,580
Net	R0400		263	3,002	2,814	463	819	551	28	7,938
Expenses incurred	R0550	17	58	749	587	177	1,119	305	81	3,093
Other expenses	R1200									
Total expenses	R1300									3,093

QRT Table 2 – PCC Aggregated Core and Cells in Euro '000

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								Total
		Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0120	C0200
Premiums written										
Gross - Direct Business	R0110	140	523	6,715	5,335	1,492	26,134	2,747	659	43,746
Gross - Proportional reinsurance accepted	R0120						1,539			1,539
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	105	5	683		888	13,313	468	683	16,145
Net	R0200	35	518	6,033	5,335	604	14,359	2,279	-24	29,140
Premiums earned										
Gross - Direct Business	R0210		522	8,946	5,785	1,471	17,023	2,813	1,965	38,525
Gross - Proportional reinsurance accepted	R0220						2,422		55	2,478
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240		5	1,405	173	882	8,581	477	783	12,305
Net	R0300		517	7,540	5,612	589	10,865	2,336	1,237	28,698
Claims incurred										
Gross - Direct Business	R0310		291	1,389	3,085	1,073	7,025	741	369	13,973
Gross - Proportional reinsurance accepted	R0320						1,627		16	1,643
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340		28	-3,223	-98	610	2,468	150	526	461
Net	R0400		263	4,612	3,183	463	6,184	591	-140	15,156
Expenses incurred	R0550	17	58	749	587	177	5,072	305	93	7,058
Other expenses	R1200									474
Total expenses	R1300									7,532

QRT Table 3 – PCC Aggregated Core and Cells in Euro '000

Top 5 Countries other than Malta

S.05.02.01

Premiums, claims and expenses by country

		Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0020	C0030	C0040	C0050	C0060	C0070
R0010		GB	NL	BE	FR	DE	
		C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	R0110	6,595	61	2,828			9,484
Gross - Proportional reinsurance accepted	R0120	91	517	74	612	23	1,316
Reinsurers' share	R0140	4					4
Net	R0200	6,682	578	2,902	612	23	10,796
Premiums earned							
Gross - Direct Business	R0210	9,749	28	1,311			11,089
Gross - Non-proportional reinsurance accepted	R0230	191	1,747	24	149	45	2,156
Reinsurers' share	R0240	922					922
Net	R0300	9,018	1,775	1,335	149	45	12,323
Claims incurred							
Gross - Direct Business	R0310	1,435	63	505			2,003
Gross - Proportional reinsurance accepted	R0320	206	1,037	13	89	37	1,383
Reinsurers' share	R0340	-3,304					-3,304
Net	R0400	4,946	1,099	518	89	37	6,690
Expenses incurred	R0550	1,594	118	134	9	3	1,858
Other expenses	R1200						
Total expenses	R1300						1,858

2.2 Investment Performance

The Group reports on the results for investment return of the Atlas Group, and that of the PCC Core.

The Atlas Group reports a total investment loss net of investment expenses for the year ended 31 December 2018 of €663,496 (2017 – Income €844,050).

The PCC Core registered total investment income net of investment expenses for the year ended 31 December 2018 of €44,196 (2017: €1,424,491).

The Atlas Group consolidated results differ from those of the PCC Core due to two Group Accounting rules. These are:

- The write back of the PCC's dividend income arising from subsidiary companies upon consolidation within the Atlas Group;
- The inclusion of Associate Company results in the Group's reporting.

A summary of the investment portfolio performance is included in the below table.

Atlas Group	Group		PCC Core	
Investment Performance in Euro	2018	2017	2018	2017
Interest receivable from financial assets that are not held at fair value through profit or loss		4,174	-	0
Net gains from financial assets held at fair value through profit or loss				
- dividend income	159,811	122,993	453,385	390,682
- net fair value gains	(883,990)	844,701	(1,177,564)	577,012
Dividend from subsidiary undertaking	-	-	707,692	584,615
Fair value gains on investment property	-	0	-	0
Exchange differences	-	-	0	(23,210)
Rental income from investment property	270,139	126,700	270,139	126,700
Investment expenses	(209,456)	(254,518)	(209,456)	(231,308)
Total	(663,496)	844,050	44,196	1,424,491
<i>Percentage Return as on 31 December</i>	<i>-1.85%</i>	<i>2.47%</i>	<i>0.12%</i>	<i>4.06%</i>

Atlas Group	Group		PCC Core	
Investment Portfolio held in Euro	2018	2017	2018	2017
- land and buildings	5,746,210	3,549,950	5,746,210	3,549,950
- investment in subsidiaries	-	-	748,058	698,000
- other financial investments	30,065,075	30,631,528	30,065,075	30,875,415
Total	35,811,285	34,181,478	36,559,343	35,123,365

These results are reflective of the volatility in both the local and international markets. The Company's Board of Directors' direction applying across the PCC drives relevant prudence for protecting the stakeholders' interests results in a reasonable return under the circumstances. The principle of prudence applied here is elaborated on under sections 3 and 4 of this report.

2.3 Performance of other activities

The Group reports other income totalling €2,598,273 for the year ended 31 December 2018 (2017: €2,175,079). The additional revenue reported is distinct from its Solo Undertaking technical results and as such is reported from its various subsidiaries on consolidation. The below table defines the components making up such results.

Other Income in Euro	Atlas Group	
	2018	2017
Commissions	2,547,964	1,972,927
Survey and other Fees	50,309	202,152
Total	2,598,273	2,175,079

The Group receives commissions for its agency representation of AXA PPP healthcare Limited and Atlas Insurance PCC Limited for the underwriting of Health Insurance.

The PCC Core receives Cell facility, insurance management and oversight fees for the hosting and management of the Cells, while also recognising income derived from its expert surveying resources. These are classified as Survey and Other Fees for the purpose of the above table.

3. System of Governance

3.1 General Information on the system of governance

The following is a brief outline of how the Atlas Group proceeds in addressing its system of governance by applying appropriate corporate procedures in achieving its business objectives. It is the responsibility of the PCC's Board of Directors to oversee that a system of good corporate governance is in place throughout the whole Group.

Relations with Policy Holders

Atlas Group adheres to all regulated requirements given to the policy holder and the public in general. The Group welcomes all enquiries after having assessed the relevance and appropriateness of such enquiries. Senior management, including executive board members, make themselves available to any reasonable scrutiny by the policy holder and the public. At all times such communication of information is carried responsibly by the management of the Group so as to ensure appropriate disclosure.

Furthermore the Group adheres to a strict complaints procedure as directed by Chapter 12 of the Insurance Rule Book under the Insurance Business Act.

Relations with Shareholders

Recognising the importance of keeping open communication with shareholders, the level of disclosure with these important stakeholders within the Atlas Group is in excess of statutory requirements under the Companies Act. An Annual General Meeting for shareholders of Atlas Holdings Limited is held each year and, besides the statutory business of the Annual General Meeting as laid down in the memorandum and articles of the Company, information on group performance is presented routinely to both the Group's Board of Directors and the PCC's Board of Directors. The Chairman also communicates with shareholders through his directorship on the Atlas Holdings Limited Board which convenes three times a year and where the PCC Core's major shareholding groups are represented. This structure also ensures that directors of the Company are kept aware of the priorities of the shareholders, and that this is transmitted down through to all subsidiaries.

The Board of Directors of Atlas Holdings Limited who are appointed by the shareholders in accordance with the Company's Memorandum and Articles are:

Lawrence Zammit MA (Econ) – Chairman

Michael Gatt – Managing Director

Catherine Calleja BA (Hons), ACII

Matthew von Brockdorff FCII

Robert von Brockdorff

Walter Camilleri

Albert Formosa

John Formosa

Brian Valenzia

Cellular shareholders within the PCC are also addressed by the PCC's Board as is explained in the following sub sections.

Atlas Group Systems of Governance

As explained Atlas Holdings Limited is captured as an insurance holding company under the SII directive and within its corporate structure owns 100% of the Core of Atlas Insurance PCC Limited, a public interest company. For this reason the Group adopts the MFSA's principles of good corporate governance for Public Interest Companies. The Group adheres to the rules set under the MFSA's Insurance Rulebook Chapter 6, System of Governance, a regulation set up under the Insurance Business Act (Cap 403) and is accordingly guided by them.

3.2 Responsibilities, reporting lines and allocation of functions

The Solo Undertaking's members of the Board of Directors are elected by the shareholder at the Annual General Meeting.

This structure of the board establishes checks and balances and is designed to provide for institutional independence of the Board of Directors from the Chief Executive Officer (CEO) and the Executive Committee responsible for managing the Group on a day-to-day basis. The roles of Chairman of the Board of Directors and the CEO are separated, thus providing for separation of powers between the functions and ensuring the autonomy of the Board.

The Board of Directors establishes committees with delegated authority and clear reporting lines. These committees exercise adequate oversight over, among other things, audit, risk management, compliance, and remuneration.

3.2.1 Responsibilities and reporting lines

The PCC's Board of Directors

The Company's board of directors is appointed at the PCC annual general meeting as per statute. It is composed of a majority of four non-executive independent directors and three executive directors. The board considers that the number of board members and composition of the board is the right mix for the size and complexity of the PCC.

The current board members appointed by Atlas Holdings Limited are:

Lawrence Zammit M.A. (Econ.) – Chairman

Franco Azzopardi M.Sc. (Leicester), F.I.A., C.P.A. – Non Executive

Andre Camilleri LL.D, Dip. Econ. & Ind. Law (Milan) – Non Executive

Catherine Calleja B.A.(Hons.), A.C.I.I. – Executive and Company Secretary

Michael Gatt – Managing and Chief Executive Officer

Philip Micallef B.Sc.(Eng.), M.I.E.E., C.Eng., Eur. Ing., M.B.A. (Warwick) – Non Executive

Matthew von Brockdorff F.C.I.I. – Deputy Managing

While the board structure is designed to have executive management representation through the three executive directors' input, it is led by a non-executive Chairman. The three other independent non-executive directors bring a breadth of experience, skills and knowledge to be able to contribute their experience to the development of the strategy and governance of the company. Non-executive board members are chosen for their diverse and complementary backgrounds in the fields of law, auditing and accounting, international business, HR and IT.

The Chairman's responsibilities include management of the board of directors including the setting of the agenda in consultation with the Company Secretary with adequate time being given to important areas of focus. He ensures, with the Company Secretary, that the directors receive accurate, timely and clear information including financial and non-financial key performance indicators well in advance of every board meeting. The Chairman also ensures that the directors' development needs are addressed with a focus on, but not limited to, the risk based Solvency II regime. The Chairman regularly runs board evaluation questionnaires and encourages active participation of all board members.

The separation of roles of the Chairman and CEO avoids concentration and authority in one individual with the CEO being responsible for the executive management of the Group's operation. Other executive directors, being the Deputy Managing Director and the Company Secretary, bring an element of balance and extra information to the board while the CEO is answerable to the board for the performance of the business. The CEO also chairs the Executive Committee made up of the three executive directors and senior executive representation of Atlas' management structure.

Board and board committee meetings are scheduled at the start of the year. During 2017 the board met 10 times including ad-hoc meetings set for specific agenda items of discussion such as the Own Risk and Solvency Assessment report proposed reinsurance programmes.

Board members also attend relevant seminars relating to key events or developments which effectively serve as professional development. After each board meeting and well in advance of the next meeting, minutes that faithfully record attendance, issues discussed and resolutions are circulated.

Executive Committee (EXCO)

The Board actively involves the Executive Committee in the development of strategy and delegates the responsibility of the implementation of the Group's strategy to the Executive Committee under the Chairmanship of the CEO. The committee met 8 times during the period under review and was instrumental in the proposing of annual budgets and funding plans as well as detailed business plans in various areas including sales and marketing and information technology for the approval of the board of directors.

The committee is made up of the three executive directors and the Group Chief Financial Officer, the Chief Underwriting Officer, the Group Chief Risk and Compliance Officer and the Chief Commercial Officer of the PCC. Minutes of the EXCO meetings are copied to board members and matters arising regularly discussed at board level

Board Committees

The board delegates specific responsibilities to a number of board and executive committees, notably the Audit, Risk and Compliance, Remuneration and Nominations, Investment, and the Protected Cells Committees.

These committees have charters which are set and regularly reviewed by the board. Committee meeting progress and matters arising from minutes of meetings are regularly discussed at board level.

3.2.2 Group structure and allocation of responsibilities

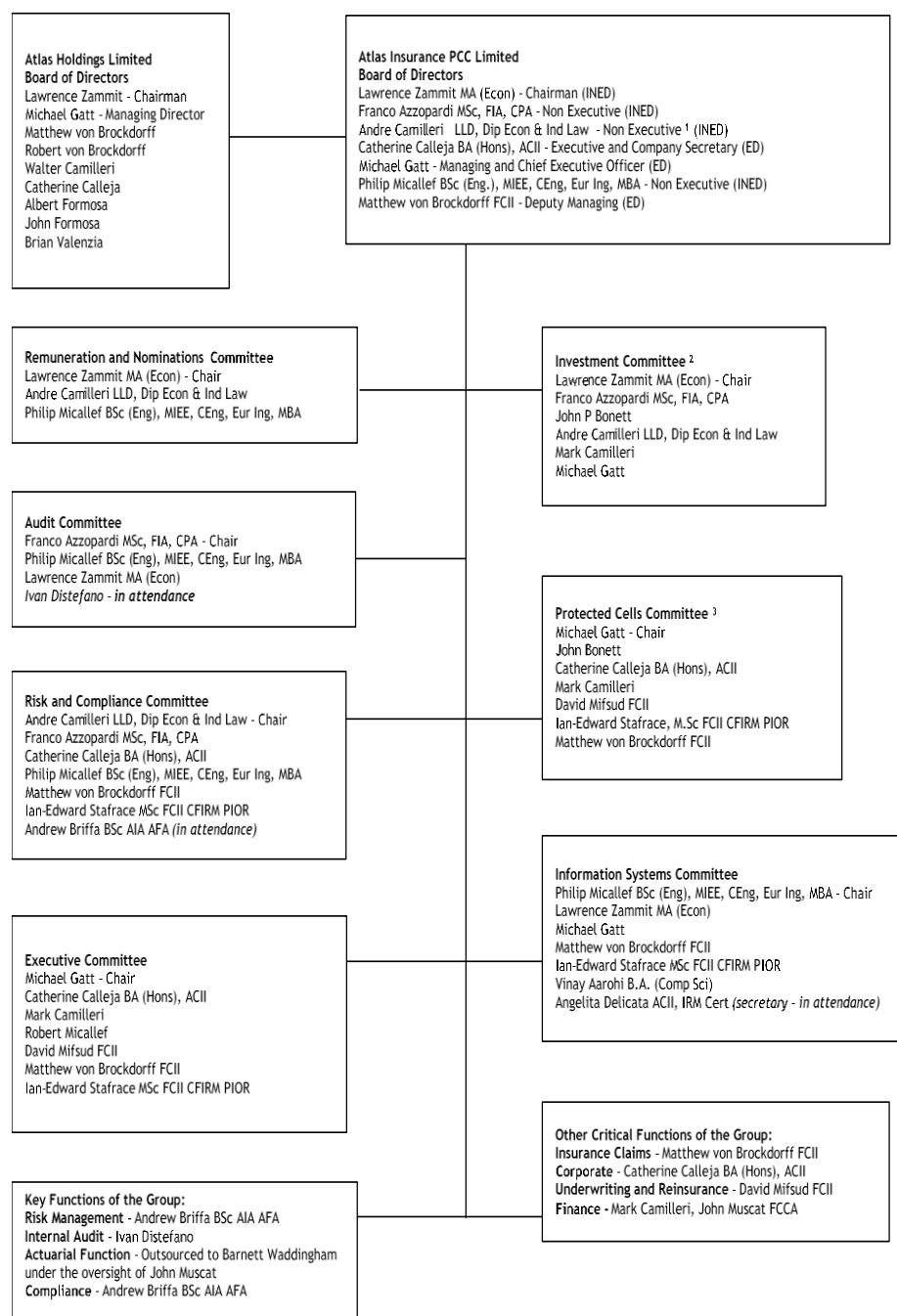
The Board of Directors of the PCC have identified key function areas of responsibilities as defined in Chapter 6 under Malta's insurance regulations. These key function areas of responsibility are those identified as the:

- Actuarial Function
- Risk Management Function
- Internal Audit Function
- Compliance Function

The Board of Directors has also identified other critical functions of the Group and these are:

- Insurance Claims
- Corporate
- Underwriting and Reinsurance
- Finance
- Information Systems
- Marketing and HR
- Complaints Handling

Atlas Group Governance Structure



Key! NED: Independent Non-Executive Director, ED: Executive Director

3.2.3 Board committees

In accordance with the provisions of the Memorandum and Articles of the Company, the board has delegated specific responsibilities to board committees. With due regard to the System of Governance required by the Solvency II Directive, the board has established the Audit Committee, the Remuneration and Nominations Committee, the Risk and Compliance Committee, the Investment Committee, the Information Technology Committee, the Protected Cells Committee and the Executive Committee. Appointment to these committees is the prerogative of the board of directors; however the board ensures an appropriate interaction with all of the committees it establishes as well as key functions reporting to such committees and to the boards of daughter companies. The board is copied with minutes of the committee meetings but it also requests information proactively and performance is regularly discussed and challenged both at board and committee level. These committees have charters, which are set and annually reviewed by the board. The two executive committees, being the Executive and the Protected Cells Committees, are chaired by the Chief Executive Officer, while the Audit, Remuneration, Risk Management and Information Technology Committees are chaired by non-executive directors.

Audit Committee

The Audit Committee met six times during 2018. The Committee, composed entirely of non-executive directors, is chaired by Mr Franco Azzopardi who is considered by the board to have the relevant financial literacy and expertise in accounting, internal controls and auditing to perform this function. Other members of the committee are Mr Lawrence Zammit and Mr Philip Micallef.

The Committee has oversight of the integrity of the Group's financial reporting, the qualifications and independence and performance of the Group's external auditors as well as the performance of the Group's internal audit function including the internal control systems. It also reviews and assesses the qualitative aspects of financial reporting to shareholders and meets with external auditors, to review any problems or difficulties they encounter as well as to review audit plans prior to the commencement of audit cycles and finally to review financial statements prior to their presentation to the board. The Committee also exercises approval on the appointment or discharge of the auditors and pre-approves any permitted non-audit services to be performed by the auditors.

As part of its oversight of the internal audit function, the Committee is involved in the setting of risk based annual internal audit plans for the Group. It also reviews the internal audit function's performance relative to the plan. Regular liaison with the Risk function and indeed the collaboration with the Risk and Compliance Committee enable the Internal Audit Committee to function according to priorities aligned with the Group's top risks and risk appetite. The Committee also reviews protected cell issues and monitors results of cell inspections and related internal control systems. During 2018 the Internal Auditor carried out an onsite inspection of a cell's overseas operation in Austria. Meetings between the Committee and other board committee members and members of senior management also take place, especially in the area of financial control.

The Committee appoints the Internal Auditor and ensures that the function is free to work independently and objectively. It also ensures that the internal auditor has the necessary resources and access to information to fulfil the mandate of the function and does not perform any operational functions. The Committee also benchmarks the function's activities against recognised standards such as, inter alia the Institute of Internal Auditors and the International Standards for Professional Practice of Internal Auditing as well as Regulatory expectations. The Internal Audit function, through the Audit Committee and its Chairman, has direct access to the Board of Directors.

The Committee Chairman regularly met the Internal Auditor, Mr Ivan Distefano, outside the formal Audit Committee meetings to give guidance and receive feedback, and is very much involved in his continuing professional development. Other key senior executives are also invited to appropriate meetings of the Committee. The oversight of related party transactions is also the responsibility of this Committee.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee, also composed entirely of independent non-executive directors, met four times during 2018. The Chairman of the board chairs this Committee and is considered by the board to have the required knowledge, experience and skills for this position. Dr Andre Camilleri, the Senior Independent Director, and Mr Philip Micallef are the other two non-executive Directors appointed to sit on the Committee. Executive Directors attend meetings by invitation as and when required.

As per the EIOPA Guidelines on Systems of Governance, this Committee is established to exercise competent and independent judgement on the Group's Remuneration policy and its oversight. The Committee also assists and advises the board on matters relating to the remuneration of the board and senior management and, in particular, determines the remuneration of the Chief Executive, Executive Directors, members of the Executive Committee and the Internal Auditor. The Committee approves the structure and design of any performance related pay schemes and approves annual payments made under this policy. During 2018, a review of the remuneration policy, including a detailed benchmarking exercise, was carried out in line with the objective of ensuring that the remuneration offered by the Group is sufficient to motivate and retain executives, to ensure that the Group attracts and retains the best talent in the industry and to maximise shareholder value. The Committee also makes sure that all provisions regarding disclosure of remuneration are fulfilled and that the Remuneration Policy is applied consistently across the Group and complies with legal requirements. Furthermore it ensures that material risks at Group level linked to remuneration issues are managed.

In terms of Article 8(1) of the Insurance Business Act and, more specifically, as per Insurance Rulebook's Chapter 2: Fit and Proper Criteria, Notification and Assessment, the Group ensures that all persons who effectively run the undertaking or have other key functions are at all times 'fit and proper' persons. The Committee has been assigned the responsibility for overseeing the continuing fitness and properness of such persons and oversees this process on an ongoing basis. The policy was also updated during 2018 to reflect updated MFSA requirements in this area.

The board determines that the size and complexity of the Group does not necessitate a separate nominations committee and the remuneration committee leads the process for board appointments and makes recommendations to the board and shareholders for board appointments. It is also involved in senior succession planning issues.

Risk and Compliance Committee

This Committee's primary objective is to approve, review and advise the board on appropriate risk management and compliance frameworks and to ensure that these are consistently maintained across the Group through adherence to the risk management and compliance policies. Dr Andre Camilleri, the Senior Independent Director, chairs the Committee as the designated director for oversight of the risk management system, as required for regulatory purposes. During the period under review, the committee met four times. Mr Franco Azzopardi, Ms Catherine Calleja, Mr Philip Micallef and Mr Matthew von Brockdorff also form part of the Committee and Mr Ian-Edward Stafrace was also

appointed on this committee during 2018. Mr Stafrace regularly attended meetings in his capacity then as Chief Risk and Compliance Officer. Other key members of the senior management team are invited where relevant to the discussion.

In April 2019, Mr Andrew Briffa, an Associate Actuary of the UK Institute and Faculty of Actuaries, was appointed to be the Group's Chief Risk and Compliance Officer.

Together with the Group Chief Risk and Compliance Officer, the Committee coordinates, facilitates and has oversight of the risk management function including the development of the Group's risk appetite and future risk strategy and governing policies. The Committee also carries out risk management at Group level, monitoring developments in the Group's policies, strategy, operations, and environment that may significantly affect uncertainties faced by the organisation. The committee also has oversight of the Compliance function ensuring that the Group continues to maintain its systems to ensure regulatory compliance and readiness for anticipated regulatory changes.

The Committee continues to develop its role in evolving the methodology and assumptions underlying the models for determining the Group's economic and regulatory capital requirements including the ORSA (Own Risk and Solvency Assessment) process. It reviews quarterly status reports on the Company's risk appetite in the major risk categories, as well as regular reports relating to the various risk areas of accountability assigned across the organisation and any significant incidents including any near misses, both in the core and for cells.

During 2018, the Committee continued to involve itself significantly in issues relating to cyber security and data protection and met with the Group's consultants in these areas to ensure that the Group is fully prepared to meet the increasing Cyber Security challenges and the requirements for data protection as set out by GDPR regulations and ensuring that the Group's employees, TILs and any outsourced functions are also regularly trained and well equipped to withstand cyber threats.

Investment Committee

This Committee is appointed to take responsibility for formulating the Group's Investment Policy and to ensure that the actual investment is conducted according to this policy. The Committee acts in accordance with the Prudent Person Principle as stipulated in Article 132 of the Solvency II Directive.

In 2018, the Committee met four times. Mr Lawrence Zammit again chaired the Committee and members included Dr Andre Camilleri, Mr Franco Azzopardi and Mr Michael Gatt, Chief Executive Officer, as directors on the committee while the Group Chief Financial Officer, Mr Mark Camilleri and Mr John Bonett are additional members

The Committee sets investment parameters, mandates with discretionary managers, and asset allocations in line with the Investment Policy, the Asset Liability Management Policy and the Board's Risk Appetite Statement. It annually reviews the Investment Policy, the Asset Liability Management Policy and the relevant Risk Appetite Statement and ensures alignment between these policies and regulatory requirements.

The Committee also engages, after board appointment, investment services providers entrusted to manage the investment portfolio on a discretionary basis, and reviews the performance of such managers. These investment managers regularly address and report to the Committee and other board and Executive Committee members attend these presentations. Detailed performance reports are provided to Investment Committee members on a monthly basis. Any investments made in excess of their mandate are always referred and subject to the Board's Risk Appetite or with the Board's exceptional approval. The Committee also oversees the Company's property investments.

Information Technology Committee

This Committee was constituted by the board of directors in March 2018 to address strategic issues relating to Information Technology. The committee is chaired by Mr Philip Micallef and the members are Mr Lawrence Zammit, Mr Michael Gatt, Mr Matthew von Brockdorff, Mr Ian Stafrace and Mr Vinay Aaroohi who is the Group IT Manager. The committee met seven times during 2018.

This Committee's mandate is to ensure that IT priorities are aligned with the Group's strategy and that IT investment and expenditure deliver the expected results. The committee supports Atlas Management on IT policy, strategy and governance and reviews the reports obtained by external consultants in this area.

Protected Cells Committee

This Committee proposes policy and broad guidelines to the board in relation to underwriting policy for the acceptance of protected cells within the Company. The Committee has oversight over the operational and financial progress of each cell, including its solvency and any potential impact on the solvency of the Atlas core and also ensures that regular cell inspections are carried out. The Committee also, where applicable, oversees relationships with cell managers and quarterly cell KPIs are submitted to the board of directors. The Committee also oversees the review of new cell applications and presents detailed cell application proposals to the board for approval, prior to submitting them to the Regulator.

The Chief Executive Officer chairs the Committee, which met four times in 2018. Apart from the Chairman, the Committee is composed of the two other Executive Directors of the Company as well as the Chief Underwriting Officer, the Chief Strategy Officer and the Group Chief Financial Officer, as well as Mr John Bonett.

The Chief Underwriting Officer and Group Chief Financial Officer, as representatives of the Committee, form part of the cell committees of the relative cells, which review risk management and compliance issues relating to cells together with cell owners and managers. The Committee is delegated with the responsibility to approve charters and membership of the said cell committees, which are central to the maintenance of the positive ongoing relationship with cell shareholders.

During 2018, the committee continued to oversee the preparation for changes necessitated by Brexit. The Company's application to carry out business in the UK under the Temporary Permission's regime was accepted by the UK FCA/PRA during the period under review.

Individual Cell Committees

The PCC establishes a Cell Committee for each cell with terms of reference approved by the Board to decide on, coordinate and monitor operations of the respective cells including underwriting and investments. Each Cell Committee includes the PCC's Chief Underwriting Officer and Group Chief Financial Officer with delegated authority approved by the Board. These two officers of the PCC are also supported by the Chief Strategy Officer and the Chief Financial Officer. The other members could include representatives of the cell owner and where applicable of the insurance management company.

The Group Chief Financial Officer owns the following risks within each cell: Market, Credit, Liquidity Risk and Operational risk of compliance failure and changes to regulation/legislation/taxation.

The Chief Underwriting Officer owns the following risks within each cell: Insurance, Cell Risk Gap and other Operational Risk (other failure of systems, people, processes and external events).

The individual Cell Committees are part of the first line of defence in managing the risks of the respective cells. Atlas requires Cell Committees to have as a minimum a standing agenda item to “Review progress of outstanding items on past cell site inspections, audits or compliance visits” where outstanding items apply. Cell Committee meetings predominantly discuss arising/pending risk and compliance items besides general performance, however a general item “other risk and compliance matters” must be kept as a standing item in each agenda.

3.3 Fit and proper requirements

An authorised undertaking must apply fit and proper criteria on an ongoing basis for all persons who effectively run the operation or hold other key functions. In terms of article 8(1) of the Insurance Business Act and more specifically as per Insurance Rulebook's Chapter 2: Fit and Proper Criteria, Notification and Assessment, Atlas Group should ensure that all persons who effectively run the undertakings or have other key functions are at all times 'fit and proper' persons.

Atlas Group's Fit and Proper Policy regulates the compliance procedures which are implemented within the Group. To ensure that the foregoing policy statement is carried out, and to ensure adherence with all related legislation, the Atlas Holdings Limited Board of Directors established and approved such Policy for the Group.

The Atlas Holdings Board has delegated to the Company's Board and eventually to the Group's Remuneration and Nomination Committee authority and responsibility for fitness and properness requirements in accordance with the Committee Charter approved by the Atlas Board.

3.3.1 Applicability

The Policy applies to:

- a) Persons who effectively run the Atlas Group i.e. Directors (Executive and Non-Executive), Controllers or Chief Executive Officers;
- b) Controllers who alone or with others exercise control of the body corporate, CEOs, persons responsible for key functions or overseeing key functions where such functions are outsourced;
- c) Qualifying shareholders of the Atlas Group
- d) persons registered in the Agents or Managers register and carrying out insurance distribution activities
- e) Management and Individuals who are responsible for the effective management of Atlas Group's Branches;
- f) Atlas Group's Tied Insurance Intermediaries and Ancillary Insurance Intermediaries;
- g) Members of Atlas Group's various Board Committees;
- h) Persons within the management structure designed to be responsible for the distribution of insurance products ('relevant persons') in terms of Chapter 6 of the Insurance Distribution Rules.

3.3.2 Requirement of fitness and properness and implementation

In terms of article 8(1) of the Insurance Business Act and more specifically as per Insurance Rulebook's Chapter 2: Fit and Proper Criteria, Notification and Assessment, Atlas Group should ensure that all persons who effectively run the undertakings or have other key functions are at all times 'fit and proper' persons.

In deciding whether a person is 'fit and proper', Atlas Group should be satisfied that the persons listed indicated above:

- a) Have the personal characteristics, including that of being of good repute and integrity (proper);
- b) Have the professional qualifications, and possess the adequate level of competence, knowledge and experience (fit),

so as to enable such persons to carry out their duties and perform the key function effectively and to enable sound and prudent management of the relevant Companies. Furthermore, Atlas Group ensures that the persons proposed/performing a key function are in possession of relevant qualifications.

Key function	Qualification
Risk Management function	<ul style="list-style-type: none"> - Risk Management qualification from a reputable professional or tertiary education institution; or - Financial services qualification from a reputable professional or tertiary education institution; or - Engineering/Scientific qualification from a reputable professional or tertiary education institution.
Compliance function	<ul style="list-style-type: none"> - Legal qualification from a reputable professional or tertiary education institution; or - Financial services compliance qualification from a reputable professional or tertiary education institution; or - Other financial services qualification from a reputable professional or tertiary education institution.
Internal Audit function	<ul style="list-style-type: none"> - Internal/Quality auditing qualification from a reputable professional or tertiary education institution; or - Financial services (including accounting) qualification from a reputable professional or tertiary education institution; or - Scientific qualification from a reputable professional or tertiary education institution.
Actuarial function, where the insurance undertaking carries on life insurance business (not writing with-profits business and/or life insurance business with guarantees) and/or non-life companies	<ul style="list-style-type: none"> - Fellow of the Institute and Faculty of Actuaries (UK) or actuarial qualifications of similar standing from a reputable institute - Certified Actuarial Analyst (CAA) offered by the Institute and Faculty of Actuaries (UK) or actuarial qualifications of similar standing from a reputable institute

If a Company within Atlas Group outsources its key functions, it applies fit and proper procedures in assessing persons employed by the services providers or sub-service providers to perform an outsourced key function.

Implementation and Controls

In order to ensure that this policy is fully implemented and controlled Atlas Group has delegated the Company Secretary who is also the Group's Director responsible for HR to be responsible for Compliance in respect of the above regulatory requirements. In the Atlas' Group Compliance Control Calendar the following controls have been set:

- The Company Secretary is responsible for correspondence with MFSA in matters relating to appointment of new individuals listed in clause 2 and their ongoing monitoring, where required,
- The responsibility for the notification to the MFSA that any such person has ceased to hold such a position or changed also rests with the said Company Secretary.
- Any person who no longer meets any of the Fitness and Properness criteria will need to be referred to the Remuneration, Nomination and Related Parties Committee for discussion as to their future position within the company.

Furthermore the Group also has a performance management system whereby roles and responsibilities of all persons holding positions of responsibility including board members (codified in board and board committee charters which also include required attributes of board members and committee chairmen) and management (codified in accountability profiles) are clearly defined and regularly assessed.

At the time of employment, the qualifying individuals are assessed based on their skill set identified within their provided CV and other information available to Atlas Group. These are compared to the requirements of a position. For that purpose the requirements of the position have to be specified. The level of detail may vary by position. The requirements are specified by the line manager.

Key Function Holders

For key function holders, Atlas Group ensures that they hold recognised qualifications by obtaining a copy of the certificate/transcript/ records evidencing the qualifications. The Group also monitors compliance with ongoing continuing professional development (CPD) requirements.

- a) If the Key Function Holder is required to be registered with a professional body, it is the duty of the Group to require and maintain a copy of the person's licence or certificate to practice and where licence/ certificate is renewed on an annual basis (or more or less frequent) basis, Atlas Group would require a copy of the most recent renewal;
- b) If maintenance of a qualification is dependent on completing continuing professional development (CPD), the Group requires the person to self-certify that he or she is compliant with the particular CPD requirements. Where an individual must maintain up-to-date CPD in order to renew his/her practising certificate, evidence of the renewal of that practising certification will be regarded as sufficient to evidence CPD.
- c) The Group uses the recruitment interview process to assess competence and capability (such as skills and experience), and maintains written notes of the interview to evidence this;
- d) As part of its assessment, Atlas Group makes all reasonable efforts to obtain adequate references in respect of previous employment and keep these records in the key function holders' HR file.

- e) Where the person performing or overseeing the key function has other involvements in other entities, the Group obtains confirmation from that person that the performance of his/her responsibilities in the other directorships will not adversely impact on his or her ability to perform or oversee the key function from a timing perspective or otherwise.
- f) The company concerned within the Group should ensure that the person performing or overseeing the key function does not have other engagements which conflict with the performance or oversight of the key function.

In addition Atlas Group ensures that ongoing integrity checks are run for key functions, including both potential legal or reputational issues related to the individuals.

In this regard, on an ongoing basis fitness and properness of an individual for the role is controlled by the completion of a "Fitness and Properness Questionnaire" provided by the Group. Such individuals need to complete the Questionnaire on a regular basis and submit it to the Group's Company Secretary who, together with the Group Chief Risk and Compliance Officer, assesses the fitness and properness of such individuals. Regular related checks on involvement in litigation, creditworthiness and listing in sanctions lists are also carried out.

In addition, fitness and properness of the Group's Tied Insurance Intermediaries is controlled by the completion of a Specific Tied Insurance Intermediary Questionnaire. Such Tied Insurance Intermediaries need to complete such Questionnaire on an annual basis and submit it to the Group's Branches and Intermediaries Manager who, together with the Company Secretary and the Group Chief Risk and Compliance Officer, assess the fitness and properness of such Tied Insurance Intermediaries.

Furthermore, on a regular basis throughout the year, the Company Secretary carries out a review of related parties and potential conflicts of interest.

3.4 Risk management system, including the Own Risk and Solvency Assessment

3.4.1 Governance framework

The PCC's Board of Directors follows a Group wide Risk Management Policy and this Section outlines key elements of Atlas Group's Risk Management Framework that are of particular relevance.

Atlas Group's Risk Management Policy describes the framework and principles for risk management and the associated internal controls that are in place. For the purposes of regulatory compliance with Solvency II implementation guidelines, the Risk Management Policy addresses Pillar II requirements for risk management policy and procedures, internal controls, operational risk management, strategic risk management and reputational risk management and Own Risk and Solvency Assessments policy.

Other sub-policies, charters (terms of reference) and other documents relevant to Solvency II Pillar II are as follows:

Governance & Strategy	General	Risk Specific	Protected Cells (Atlas PCC)
- Board Governance Charter	- Risk Appetite Statement	- ALM Policy	- Cells Committee
- Business Planning Cycle and Rolling Strategic Plan	- Risk Register	- Credit Risk Policy	- Terms of Reference
- Risk & Compliance Committee Charter	- Fit & Proper Policy	- Investment Policy	- Committee
- Audit Committee Charter	- Remuneration Policy	- Liquidity Risk Policy	- Terms of Reference of individual Cells
- Internal Auditor Charter	- Outsourcing Policy	- Underwriting and Reinsurance Policy (Atlas PCC)	- Operations Manuals of individual Cells
- Investments Committee Charter	- Business Continuity Management Policy	- Claims Management Policy	
- Actuarial Governance Policy and Terms of Reference	- Common Risk Language & Glossary Of Risk Terms	- Compliance Policy	

Board policies are reviewed on a yearly basis to reflect regulatory, organisational and risk environment changes.

Risk Philosophy and Guiding Principles

“Atlas Group believes that good risk management that is visible, repeatable and consistently applied to support decision making increases probability of success and reduces probability of failure and the uncertainty of achieving overall objectives.”

The risk management function ensures that all significant risks to the organisation are identified, measured, assessed, prioritised, managed, monitored and treated in a consistent and effective manner.

The risk framework is based on the firm belief that risk management must be integrated into the culture of the organisation with each employee responsible for the management of risk as part of his or her duties and accountability profiles.

The following are the risk management guiding principles adopted by the Group, which also fit its organisational culture:

- a) Atlas Group organises & controls its affairs responsibly and effectively with sound risk management systems & procedures;
- b) Atlas Group manages risk in a cost effective manner, subject to compliance with applicable legislation and regulatory requirements and effective management of risk exposures;

The Group's staff all play an active role in the management of risk.

A broad four stage RM Process is emphasised with all staff in training and workshops that is to be also applied in decision-making, objective setting and project management with the aim of ensuring such is embedded into the organisation's risk culture:



Roles and Responsibilities

Atlas adopts a three lines of defence approach considered as best practice. Responsibilities are defined in the Risk Management Policy along this approach:



As a first line of defence, all individuals are responsible for the management of risks in their respective areas. Risk owners and management have ownership, responsibility and accountability for identifying, assessing, controlling and mitigating risks together with maintaining effective internal controls. Risk management responsibilities are accordingly incorporated in the accountabilities of the individuals concerned. The second line of defence facilitates and monitors the implementation of effective risk management practices by operational management and risk owners. As a third line of defence, the internal audit function, through a risk-based approach, provides independent assurance to the organisation's board and senior management, on how effectively the organisation assesses and manages its risks, including the manner in which the first and second lines of defence operate.

In this regard the Group adopts a four-eyes principle whereby significant decisions are required to be supported by at least two persons having major decision-taking powers. Sufficient segregation of duties is required to be maintained to ensure persons performing tasks are not also responsible for monitoring and controlling the adequacy of this performance. Where such is not possible then any potential conflicts of interest are managed appropriately to safeguard proper decision-taking or task execution.

3.4.2 Risk register

The central active risk management document used by the Group is the Risk Register, which comprehensively captures the risks the organisation is exposed to under all Risk Categories, and for each risk identified it establishes:

- a) The Risk Category and detailed risk description;
- b) The process to which the risk relates, and the assigned Risk Owner (and assistants to the risk owner where applicable) responsible for the risk as part of the organisation's first line of defence;
- c) Evaluation of risk's likelihood and severity together with its ranking in relation to other risks;
- d) Risk Appetite and Key Risk Indicators (qualitative &/or quantitative);
- e) Current Risk Controls;
- f) Any future planned controls;

The Risk Register is constantly reviewed and updated, and is hence a living working document which is in constant evolution through the inclusion of newly identified risks, changes to existing risks, changes to the level of risk exposures as a direct consequence of new or improved mitigation controls and internal audit processes, and changes to risk owners, formalisation or improvement of risk controls and audits.

The risk register is maintained by the CRO through input from Risk Owners, Senior Managers and staff in general in accordance with the established roles and responsibilities, and is reviewed by the Risk & Compliance Committee.

The risk register enables a bottom up approach of analysing and allocating any identified risks. This combines with a top-down approach of risk appetite set by the board and Economic Capital Requirements estimation and allocation. The regular review of risk rating, defining risk appetite, controls and audits increase the knowledge on risks and mitigation practices at various levels of the Group.

3.4.3 Risk evaluation

Via review and discussion with risk owners, the Group ranks the identified sub-risks on a defined frequency-severity risk matrix.

The severity ranking of Operational Risks, feeds into the ORSA process. Other Risk Categories follow more quantitative approaches in their evaluation.

The Group defines the following risk categories:

Risk Category	Definition
Operational	Risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events
Insurance	Risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.
Credit	Risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. Key counterparties are reinsurers, intermediaries, insureds, reinsureds & bonds.
Market	Risk that arises from fluctuations in values of, or income from, assets or interest or exchange rates.
Liquidity	Risk that sufficient financial resources are not maintained to meet liabilities as they fall due
Group	Potential impact of risk events, of any nature, arising in or from membership of a corporate group.

The categorisation follows best practice and current regulations.

Strategic Risk is the impact on current or future earnings or capital arising from adverse business decisions or inadequate strategic decision-making. It is considered under the Operational Risk Category that is intentionally a broad category. Likewise, Reputational Risk is also considered under the Operational Risk Category.

The Group identifies its **Credit risk** through the review and measurement of the factors that could affect the credit rating of its counterparties, intermediaries and insureds.

Atlas Group assesses the creditworthiness of all reinsurers, intermediaries and customers by using credit grade references provided by rating agencies, and other publicly available financial information. Where this information is not available the granting of credit facilities to customers and intermediaries would be dependent on trends and historical data in order to obtain comfort on creditworthiness.

In reviewing its intermediary and customer debtors, the Group considers bad debt history and the concentration of this credit risk. Routine reviews of payment history and the status of any ongoing negotiations with counterparties is carried out by the credit control team in order to detect any deterioration in the creditworthiness of individual counterparties.

3.4.4 Risk appetite

The Atlas Group takes on and manages risks to achieve its objectives. The Board has set a risk appetite statement that broadly describes the types and amounts of risk which the Group is willing to take in pursuit of these objectives.

The Group's objectives include achieving target performance and maximising shareholder value, preserving a level of solvency that would support the Group in challenging environments, maintaining adequate liquidity to satisfy obligations as they come due, and protecting all aspects of Atlas Group's value, including its brand and reputation.

Underlying the Group's risk appetite are risk tolerances, high-level quantitative measures and qualitative assertions for the maximum risk allowed, set at corporate level and in line with the needs of our stakeholders. At the highest level, they are intended to assure we maximise the likelihood of delivering on our mission, strategy and objectives.

Risk Appetite is cascaded down by senior management into more detailed expressions of appetite or limits applicable to each business function and each risk described in the Risk Register. This facilitates risk-taking decisions of all employees.

3.4.5 Reporting processes for the risk management system

As already expressed in this report the Group adopts a wide and detailed reporting process with the Board of Directors ultimately having full overview.

The Risk and Compliance Committee reviews updates given by the Risk Management Function through reports dealing:

- Risk appetite status updates
- Periodic status updates on risk and compliance objectives and initiatives
- Updates and annual reports given by the Risk Owners
- Updates on the running and results of controls listed in the Risk Control Calendar
- Escalation of risk notifications from staff and management
- Updates on other risk events and near misses logged on the Risk Events Register
- Matters related to risks listed in the Risk Register and potential new risks being identified
- Matters related to the ORSA process

3.4.6 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is a continuous forward-looking process by which the Atlas Group, through an internal self-assessment, can assess all its present and prospective material risks and formulates its own required Economic Capital Requirements to mitigate these risks.

Article 45 of the Solvency II Directive states that as part of its risk-management system every insurance undertaking shall conduct its ORSA and that such shall include:

- a) the overall solvency needs taking into account the specific risk profile, approved risk tolerance limits and the business strategy of the undertaking;
- b) the compliance, on a continuous basis, with the regulatory capital requirements and with the requirements regarding technical provisions;
- c) the significance with which the risk profile of the undertaking deviates from the assumptions underlying the SCR.

The directive also states that the ORSA shall be an integral part of the business strategy and shall be taken into account on an ongoing basis in the strategic decisions of the undertaking.

The purpose of the ORSA report is to record the ORSA and present the results of that assessment. This includes the following for the year under review:

- a) Qualitative and quantitative results of the ORSA and the conclusions drawn from those results
- b) Methods and assumptions used
- c) Comparison between the overall solvency needs, the regulatory capital requirements and Atlas' own funds
- d) The capital requirements positions under stressed scenarios, as defined and chosen yearly by the Board for the specific ORSA process under review
- e) Sensitivity testing to identify potential vulnerabilities

The ORSA process produces a holistic enterprise-wide risk management evaluation and evidence of capital adequacy. It gives both the Board and senior management an effective tool to identify appropriate actions to influence the Group's risk profile and Economic Capital Requirements.

The process is steered by the Board and executed by the CRO with input from the Actuarial Function. It is repeated at least once annually and whenever there is a material business change or strategic plan considered in accordance with the Risk Management Policy.

3.4.7 Risk management strategies, objectives and processes

The ORSA is required to reflect the business strategy. Hence, when performing the ORSA, Atlas Group takes into account the business strategy and any strategic decisions influencing the risk situation, regulatory capital requirement as well as overall solvency needs. A key input is any material update to Atlas' 3-Year Rolling Strategic Plan. The Board needs to be aware of the implications that strategic decisions have and to consider whether these effects are desirable, affordable and feasible over the business planning period, also considering the quantity and quality of Atlas' own funds.

Any strategic or other major decisions that may materially affect the Atlas Group's risk or own funds' position therefore needs to be considered through the ORSA before such a decision is taken. This does not necessarily imply a full performance of the ORSA. Atlas Group considers how the output of the last assessment of the overall solvency needs would change if certain decisions were taken and how these decisions would affect the regulatory capital requirements.

Where the Group is relying on management processes, in particular systems and controls, in order to mitigate risks, it considers the effectiveness of those systems and controls in a stress situation.

3.5 Internal control system

The internal controls environment is an integral part of Atlas Group's Risk Management. It encompasses controls relating to key processes and aims to ensure compliance with current law as well as operational efficiency. The ultimate responsibility for the internal controls environment lies with the PCC's Board of Directors. However, all employees play a key role in maintaining and improving the control system as part of its first line of defence.

In the Group's second line of defence, the internal controls, risk management and compliance functions are supported, facilitated and reviewed by the Risk & Compliance Committee.

As per defined roles & responsibilities, Atlas Group's third line of defence includes the key function of the internal audit that provides the required independent assurance and challenge across all business functions in respect of integrity and effectiveness of the risk management framework and its internal controls.

The organisation's internal controls environment is founded on a culture of ethical behaviour and accountability of processes. Based on the Fit and Proper Policy, all the key functions, including other critical functions, are assessed in terms of competence and ethical standards. Each employee and each process owner contributes to the internal controls environment by fulfilling an ongoing control function through every day activity. The accountability profile of each employee includes the responsibility to "report systematically and promptly to senior management any perceived new risks or failures of existing control measures". The Board maintains a culture of openness within the Group to ensure employees report on potential threats and failures.

The Board of Directors sets the strategy for all the Group Companies and controls its implementation. The strategy is detailed in objectives, which are clear and measurable.

Additional internal control activities and monitoring mechanism include:

- a) Internal controls and audit mechanisms per risk as described in the Risk Register
- b) Intranet site documenting internal procedures and controls specific to each respective function and department
- c) Risk Owner annual reports
- d) Risk control calendar that is updated with any key controls that happen quarterly or less frequently
- e) Risk events register
- f) Quarterly Risk appetite status reporting

Compliance Function

Every authorised undertaking is required to identify an individual who will be responsible for ensuring adherence by the Group to all the requirements under the Act and under the Directive. Atlas Group has appointed a Group Compliance Officer as required under regulation. The compliance function plays a very important role in the Group's internal control processes with an emphasis on regulation. As previously stated this responsibility falls within the remit of the Group's Chief Risk and Compliance Officer.

The Group's Risk and Compliance Officer makes use of the following internal control systems to ensure that the Company is abiding by all the Laws and Regulations:

- Compliance Control Calendar
- Compliance Annual Reports received from the compliance owners
- Compliance Audits within the various departments by the Internal Auditor and followed by a Compliance/ Internal Audit Report
- Compliance Training Sessions
- Tied Insurance Intermediaries' (TIIs) Audits conducted by the Branches and Intermediaries team and followed by a Compliance Audit report
- Tied Insurance Intermediaries' Compliance Training Sessions
- Frequent updates on Compliance Matters to all Staff and Tied Intermediaries
- Drafting of various Guidelines made available to all Staff Tied Intermediaries
- Traffic Lights Reporting on compliance areas

3.6 Internal audit function

The Group Internal Auditor is responsible for conducting activities in accordance with international Internal Audit Standards and international best practices. For this purpose adherence to the Institute of Internal Auditors' (IIA) Code of Ethics, Standards for the Professional Practice of Internal Auditing and guidance position papers (as at January 2009 and October 2010), shall be construed as adherence to best International practices in the Internal Auditing field.

The Group Internal Auditor reports to the PCC's Audit Committee. For day-to-day operational purposes, liaison is with the PCC's Executive Directors and/or Chief Executive Officer.

The organisational status promotes the independence of the function as a whole and allows the internal auditor to form their judgment objectively. The internal audit function has free and unrestricted access to management, employees, activities, physical locations and to all information considered necessary for the proper execution of the Group Internal Auditor's work. The Internal Auditor directs audit resources in a manner that ensures the delivery of the Internal Audit plan that is prepared by end October of each year. The Group Internal Auditor has full and unrestrictive access to the audit committee.

In fulfilling his responsibility in accordance with the above, the Group Internal Auditor:

- generally assumes an advisory role in the design, installation and operation of control procedures. Established controls are reviewed periodically in order to assess their continued effectiveness and application;
- is fundamentally concerned with the evaluation of the Group's management of risk. Its role in this respect is to provide assurance to management that key risks are effectively being taken into consideration by the Group's Risk Management Framework. In providing assurance on risk, the Internal Auditor ensures that the latter's activities are in line with the IIA position papers (as at January 2009) on Enterprise-Wide Risk Management;
- reports diverging points of view with management and instances in which a request for access or response is not granted or provided in a reasonable time, format and manner to Senior Management and the Audit Committee;
- holds data and information obtained during the course of its audit activities with due care and the appropriate level of confidentiality. The Group Internal Auditor has the authority to grant, limit and restrict access to work papers and records;
- does not:
 - perform any operational duties for the organisation or its affiliates, and/or
 - initiate or approve accounting transactions external to the Internal Audit Function.
- co-ordinates the work with other internal functions and third parties that provide assurance on controls as a result of their activities. Generally, this includes the risk management and compliance functions within the Group and the external auditors and regulator/s as external parties.

3.7 Actuarial Function

Article 48 of the Solvency II Directive places the Actuarial Function on a statutory basis covering, inter alia:

- Skill sets required for those working within the Actuarial Function;
- Tasks & responsibilities assigned to the Actuarial Function;
- Actuarial Function interactions with other prescribed functions under Solvency II (Risk and Compliance Function, Finance Function, Internal Audit Function); and
- Prescribed outputs & reporting required from the Actuarial Function on an ongoing basis.

Atlas PCC is required to have an Actuarial Function. The Company's Board of Directors oversees that the Actuarial Function policy in place is adhered to. The policy is also extended to apply across the Group.

In accordance with EIOPA guidelines, Atlas Group requires the actuarial function to provide input as to whether the Group and the Solo Undertaking would comply continuously with EIOPA requirements regarding the calculation of technical provisions and identify potential risks arising from the uncertainties connected to this calculation. The tasks covered by the Actuarial Function include:

- a) apply methodologies and procedures to assess the sufficiency of technical provisions and to ensure that their calculation is consistent with the requirements set out in Articles 75 to 86 of the Solvency II Directive;
- b) assess the uncertainty associated with the estimates made in the calculation of technical provisions;
- c) ensure that any limitations of data used to calculate technical provisions are properly dealt with;
- d) ensure that the most appropriate approximations for the purposes of calculating the best estimate are used in cases referred to in Article 82 of the Solvency II Directive;
- e) ensure that homogeneous risk groups of insurance and reinsurance obligations are identified for an appropriate assessment of the underlying risks;
- f) consider relevant information provided by financial markets and generally available data on underwriting risks and ensure that it is integrated into the assessment of technical provisions;
- g) compare and justify any material differences in the calculation of technical provisions from year to year; and
- h) ensure that an appropriate assessment is provided of options and guarantees included in insurance and reinsurance contracts.

The Group's Actuarial Function is currently outsourced under an agreement with Barnett Waddingham (BW), UK.

As Actuarial Function Holder, BW are responsible for preparing the annual Actuarial Function Report, and to ensure that the results contained therein are accurate. The Certified Actuary is also supported by senior actuaries who run the valuation processes for the Group.

Carrying out the tasks required of the Actuarial Function requires the application of expert judgement, including judgement on the choice of assumptions and methodologies adopted. Further

detail of the methodologies and approach on these procedures are detailed under Section 5.3 of this report.

3.8 Outsourcing

Atlas Group oversees services provided to Group Companies by third parties on a continuous basis, which would otherwise be performed by the Atlas Group. The Solo Undertaking Board of Directors approved and implemented the Outsourcing policy on the 1st January 2014 and later further approved updates to the policy to apply across the Group.

Outsourcing of critical or important functions (key operational activities) is subject to particular oversight and approval by the regulator. Critical or Important Functions are fundamental activities of the firm, without which it would be unable to deliver its services to policyholders. Examples of such activities include pricing insurance products, investment management, claims handling, actuarial assessments and risk management. Any outsourcing agreement which could materially impact the performance or materially increase operational risk for Atlas Group would also be classified as material function.

Due Diligence

Before outsourcing any critical or important function, Atlas Group carries out a due diligence process on the service provider, irrespective of whether it is a supervised entity.

The due diligence process should assess:

1. the technical and financial ability of the service provider and its capacity to perform the outsourced function;
2. the internal control system of the service provider;
3. any conflicts of interest that may exist between Atlas Group and the service provider or arrangements with competitors;
4. track record;
5. reputation;
6. confidentiality/data protection concerns;
7. business continuity plans;

The results of the due diligence should enable Atlas Group to assess the level of risk it is facing as a result of the outsourcing. The due diligence exercise performed by the Group Companies and its outcome are documented to enable subsequent review at any time.

Approval and Monitoring

Outsourcing of critical/important functions is approved by the Board. Other outsourced functions can be approved by the CEO of the relevant Group Company.

Approval is based on a business case specifying the scope and content of the outsourced function, the related costs and potential risks to the firm. The Board shall only grant approval of critical/important functions if it deems the governance requirements defined in this Outsourcing Policy are fulfilled.

A list of all outsourced functions is presented once a year to the Board through the Atlas Group's Risk and Compliance Committee. The Board reviews on a yearly basis whether the governance criteria and economic rationale for existing agreements are still met.

Control

As Atlas Group remains fully responsible for all outsourced functions and activities it needs to include in its risk management systems and controls a process for monitoring and reviewing the quality of the service provided.

The Function Owners as identified within the 'Register of Outsourced Functions' are the persons responsible for overseeing and controlling the outsourced activities in terms of risks and performance. Such persons must monitor and review the service providers on an on-going basis and ensure the functions under their control are performed in accordance with the agreed terms. On a yearly basis, the Function Owners confirm to the Group Chief Risk and Compliance Officer that the terms of the outsourcing agreements are actually being adhered to by the providers of the outsourced functions.

3.9 Any other information

The Atlas Group and the PCC follow all requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35. All governance structures in place as defined under this section also apply the principle of proportionality related to its business nature, scale and complexity of the risks attaching to its operations.

Furthermore the Company applies all governance procedures to the PCC as a whole, but also to its individual Cells incorporated within the PCC.

4. Risk profile

Atlas Group takes and manages risks to achieve its objectives. Risk is accepted as a potential cost of being open for new business, and servicing existing business. The cost of controlling all risks to a “minimal” level could easily outweigh any benefits derived from reducing the cost of risk events. The Company does accept some volatility in operational profit in order to generate profits over the long term.

Risk Appetite is the expression of the level of risk to be pursued (propensity to take risk), the maximum level of risk to be tolerated in pursuit of the Group’s objectives (propensity to exercise control) and the level of risk that is unacceptable, as defined by the Board of Directors and Senior Management. Risk appetite reflects the Company’s willingness to take on risk as derived from its capacity to bear risk and the philosophy and attitude toward risk taking. Atlas Group’s philosophy, guiding principles and approach to Enterprise Risk Management is described in its Risk Management Policy. Its objectives include achieving target performance and maximising shareholder value, preserving a level of solvency that would support the Company in challenging environments, maintaining adequate liquidity to satisfy obligations as they come due, and protecting all aspects of the Group’s value, including its brand and reputation.

Underlying Atlas Group’s risk appetite are risk tolerances, high-level quantitative measures and qualitative assertions for the maximum risk allowed, set at corporate level and in line with the needs of its stakeholders. At the highest level, they are intended to assure that the undertakings maximise the likelihood of delivering on set missions, strategies and objectives.

To the extent pragmatically possible, the framework is based on quantitative risk measures. Qualitative risk measures are also used as applicable for risks that are difficult and not practical to quantify.

4.1 Underwriting risk

The PCC through its Core and Cells issues contracts that transfer significant insurance risk and that are classified as insurance contracts. As a general guideline, the PCC defines as significant insurance risk the possibility of having to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

4.1.1 Insurance contracts - general business

The results for direct business are determined on an annual basis whereby the incurred cost of claims, commissions and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- (i) Premiums earned relate to business incepted during the year together with any differences between the booked premiums for prior years and thus previously accrued, less cancellations.
- (ii) Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

- (iii) Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned. These are capitalised and are shown as deferred acquisition costs ("DAC") in the balance sheet. DAC is amortised over the term of the policies as the premium is earned. All other costs are recognised as expenses when incurred.
- (iv) Claims incurred comprise claims and related expenses paid in the year and changes in the provision for outstanding claims, including provisions for claims incurred but not reported ("IBNR") and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.
- (v) Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the PCC. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The PCC takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the PCC and statistical analyses for the claims incurred but not reported. The PCC does not discount its liabilities for unpaid claims.

The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the PCC, where more information about the claim event is generally available.

- (vi) Provision in the form of an unexpired risk provision will be made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the balance sheet date.

4.1.2 Reinsurance contracts held

Contracts entered into by the PCC with reinsurers under which the PCC is compensated for losses on one or more contracts issued by the PCC and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the PCC under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the PCC is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within receivables), as well as longer term receivables (classified within reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance

with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense on an accruals basis.

The PCC assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the PCC reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account. The PCC gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

4.1.3 Receivables and payables

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and policyholders.

If there is objective evidence that an insurance receivable is impaired, the PCC reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account. The PCC gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

4.1.4 Management of insurance risk

The risk under any one insurance contract is the uncertainty of whether the insured will sustain the contingency insured against. If that happens, then further uncertainty lies in how many times this can happen and how much it will cost, i.e. the frequency and severity of resultant claims.

Insurance risk is by its nature random and unpredictable. Consequently the Company writes portfolios of risk with the intention of taking refuge within the theory of probability (large numbers) and thus being able to correctly construct pricing of its insurance contracts.

The risk the Atlas Group faces through its subsidiary however remains that actual claims incurred exceed the amounts of such provisions since the frequency and severity incurred exceed the estimated ones.

Insurance events, due to their random nature, can vary in severity and frequency from year to year. However the larger the portfolio involved, the lower the deviation from estimates which is why the Company endeavours to acquire growth in areas of insurance risk which it deems attractive.

Another method used to mitigate random deviations is that of diversification in portfolio characteristics. Atlas Insurance PCC Limited is not unduly dependant on one class or sector of business and in fact is deemed to be privileged with a balanced mix of various classes of Motor, Liability, Marine, Miscellaneous Accident, Property and Travel and Personal Accident. In the coming year Private Medical Insurance will be also be added. Furthermore, the Company's portfolio is evenly spread between personal lines and commercial lines business.

The PCC has a rather even geographical spread of property risks within the Maltese isles and is well spread among the various sectors of commerce e.g. tourism and hotel accommodation; manufacture; services and it is not unduly dependent on one sector alone.

Once again this diversification ensures that the type and amount of risks presented are spread out without there being undue concentrations in one area alone.

During the year the PCC did not license any new cells but Gemini Cell, L'Amie Cell, PerfectHome Cell, Ocado Cell, Amplifon Cell and TVIS Cell carried on business during the year in accordance with their licence conditions.

Amplifon Cell however stopped writing new business in the second quarter of 2018 and is in run-off and Ocado Cell did not renew its business in December 2018.

Following a period of run-off, Travelodge Cell was unwound at the end of the year.

The insurance business written by the Gemini Cell still emanates from Belgium and the Netherlands and this grew satisfactorily. L'Amie Cell grew its Austrian portfolio but also started writing direct business in Bulgaria and inwards reinsurance from Serbia. The reinsurance business written by Amplifon Cell related to risks originally written in the Netherlands, Belgium, Germany, the UK and Switzerland. The other cells are licensed to write property, accident, sickness, motor, general liability and motor liability and miscellaneous financial risks in the United Kingdom. The property risks are equally well-spread geographically. The cells' results are amply reflected in these financial statements.

Frequency and severity of claims

Motor and liability

The danger is that competition restrains average premium growth while the frequency and severity of claims may be seriously affected by:

- (i) the long lifetime which motor and other liability claims tend to have and which can lead to negative effects of inflation on claim amounts;
- (ii) changes in traffic management and density and the increased presence of more vulnerable road users;
- (iii) increased court awards arising from increased sensitivity of courts to the plight of accident victims spurred also by EU directives and "pro-victim" court/legislative tendencies in other EU jurisdictions; and
- (iv) increased responsibilities of employers and business owners in the light of health and safety and consumer legislation; and
- (v) the latent effect of disease claims on the employers liability and products liability portfolio
- (vi) the effect of inflation on motor repair costs
- (vii) the effect of natural hazards affecting comprehensive motor results.

The PCC's gross motor result turned around in 2018. There was a return to normality in terms of bodily injury loss frequency and severity and the effect of increased attritional losses on motor own damage was countered by increases in average premium

The review of Maltese law on civil damages in tort remains unconcluded while legal judgements remain relatively consistent..

Property

While no major natural events were experienced in 2018 it should be noted that the company was impacted by an exceptional windstorm that hit Malta in late February 2019 and which will affect the property result in 2019. Otherwise, other than a couple of large engineering losses in June and October, the 2018 performance was a normal one.

Miscellaneous accident, and personal accident and travel

The nature of claims on Money, Glass, Goods in Transit and Fidelity relate very much to the prevalence of crime in Malta and 2018 showed no extraordinary experience in this respect.

Marine

The marine account was already badly affected by increased claim frequencies in 2017. These persisted in 2018 and were compounded by a serious boatyard fire in February 2018 and a seasonal storm in September.

Cargo results were within the norm which once again helped to mitigate the poor overall marine performance in 2018.

Miscellaneous Financial Risk

Risk carried by the Company and managed under this class of business did not materially impact the results of the Company and the risk profiles do not pose any threat to the Company's core capital.

The Company manages all the above via:

- (a) underwriting strategy,
- (b) adequate reinsurance arrangements, and
- (c) proactive claims handling

Underwriting strategy

The PCC follows strict risk acceptance selection processes and only accepts risks that possess characteristics which the Company feels will lead to low or average frequency and severity of losses. This criteria applies across all classes and for this purpose the PCC uses underwriting guidelines and sets limits on the overall retention of the risks it writes.

The PCC inserts certain exclusions in its contracts to enforce underwriting criteria. For example, in the context of liability exposures, the Company applies asbestos liabilities exclusions on all liability policies.

The PCC closely scrutinises the business activities of its client base to determine any undue exposure to long-term industrial disease claims and to assist in this process and that of analysing other potential exposures, the PCC views several property, accident and liability risks first hand via its policy of risk surveying (in-house and external).

The PCC also has a regular renewal analysis and reserves the right to reassess each contract based on its claims experience and any other changes in material information. The majority of the marine cargo account is based on open covers. Thorough controls on each marine open cover are carried out regularly ensuring that performance is acceptable.

Malta's storm and flood exposure is localised in particular areas of flash flood exposure. With the PCC's pre-risk survey strategy and with the added knowledge of flood-prone areas, the Company filters the incoming new business portfolio or alternatively manages the risk of storm. The company is also conscious of the susceptibility of certain locations to windstorm and endeavours to limit shoreline exposures.

The PCC, as a standard, applies limits on all motor and liability policies. The only area of unlimited liability is that of Motor EU use (in line with legislation in certain EU countries).

The PCC's internal underwriting authority limits mean that authority to bind is delegated in a controlled manner. The Core's branches likewise follow and are subject to specific underwriting limitations beyond which they must seek head office approval.

The risks underwritten by the PCC may also be in the form of reinsurance contracts issued on a proportional basis whereby it assumes a portion of the risk which the ceding insurance undertakings undertake with their direct clients.

Reinsurance

The PCC places its reinsurance programme with overseas reinsurers who all meet the financial approval of the local regulator. It is generally the PCC's policy for reinsurance to be placed in the Lloyd's market or with listed multinational reinsurance companies whose credit rating is not less than A-. The portfolio programme is a mix of proportional and non-proportional protection which also includes protection from industrial disease losses incurred but not reported during the years prior to the portfolio transfers in 2004 and 2005 from AXA Insurance plc to the Core.

The PCC's decision on the type of reinsurance obtained, the level of retention and the width of cover are recommended by the PCC's own technical personnel in collaboration with overseas consultants and the board of directors approves the reinsurance programme on an annual basis.

The effectiveness of reinsurance protection in place for the PCC has worked towards reducing the impact of net retained losses for the year by the PCC.

Claims techniques

Claims are handled and reserved on a claim by claim basis.

The Core employs in-house specialised claims personnel. In addition to having in place authority levels for its staff to negotiate claims, it also employs a panel of external loss adjusters and technical experts who are regularly utilised in the Core's quest for sound and equitable claim handling.

The PCC has a policy of analysing claims progressions and thus determines if reserving policies adopted in the past have been successful. This procedure has pre-dated the setting up of the Core as an underwriter and the PCC in fact tracks claims which were incurred in years during which the Core formerly acted as an agent for overseas principals.

The PCC actively pursues early settlement of all claims to reduce exposure to unpredictable developments and equally the PCC maintains a proactive system that ensures that timely action is taken on all claims and reviews are carried out when required. This is particularly important in the context of motor and liability claims. In the context of reserving active use is made of a panel of legal advisors and full acquaintance is made with courtroom developments by our specialist claims team headed by the claims director.

Owing to the fact that liability claims are normally payable on a *claims occurrence* basis, a claim is payable if the accident occurred in the year of insurance even if the damage is manifest long afterwards. This is accentuated in the context of employers' liability claims where cover is provided on a loss *caused* basis. Therefore not only can known liability claims take longer to be settled owing to lengthy court proceedings and the like, but claims can take long to be registered. This is why known claims outstanding provisions must be adequately increased by a provision for IBNR (incurred but not reported) claims.

Therefore when estimating the cost due to be paid in future the PCC looks at:

- (i) the monetary provision necessary for pending non-liability claims based on the latest available facts and estimates
- (ii) the monetary provision for the future payment of claims for bodily injuries to employees or third party victims of accidents. This is based on the accepted basis of:
 - (a) loss of future earnings as a result of disability percentages along with estimated rehabilitation expenses;
 - (b) an element of direct damages; and
 - (c) costs of settlement including legal and other fees and court expenses; and

- (iii) to the above provisions for known reported claims, the Company adds an IBNR provision with particular emphasis on the motor and liability class.

The PCC also makes a provision for the unexpired period of cover of policies running at the time of the balance sheet date.

Like all claims, large claims are assessed on a case by case basis and accurately analysed, and Atlas will take pessimistic scenarios based on legal precedent (of particular relevance to motor and liability class) and similar cases. The PCC will also note current trends.

The PCC takes care to ensure it is in possession of knowledge on all bodily injury claims notified and carries out active reviews of the larger/more serious bodily injury cases on motor and liability classes.

IBNR percentages are taken as a factor on outstanding claims provision and are arrived at on the basis of an annual historical analyses of different classes' performance vis-a-vis actual IBNR experienced since 2005.

Uncertainty on the estimation of claim payments on property classes is considerably lower than that on motor and liability classes. The same can be said of personal accident, travel and miscellaneous accident.

Uncertainty in general is reduced by ensuring thorough knowledge of the circumstances and extent of losses reported; and through the use of medical and loss assessors and adjusters to ensure correct reserving.

A high degree of certainty on marine claims is achieved via collection of survey evidence and value documentation.

4.2 Financial risk

Atlas Group is exposed to financial risk through its financial assets and liabilities, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets would not be sufficient to fund the obligations arising from its insurance contracts and investing activity. The most important components of the PCC's financial risk are market risk, credit risk and liquidity risk identifying the following areas:

- cash flow and fair value interest rate risk,
- equity price risk;
- currency risk
- credit risk; and
- liquidity risk.

These risks mainly arise on open positions in interest rate, debt and equity products, and currency exposures, which are all subject to market movements.

The Group's financial risk management and investment strategy reflects its profile of liabilities to ensure that sufficient assets of appropriate nature, term and liquidity enable it to meet the liabilities as they become due.

4.2.1 Market risk

The Group is exposed to market risk and mitigates exposures by implementing controls for interest rate risk, equity risk, property risk, spread risk and currency risk.

Interest Rate risk

In general the Group is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. Financial instruments issued at variable rates expose the Atlas Group to cash flow interest rate risk. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk. The Atlas Group holds investments mostly in equity and debt securities. Debt securities are subject to interest rate risk.

Fair value interest rate risk is the risk that the relative value of a security will worsen due to an interest rate increase. Interest rate risk is mitigated through the distribution of fixed interest investments over a range of maturity dates. Moreover, the Group's asset allocation policy limits the amount of investment in any one asset or towards any one counterparty.

Bank and other borrowing facilities are not commonly availed of and the directors traditionally sanction the use of such facilities for short-term operational cash flow bridging as and when the requirement arises. The exposure to interest rate risk in respect of borrowings is accordingly not material.

Deposits with banks or financial institutions potentially expose the Group to fair value interest rate risk. However, since these instruments are not fair valued, a change in interest rates will not have an effect on profit or loss or other comprehensive income. Cash at bank subject to floating interest rates expose the Group to cash flow interest rate risk.

The Atlas Group carries out sensitivity analyses for interest rate risk which illustrate how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

At 31 December 2017 the Atlas Group was mainly exposed to fair value interest rate risk on listed fixed interest rate debt securities.

Up to the end of the reporting period the Group did not have any hedging policy with respect to interest rate risk on other financial instruments as exposure to such risks was not deemed to be significant by the directors.

Equity risk

The Group is exposed to market price risk on its equity investments. These investments are subject to stock market volatility and the value can decline significantly in response to adverse political, market or economic developments. The Atlas Group reduces this risk by diversifying its investments in different countries and in different sectors.

The Group's investment portfolio is overseen by the Investment Committee that meets on a regular basis in order to review the position of its investments and to plan its investment strategy in accordance with established guidelines. Investment decisions are taken on the basis of an Investment Policy approved by the Board. The Investment Policy includes benchmarks and guidelines on various aspects of portfolio management, including currency, instrument, rating, localisation, concentration and maturity. It is periodically reviewed by the Investment Committee and, subject to Board approval, amended as necessary so as to reflect the Atlas Group's overall investment objective, which is principally the preservation of capital and liabilities.

Property Risk

Atlas Group is exposed to property risk and this risk only affects the group and core with practically the entire balance sheet values of Tangible Assets – Land, Buildings & Improvements and Investments – Land & Buildings pertaining to the Solo Undertaking.

The PCC's property used in operations and investment property was last revalued on 12 November 2016 based on professional independent valuations.

The property is valued on periodic valuation by the directors after seeking professional advice from independent professionally qualified valuers who hold a recognised relevant professional qualification and have the necessary experience in the location and segments of the property being valued. When external valuations are carried out in accordance with this policy, the valuer reports directly to the board of directors and discussions on the valuation technique and its results, including an evaluation of the inputs to the valuation, are held between these parties.

At the end of every reporting period during which an external valuation is not carried out, the directors also assess whether any significant changes in actual circumstances and developments have been experienced since the last external valuation. An adjustment to the carrying amount of the property is only reflected if it has been determined that there has been significant change. The Directors do not consider that there has been a change since the last valuation position.

Currency risk

Currency risk relates to the risk of fluctuations in the value of financial instruments and assets and liabilities due to changes in exchange rates. The Group may experience losses arising from a decrease in values of its assets held in foreign currency or an increase in value of its technical reserves denominated in foreign currencies. The board of directors implements a policy of currency matching rules thus minimising the Company's exposure to such risk.

As the Core's net technical provision reserves arising from its operations are largely denominated in Euro due to the fact that the net contingent value of its policies are written in euro, or naturally hedged in their original currency, the funds covering such liabilities are largely invested in euro instruments.

Similarly, in managing its cells, the PCC applies the same currency matching policy by identifying the currency in which cellular technical provisions arise and as such administers a balance of matched assets with a natural hedge. The standard formula under S II is not sensitive to this "natural hedge" and on that basis, the Cells operating in a currency other than Euro which is the capital denominating cellular incorporation under the Companies Act, requires that a "shock" margin of capital is maintained to mitigate this inexistent risk.

In an effort to maximise return on investment the Board directs its investments committees to prudently apply a certain degree of flexibility which is limited to the extent of not compromising the Group's financial strength in matching its liabilities, primarily its insurance technical provisions.

4.2.2 Credit risk

Atlas Group is exposed to credit risk, that risk of loss due to a counterparty being unable to pay amounts in full when due. The following are the areas where credit risk is identified:

- (i) reinsurers' share of insurance technical provisions;
- (ii) amounts due from reinsurers in respect of claims already paid;
- (iii) amounts due from insurance contract holders;
- (iv) amounts due from insurance intermediaries; and
- (v) investments and cash and cash equivalents.

Limits of authority and segregation of duties in the granting of credit are in place to maintain objectivity, independence and control over new and existing lending exposures.

The credit risk management team assesses the creditworthiness of all reinsurers, intermediaries and customers by using credit grade references provided by rating agencies, and other publicly available financial information. Where this information is not available, detailed analysis is carried out by investigating both financial strength and market repute. The Group experiences a low level of bad debts and concentration of credit risk with respect to debts is limited due to the large number of customers comprising the Group's debtor base.

Routine reviews of payment history and the status of any ongoing negotiations with counterparties is carried out by the credit risk management in order to detect any deterioration in the creditworthiness of individual counterparties.

While reinsurance is used to manage insurance risk, this does not discharge the PCC's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the PCC remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by the directors on an ongoing basis by reviewing their financial strength within the terms of their credit ratings.

Atlas Group is also exposed to credit risk for its investments and its cash at bank. The Group's cash is placed with quality financial institutions. Credit risk in respect of investments is not considered by the directors to be significant in view of the credit standing of the issuers.

The Investment Committee takes account of the credit risk inherent in the Group's investment portfolio by adopting similar cautious practices in identifying investment opportunities and monitoring portfolio performance. The investment instruments acquired are highly rated by the internationally-renowned credit rating agencies like Moody's and Standard and Poor's. The policy

adopted by the investment committee is that of directing most of the funds available for investment to A-rated securities and deposits. There are certain instances whereby the committee may opt for placing these funds in B-rated securities only once the circumstances of such an opportunity are fully assessed and are beneficial to the performance of the investment portfolio.

Credit risk in relation to cells is not considered to be significant as a substantial amount of the receivables is due from related parties.

4.2.3 Liquidity risk

The Atlas Group's exposure to liquidity risk arises from the eventuality that the frequency or severity of claims are greater than estimated. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The directors do not consider this risk as significant given the nature of the Group's financial assets and liabilities. Atlas Group's financial assets are considered to be readily realisable as they consist of local and foreign securities listed on recognised stock markets and deposits held with first-class-rated credit institutions. Moreover, the Group ensures that a reasonable level of funds is available at any point in time for unexpected large claims and in this case Atlas may also resort to an overdraft facility which provides a short-term means of finance.

4.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Atlas Group identifies in the Risk Register the following risk items:

- **Market Environment** - includes possible recession in Maltese or world economy, more aggressive competition and other changes in the insurance business environment including new entrants, changing distribution models or loss of intermediaries
- **Lack of Innovation** - Failure to positively and effectively change in a way that adds value, leading to missed opportunities, loss of market share and/or higher costs than necessary.
- **Compliance** - Failure to comply with or changes to legislation and regulations.
- **Reputation**
- **Key infrastructure** - Failure or loss of key infrastructure other than IT, Telecommunication or Power outage. Includes losses of infrastructure due to earthquake, storm, fire or construction/property related accidents
- **BCP Failure** - Failure of Disaster Recovery Plan or Business Continuity Plan whether due to a narrow scope, lack of testing or otherwise ineffectiveness
- **Data Quality** - Inaccurate, incomplete or inappropriate data in data collection, processing or reporting.
- **Loss of Physical Data** - includes both loss of individual files or archive boxes and larger losses of physical files due to events such as fire, flooding, damp, vermin or malicious damage
- **Loss of Electronic Data** - loss of live database or backups whether due to internal error, program error, sabotage or viruses
- **Data Fraud/Leakage** – Data theft, breaches or leakages. This risk is to be reviewed in light of changing Data Protection Legislation and increased fines or potential liabilities in the event of any data breaches particularly in respect of overseas risks.
- **External Financial Fraud** - Primarily includes claim fraud but also other types of external financial fraud such as that that could arise through suppliers.
- **Internal Financial Fraud** - Includes misappropriation of cash
- **IT/Communication Outage**
- **Loss of Electronic Power**
- **Loss of staff** - Loss of key staff following accident, catastrophe, competitive poaching, lack of motivation, etc. This includes risks related to succession planning, inappropriate allocation of responsibilities, failure to appropriately develop people and inappropriate reward structure. In respect of cells this includes outsourced staff.
- **Staff/TII Negligence/Breach of Instructions** - Negligence or breach of instructions by staff or tied intermediaries.
- **Outsourcing** – Risks arising from outsourcing were previously considered under other risk groupings such as Staff Negligence / Breach of Instructions were outsourced functions were considered an extension of staff. As from 2016, this risk is being considered separately in the risk register for assessment purposes and as outsourced functions carry specific risks and related controls. It should be noted that an outsourcing policy and register was already in place, including related underlying processes.
- **Theft, H&S** - Health and safety of employees and risks of theft or holdup.

Operational Risk is the most difficult risk to quantify. EIOPA recognises this and the standard formula in effect works Operational Risk as simply 3% of projected premium. For the ORSA, the limited scale of the Group makes reference to historic operational risk events inadequate for the purposes of projecting forward Economic Capital Requirements due to insufficiency in numbers of such events.

In order to better quantify the risk in relation to the Atlas Group risk profile, reference is instead made to the anticipated worst scenario for each risk after key controls i.e. the residual risk for a subjectively determined 1 in 200 year event.

Cellular Solvency Capital Deficit Risk

In line with EU regulations, EIOPA guidelines on ring fenced funds and MFSA's Guidance Note on solvency requirements in relation to PCCs, other than for cells with a non-recourse provision, cells would be allowed to be in deficit on capital requirements so long as there are sufficient unrestricted surplus funds in the PCC Core and in the Group to meet such cellular deficits.

Regulations correctly do not allow for consideration of any surplus funds in cells when calculating the solvency position of the PCC as a whole, since such funds can only be used in respect of the specific cell to which the funds appertain. Regulations also do not allow for any diversification benefits to accrue between the Cells and the Core.

4.5 Any other information

Atlas Group diversifies its operations with an end to minimise risks that may threaten the financial stability of the Group and its stakeholders.

Mitigation of risk ranks highly in priority in all the various Board of Directors business within the Group as evidenced throughout this report. The key highlights for mitigating the risks identified are:

- A diversified and balanced insurance risk portfolio;
- Diversification in its operations taking opportunity of the leading regulatory positioning of Malta as a primary financial services provider within the European Union;
- Prudent application of risk management techniques and risk mitigation policies;
- Absolute prudence applied through its investment policy and strategy for its asset base;
- Investment in its human resources for their personal development through both external and in-house training of staff;
- The reserving of capital that goes beyond the regulatory driven requirement. This financial strategy is further enhanced through the Group's detailed ORSA which reviews and promotes the use of "economic capital" in matching all risks.

Both reporting processes for the Group under insurance regulation and financial requirements set under the Company's Act are complete. All insurance technical contingent liabilities are recognised under the Solo Undertakings reporting of technical provisions and more than adequately reserved as reported in the Balance Sheets reproduced in this report. Furthermore all other contingent liabilities are disclosed in the PCC's and the Atlas Group financial statements for the year under review as evidenced by the external auditor report attaching to the respective financial statements.

5. Valuation of assets and liabilities for solvency purposes

The financial statements of Atlas Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as modified by Article 174 of the Companies Act (Cap. 386) and in accordance with the requirements of the said Act and the requirements of the Insurance Business Act (Cap. 403). As such they are prepared under the historical cost convention as modified by the fair valuation of Land and buildings. Investment property, Land and buildings – property, plant and equipment, and financial assets are recognised at fair value through profit or loss.

Assets and liabilities under Solvency II are valued in accordance with the SII Directive and the Commission Delegated Regulation 2015/35Act. Article 75 of Directive 2009/138/EC requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.

The Group is required to report on such valuations for both the Atlas Group and the Solo Undertaking, Atlas Insurance PCC Limited.

5.1 Assets

The Atlas Group total Assets are represented in the below table showing IFRS values which have been adjusted for Solvency II purposes.

Atlas Group in Euro '000		2018		2017
Assets	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Deferred acquisition costs	857	-857	0	0
Intangible assets	126	-126	0	0
Property, plant & equipment held for own use	6,123	0	6,123	5,944
Investments (other than assets held for index-linked and unit-Property (other than for own use)	5,746	0	5,746	3,550
Holdings in related undertakings, including participations	995	0	995	898
Equities				
Equities - listed	3,626	8,280	11,906	3,923
Equities - unlisted	0	0	0	0
Bonds				
Government Bonds	440	2,350	2,790	399
Corporate Bonds	8,031	7,257	15,287	7,258
Collective Investments Undertakings	17,740	-17,740	0	19,141
Deposits other than cash equivalents	370	0	370	265
Reinsurance recoverables from:				
Non-life and health similar to non-life				
Non-life excluding health	15,505	-4,825	10,679	9,781
Health similar to non-life	2	58	60	-3
Insurance and intermediaries receivables	4,657	-2,050	2,607	2,606
Reinsurance receivables	18	0	18	0
Receivables (trade, not insurance)	1,747	-148	1,599	1,666
Cash and cash equivalents	5,880	0	5,880	5,031
Total assets	71,862	-7,801	64,062	60,459

You will note that adjustments are carried to IFRS values in arriving at Solvency II Balance Sheet values. The following are the explanations for the movements arising therefrom which result in a reduction in total assets held for the Group of €7.801 million (€7.529 million for 2017).

The following are the explanations for the movements arising therefrom.

Atlas Group in Euro '000		2018		2017
Deferred acquisition costs and intangible assets	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Deferred acquisition costs	857	-857	0	0
Intangible assets	126	-126	0	0
	983	-983	0	0

Deferred acquisition costs, which are recognised under IFRS as being a cost carried forward in the Balance Sheet for the future earning of premium, have been removed in total from the asset base as these are considered in arriving at the best estimate valuations for technical provisions. As such the asset does not carry any value within the Solvency II asset base of the Group.

For the Solvency II balance sheet the intangible asset values recognised under IFRS are also removed. The IFRS assets are recognised for goodwill (value for business acquired which is impaired in accordance with IFRS) and computer software (depreciated in accordance with IFRS rules). The goodwill recognised in the Group's books does not meet the requirements for Solvency II valuation purpose. This regulation also requires that any intangible asset other than goodwill must carry a value equal to its resale value. The Atlas Group does not consider any resale value for computer software.

Atlas Group in Euro '000		2018		2017
Fixed income securities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Bonds				
Government Bonds	440	2,350	2,790	399
Corporate Bonds	8,031	7,257	15,287	7,258
Corporate Bonds	17,740	-17,740	0	0
	26,211	-8,133	18,078	7,656

Fixed income securities are reported in the IFRS balance sheet at fair value to profit and loss. For the purpose of Solvency II balance sheet valuation accrued income has been added to such fair value. This accounts for the increase in Solvency II balance sheet values.

The exposures to fixed income securities reported for the Atlas Group are equal to those reported for the PCC. The incorporated cells within the PCC do not carry any such exposures.

Collective investment undertakings (funds) are reported in the IFRS balance sheet at fair value to profit and loss. Solvency II regulations allow for a “look through” procedure where the funds’ securities are identified and reclassified according to their nature and valued accordingly.

Atlas Group in Euro '000		2018		2017
Reinsurance recoverables	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Reinsurance recoverables from:				
Non-life and health similar to non-life				
Non-life excluding health	15,505	-4,825	10,679	9,781
Health similar to non-life	2	58	60	-3
	15,507	-4,767	10,740	9,778

According to the Atlas Group’s Reinsurance Policy, all reinsurers require a minimum S&P credit rating of A- (or equivalent) other than for specific risks locally placed with Maltese authorised reinsurance companies. This is consistent with the Risk Appetite which has an appetite of A and a floor of A-. Lower or unrated reinsurers may be used if agreed by both the Chief Underwriting Officer and Chief Executive Officer provided the board is notified at the next available board meeting. All of the reinsurers on the in force treaties comply with this requirement.

Reinsurance recoverables from such reinsurers have a direct relationship with the gross technical provisions shown in the liabilities section of the balance sheet and arise as a direct consequence of the valuations of such technical provisions reserved in the balance sheet. As such the reduction in recoverables for Solvency II valuations follows the modelling of “Best Estimate” calculations carried out on the gross technical provisions in accordance with the different reinsurance treaties in place.

Atlas Group in Euro '000		2018		2017
Insurance receivables and other trade receivables	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Insurance and intermediaries receivables	4,657	-2,050	2,607	2,606
Receivables (trade, not insurance)	1,747	-148	1,599	1,666
	6,403	-2,198	4,205	4,272

Atlas Group operates its insurance underwriting on a direct line of business with negotiation carried out with its policy holders on a direct basis or through a network of intermediaries. This gives rise to timing differences for the collection of premium. These balances under Solvency II are considered to be future cash flows and therefore reclassified to technical provisions in the calculation of “best estimate” values for such provisions. IFRS valuation considers fair value for the amounts receivable. The adjustment to technical provisions is shown in the above table.

Receivables which are not classified as insurance receivables include accrued income and prepayments under IFRS valuations. For the purpose of Solvency II valuation the amount of accrued income arising from interest to be earned on fixed income securities is reclassified to the fair value for such securities.

As stated earlier, the Group will also report on the Solo Undertaking's results and for this purpose below you will find tables showing the PCC's IFRS Balance Sheet movements to Solvency II Balance Sheet values. These are reproduced as an extract from the Solo Undertaking's Solvency and Financial Condition Report.

PCC Core in Euro '000				
Assets	IFRS	2018 Solvency II Adjustment	Solvency II value	2017 Solvency II value
Deferred acquisition costs	857	-857	0	0
Intangible assets	4	-4	0	0
Property, plant & equipment held for own use	6,100	0	6,100	5,916
Investments (other than assets held for index-linked and unit- Property (other than for own use)	5,746	0	5,746	3,550
Holdings in related undertakings, including participations	752	0	752	698
Equities				
Equities - listed	3,626	8,239	11,865	3,888
Bonds				
Government Bonds	416	2,374	2,790	346
Corporate Bonds	7,984	7,202	15,186	7,182
Collective Investments Undertakings	17,670	-17,670	0	19,064
Deposits other than cash equivalents	370	1	371	265
Loans and mortgages				
Other loans and mortgages	0	0	0	244
Reinsurance recoverables from:				
Non-life and health similar to non-life				
Non-life excluding health	15,505	-4,826	10,679	9,781
Health similar to non-life	2	58	60	-3
Insurance and intermediaries receivables	4,657	-2,050	2,607	2,606
Re-Insurance receivables	18	0	18	0
Receivables (trade, not insurance)	790	-146	644	628
Cash and cash equivalents	4,575	0	4,575	3,833
Total assets	69,071	-7,677	61,394	57,999

Amplifon Cell Euro '000				
Assets	IFRS	2018 Solvency II Adjustment	Solvency II value	2017 Solvency II value
Deferred acquisition costs	185	-185	0	0
Collective Investments Undertakings	3,663	0	3,663	3,682
Deposits to cedants	364	0	364	364
Insurance and intermediaries receivables	0	0	0	348
Cash and cash equivalents	5,167	0	5,167	3,193
Total assets	9,379	-185	9,194	7,588

Other Cells Euro '000				
Assets	IFRS	2018 Solvency II Adjustment	Solvency II value	2017 Solvency II value
Deferred acquisition costs	802	-802	0	0
Deferred tax assets	0	222	222	467
Investments (other than assets held for index-linked and unit- linked contracts)				
Collective Investments Undertakings	1,526	0	1,526	1,531
Loans and mortgages	0	0	0	15
Reinsurance Recoverables - Non-life excluding health	5,398	-6,972	-1,574	22,500
Insurance and intermediaries receivables	9,415	-7,686	1,729	3,789
Receivables (trade, not insurance)	3,545	0	3,545	3,501
Cash and cash equivalents	10,035	0	10,035	7,886
Total assets	30,722	-15,238	15,484	39,689

For Deferred Tax Assets please see note under subsection 5.2.2 "Deferred Tax Liabilities".

5.2 Total liabilities

The Atlas Group total liabilities are represented in the below table showing IFRS values which have been adjusted for Solvency II purposes.

Atlas Group in Euro '000		2018		2017
Liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	33,938	-33,938	0	0
Best Estimate	0	23,946	23,946	23,927
Risk margin	0	847	847	733
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	147
Risk margin	0	36	36	8
Deferred tax liabilities	1,526	750	2,275	2,321
Debts owed to credit institutions	9	0	9	166
Insurance & intermediaries payables	1,089	-435	652	785
Reinsurance payables	920	-362	558	673
Payables (trade, not insurance)	4,662	0	4,662	3,273
Total liabilities	42,720	-9,193	33,528	32,033

The following Liabilities Tables represents the aggregated total liabilities for the PCC as a whole and its individual components as an extract from the PCC's Solvency and Financial Condition Report.

PCC Aggregate in Euro '000		2018		2017
Liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	50,121	-50,121	0	0
Best Estimate	0	27,720	27,720	53,604
Risk margin	0	1,510	1,510	1,711
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	147
Risk margin	0	36	36	8
Provisions other than Technical Provisions	685	-685	0	0
Deferred tax liabilities	1,324	1,665	2,989	2,828
Debts owed to credit institutions	0	0	0	14
Insurance & intermediaries payables	5,138	-1,334	3,804	1,438
Reinsurance payables	6,204	-4,535	1,669	1,921
Payables (trade, not insurance)	5,862	0	5,862	4,816
Total liabilities	69,910	-25,779	44,131	66,487

PCC Core in Euro '000		2018		2017
Liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	33,938	-33,938	0	0
Best Estimate	0	23,946	23,946	23,927
Risk margin	0	834	834	733
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	147
Risk margin	0	36	36	8
Deferred tax liabilities	1,324	797	2,121	2,122
Debts owed to credit institutions	0	0	0	14
Insurance & intermediaries payables	1,089	-437	652	784
Reinsurance payables	920	-362	558	673
Payables (trade, not insurance)	3,461	0	3,461	2,357
Total liabilities	41,309	-9,158	32,151	30,764

Amplifon Cell Euro '000		2018		2017
Liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	3,963	-3,963	0	0
Best Estimate	0	2,579	2,579	3,164
Risk margin	0	135	135	366
Deferred tax liabilities	0	372	372	692
Insurance & intermediaries payables	3,019	0	3,019	0
Payables (trade, not insurance)	999	0	999	549
Total liabilities	7,981	-877	7,104	4,770

Other Cells Euro '000		2018		2017
Liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	12,219	-12,219	0	0
Best Estimate	0	1,194	1,194	26,513
Risk margin	0	542	542	613
Provisions other than technical liabilities	685	-685	0	0
Deferred tax liabilities	0	495	495	0
Insurance & intermediaries payables	1,030	-898	132	653
Reinsurance payables	5,284	-4,174	1,110	1,248
Payables (trade, not insurance)	1,402	0	1,402	1,909
Total liabilities	20,620	-15,745	4,875	30,936

5.2.1 Technical provisions

Technical provisions as reported under IFRS are revalued under Solvency II requirements. The best estimate technical provisions comprise of the claims provision and premium provision.

The claims provision is the discounted best estimate of cash flows relating to past claim events that occurred before the valuation date, whether reported or not. The cash flows include: future cash flows resulting from past claims events (including salvage and subrogation) and cash flows arising from allocated and unallocated expenses in respect of past claims events.

The premium provision is the discounted best estimate of cash flows relating to future claim events that have not yet occurred, but that are covered by existing and legally binding pre-inception contracts.

The following is a description of each step of the change in technical provisions:

Claims Provision adjustment

- a) Best estimate of claims reserves have been calculated using standard actuarial techniques including: Paid & incurred Chain Ladder or Link Ratio Method, Bornhuetter Ferguson Method and Bootstrap Method.
- b) Future allocated expenses are implicitly allowed for in the technical provisions. An explicit allowance has been made for unallocated loss adjustment expenses which include projected investment management expenses, administration expenses and other overhead expenses.
- c) An explicit allowance has been made for Events Not in Data (ENIDs).

Premium Provision

- a) Cash flows resulting from future claims events have been estimated by applying assumed loss ratios to year-end unearned premium reserves. . The loss ratio assumption is based on historic loss ratio experience arising from the claims provision analysis.
- b) An allowance for ENIDs is included in the claims cash flows.
- c) Expenses associated with servicing of in force policies has been made.
- d) Future premium cash flows have been included.

Discounting

Both claims and premium provisions cash flows were modelled using payment patterns derived from historic experience. These were discounted by the year end 2018 yield curves as published by EIOPA.

Risk Margin

The risk margin was calculated by approximating the future SCRs to be projected in line with the projected cashflows of the best estimate technical provisions. . This was then discounted using the year end 2018 yield curve and a 6% cost of capital was applied.

Reinsurers' share of SII Technical Provisions (Section 5.1 – Reinsurance recoverables)

This was calculated based on the gross less net best estimate liabilities, where the net claims liabilities have been derived based on netting down ratios (for example net to gross premiums / paid or incurred claims) and allowance for an additional reinsurance cash flows. An allowance for the reinsurers default has been included.

Valuation principles

The Technical Provisions have been calculated as the sum of a best estimate plus a risk margin in accordance with the Solvency II Directive and associated texts.

Segmentation

The technical provision analysis is performed based on the following line of business segmentation:

Motor vehicle liability insurance ("MTPL"), Other motor insurance, Fire and other damage to property insurance ("Fire"), General liability insurance, Income protection insurance, Marine, aviation and Transport, Miscellaneous financial loss and Medical expenses.

Contract boundaries

Under Solvency II, undertakings shall only recognise the obligations within the boundary of the contract. A contract boundary is defined as where the insurance or reinsurance undertaking has at a future date:

- A unilateral right to terminate the contract or a part of it;
- A unilateral right to reject premiums payable under the contract; or
- A unilateral right to amend the premiums or the benefits payable under the contract such that the premiums of the portfolio fully reflect the risk.

The assumption here is that the policy renewal date is the contract boundary since the PCC has the ability to re-price policies at each renewal date.

The following Technical Provisions extracted from the total liabilities tables highlight the Balance Sheet component movements of the PCC as explained above.

Atlas Group in Euro '000				2017
Technical provisions	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	33,938	-33,938	0	0
Best Estimate	0	23,946	23,946	23,927
Risk margin	0	847	847	733
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	147
Risk margin	0	36	36	8
	34,515	-9,143	25,372	24,814

PCC Aggregate in Euro '000				2017
Technical provisions	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	50,121	-50,121	0	0
Best Estimate	0	27,720	27,720	53,604
Risk margin	0	1,510	1,510	1,711
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	8
Risk margin	0	36	36	147
	50,697	-20,889	29,808	55,470

In line with the requirements for Group Solvency II Balance Sheet value movements put forward above, below you will find the various tables attaching to the PCC.

PCC Core in Euro '000				2017
Technical provisions	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	33,938	-33,938	0	0
Best Estimate	0	23,946	23,946	23,927
Risk margin	0	834	834	733
Technical provisions - health (similar to non-life)	577	-577	0	0
Best Estimate	0	543	543	147
Risk margin	0	36	36	8
	34,515	-9,157	25,358	24,814

Amplifon Cell Euro '000				2017
Technical provisions	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	3,963	-3,963	0	0
Best Estimate	0	2,579	2,579	3,164
Risk margin	0	135	135	366
	3,963	-1,249	2,714	3,530

Other Cells Euro '000				2017
Technical provisions	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Technical provisions – non-life				
Technical provisions – non-life (excluding health)	12,219	-12,219	0	0
Best Estimate	0	1,194	1,194	26,513
Risk margin	0	542	542	613
	12,219	-10,483	1,736	27,126

Below we are reproducing the Quantitative Reporting Templates (QRT) as required under regulation for the Group and the PCC's Aggregate.

QRT Table 4 – PCC Aggregated Core and Cells in Euro '000

S.17.01.02

Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the

adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the

adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the

adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and

Finite Re - total

	Direct business and accepted proportional reinsurance								Total Non-Life obligation
	Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Miscellaneous financial loss	
	C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0130	C0180
R0010									
R0050									
R0060	81	46	2,039	1,355	199	693	68	17	4,498
R0140	64	-4	235	-80	109	-604	-17	33	-264
R0150	17	49	1,804	1,435	89	1,297	85	-16	4,762
R0160		416	9,238	889	288	7,800	2,788	2,346	23,765
R0240		0	1,007	0	158	5,766	386	2,114	9,430
R0250		416	8,231	889	131	2,035	2,402	232	14,335
R0260	81	462	11,276	2,244	487	8,494	2,856	2,363	28,262
R0270	17	465	10,034	2,324	220	3,332	2,488	216	19,096
R0280	1	35	592	165	12	608	121	13	1,546
R0290									
R0300									
R0310									
R0320	82	496	11,868	2,409	499	9,101	2,977	2,376	29,808
R0330	64	-4	1,242	-80	267	5,162	368	2,147	9,166
R0340	18	500	10,626	2,489	232	3,939	2,608	229	20,642

QRT Table 5 – PCC Aggregated Core and Cells in Euro '000

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year /
Underwriting year

Z0020	Accident year [AY]
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0170	C0180
Prior	R0100										104	104
2009	R0160	5,148	2,391	319	103	78	6	9	-7	14	5	8,063
2010	R0170	4,396	2,133	792	387	63	119	109	-8	4		7,995
2011	R0180	4,228	1,526	274	69	68	-3	1	-7			6,156
2012	R0190	5,079	2,085	362	190	5	1	28				7,751
2013	R0200	6,157	2,128	1,134	1,602	1,580	23,173					35,775
2014	R0210	6,399	2,965	860	217	79						10,520
2015	R0220	10,589	3,807	904	526							15,826
2016	R0230	8,530	6,006	1,790								16,326
2017	R0240	9,124	4,413									13,537
2018	R0250	10,818										10,818
Total											R0260	40,933
												132,015

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100										509	795
2009	R0160	5,186	1,931	910	523	376	289	318	419	396	118	115
2010	R0170	5,758	2,593	1,141	292	365	163	14	79	66		69
2011	R0180	4,233	1,684	715	233	108	51	31	24			25
2012	R0190	4,949	1,632	749	249	175	104	75				69
2013	R0200	5,252	2,311	1,030	594	27,367	283					211
2014	R0210	7,061	2,330	674	595	237						197
2015	R0220	8,426	3,744	1,675	888							853
2016	R0230	10,364	6,312	3,113								2,114
2017	R0240	15,879	9,085									6,293
2018	R0250	12,419										13,022
Total											R0260	23,765

5.2.2 Other liabilities

Section 5.2 above provides the reporting for the Atlas Group's and the PCC's total liabilities. The following section reports on the movements for other liabilities. Liabilities arising from technical provisions have been reported on under Section 5.3 of this report.

Atlas Group in Euro '000		2018		2017
Other liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Deferred tax liabilities	1,526	750	2,275	2,321
Insurance & intermediaries payables	1,089	-435	652	785
Reinsurance payables	920	-362	558	673
Total liabilities	3,535	-48	3,487	3,779

PCC Aggregate in Euro '000		2018		2017
Other liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Deferred tax liabilities	1,324	1,665	2,989	2,828
Provisions other than Technical Provisions	685	-685	0	0
Insurance & intermediaries payables	5,138	-1,334	3,804	1,438
Reinsurance payables	6,204	-4,535	1,669	1,921
Payables (trade, not insurance)	5,862	0	5,862	4,816
	19,213	-4,890	14,323	11,003

Deferred tax liabilities

The Atlas Group and the PCC recognise deferred tax liabilities under IFRS using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The transition of IFRS balance sheet values to those of Solvency II as reported do cause balance sheet movements adjusting the net asset value reported in both the Group's S II balance sheet and that of the PCC. Such movement gives rise to the recognition of a deferred tax asset/liability adjustment for such movements.

Insurance and intermediaries payables and reinsurance payables

These balances under Solvency II are considered to be future cash flows and therefore reclassified to technical provisions in the calculation of "best estimate" values for such provisions. IFRS valuation considers fair value for the amounts receivable.

The following tables report on the PCC components arriving at the PCC's aggregate Other Liabilities.

PCC Core in Euro '000		2018		2017
Other liabilities	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Deferred tax liabilities	1,324	797	2,121	2,122
Insurance & intermediaries payables	1,089	-437	652	784
Reinsurance payables	920	-362	558	673
Payables (trade, not insurance)	3,461	0	3,461	2,357
	6,794	-1	6,793	5,936

Amplifon Cell Euro '000				2017
Other liabilities	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Deferred tax liabilities	0	372	372	692
	0	372	372	692

Other Cells Euro '000				2017
Other liabilities	IFRS	2018 Solvency II Adjustment	Solvency II value	Solvency II value
Insurance & intermediaries payables	1,030	-898	132	653
	1,030	-898	132	653

5.3 Alternative methods for valuation

The Atlas Group or the PCC does not use any alternative methods for the calculation of the arising liabilities.

Below we are reproducing the Quantitative Reporting Templates (QRT) as required under regulation.

QRT Table 6 – Atlas Group in Euro '000

S.02.01.02

Balance sheet

Assets

Property, plant & equipment held for own use

Investments (other than assets held for index-linked and unit-linked contracts)

Property (other than for own use)

Holdings in related undertakings, including participations

Equities

Equities - listed

Bonds

Government Bonds

Corporate Bonds

Deposits other than cash equivalents

Reinsurance recoverables from:

Non-life and health similar to non-life

Non-life excluding health

Health similar to non-life

Insurance and intermediaries receivables

Reinsurance receivables

Receivables (trade, not insurance)

Cash and cash equivalents

Total assets

Liabilities

Technical provisions – non-life

Technical provisions – non-life (excluding health)

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

Best Estimate

Risk margin

Deferred tax liabilities

Debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Total liabilities

Excess of assets over liabilities

	Solvency II value
	C0010
R0060	6,123
R0070	37,095
R0080	5,746
R0090	995
R0100	11,906
R0110	11,906
R0130	18,078
R0140	2,790
R0150	15,287
R0200	371
R0270	10,740
R0280	10,740
R0290	10,679
R0300	60
R0360	2,607
R0370	18
R0380	1,599
R0410	5,880
R0500	64,062
	Solvency II value
	C0010
R0510	25,372
R0520	24,793
R0540	23,946
R0550	847
R0560	579
R0580	543
R0590	36
R0780	2,275
R0800	9
R0820	652
R0830	558
R0840	4,662
R0900	33,528
R1000	30,534

QRT Table 7 – PCC Aggregated Core and Cells in Euro ‘000

S.02.01.02

Balance sheet

Assets

Deferred tax assets
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Bonds
Government Bonds
Corporate Bonds
Collective Investments Undertakings
Deposits other than cash equivalents
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Cash and cash equivalents
Total assets

	Solvency II value
	C0010
R0040	222
R0060	6,100
R0070	41,899
R0080	5,746
R0090	752
R0100	11,865
R0110	11,865
R0130	17,976
R0140	2,790
R0150	15,186
R0180	5,189
R0200	371
R0270	9,166
R0280	9,166
R0290	9,106
R0300	60
R0350	364
R0360	4,336
R0370	18
R0380	4,189
R0410	19,776
R0500	86,071

Liabilities

Technical provisions – non-life
Technical provisions – non-life (excluding health)
Best Estimate
Risk margin
Technical provisions - health (similar to non-life)
Best Estimate
Risk margin
Deferred tax liabilities
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Total liabilities
Excess of assets over liabilities

	Solvency II value
	C0010
R0510	29,808
R0520	29,230
R0540	27,720
R0550	1,510
R0560	578
R0580	543
R0590	36
R0780	2,989
R0820	3,804
R0830	1,669
R0840	5,862
R0900	44,131
R1000	41,941

6. Capital management

The value of own funds has reduced under Solvency II valuations due to the changes in values for assets and liabilities. The differences between the financial statements balance sheet and the solvency II balance sheet have been reported under Section 5 of this report.

In order to maintain or adjust the capital structure, the Group may issue new shares or capitalise contributions received from its shareholders. The PCC applies the same policy for its cellular shareholders.

The Group and PCC are required to hold regulatory capital for its general insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement must be maintained at all times throughout the year. The Group monitors its capital level, and that of the cells, on a regular basis at least once a month through detailed reports compiled from management accounts. Such reports are circulated to the Boards and senior management. Any transactions that may potentially affect the Group's or the PCC's solvency position are immediately reported to the directors for resolution prior to notifying the MFSA.

6.1 Own Funds

A major component of the Own Funds of the Atlas Group and the PCC is that of Tier 1 Capital, which include:

- a) **Paid-in Ordinary Share Capital** of the highest quality Own Funds which can be relied on to absorb losses on a going-concern basis. Such shares are issued directly by Atlas Holdings Limited and the PCC with the prior approval of its shareholder and, where applicable, of the Atlas Core and cell shareholders, and ultimately the approval of the MFSA.
- b) **Reconciliation Reserve** which is the resultant variance in Own Funds between the Solvency II and the IFRS Balance Sheet with an allowance for Deferred Tax Assets/ Liability movements is also to be factored in the Group's and the PCC's (where applicable) Own Funds total as Tier 1 Capital.
- c) **Other Reserves** which include reserves in equity being the resultant movement in property revaluation under IFRS as per the Group's Audited Annual Financial Statements.
- d) **Retained Earnings** which include accumulated profit reserves after the payment of dividends as confirmed through the Group's and the PCC's Audited Annual Financial Statements.
- e) **Functional Currency Exchange Reserve** which is the resulting difference between functional and reporting currencies arising from the cellular operations. Such reserve is also audited on an annual basis by the external auditors.

As per the Commission Delegated Regulation 2015/35 on Solvency II, the Atlas Group's boards may consider in future the use of Share Premium accounts and Capital Contributions as a form of Own Funds eligible as Tier 1 Capital. It may also make recommendations to the Atlas Holdings Limited Board to accept such capital instruments. Under regulation the PCC is obliged to seek regulatory approval for such instruments.

Another component of the Own Funds of the Group and the PCC is that of ancillary own funds qualifying as Tier 2 Capital. Preferred instruments by the Group are in the form of unpaid ordinary share capital. Under special circumstances the Group's Board will also consider Letters of Credit. It is the responsibility of the Board to review and ensure the substance and ultimate financial strength underlying the capital instruments which qualify as ancillary own funds under Tier 2 capital.

The total own funds for the Atlas Group in matching the Solvency Capital Requirement as on 31 December 2018 is equal to €30.418 million (2017: €28.426 million). The Group does not consider any ancillary own funds.

The aggregate own funds for all components of the PCC in matching the Company's Solvency Capital Requirement total €38,202,253 as on 31 December 2018 (€37,917,243 as on 31 December 2017).

This is inclusive of available unpaid capital for ancillary own funds of €1.84 million, and eligible under Solvency II regulation up to €1.39 million in matching the Minimum Capital Requirement.

The Own Funds applied in matching the Solvency Capital Requirements are detailed in the below tables for both the Group and for the PCC on an aggregate basis.

Atlas Group in Euro '000			2018		2017
Own funds	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value	
Paid up ordinary shares	5,325	0	5,325	5,325	
Revaluation reserves	2,938	-2,938	0	0	
Other reserves	-593	593	0	0	
Retained earnings	21,640	-21,640	0	0	
Non-controlling interests in equity	-168	168	0	0	
Adjustment for restricted own funds	0	-116	-116	0	
Reconciliation reserve	0	25,209	25,209	23,101	
	29,142	1,276	30,418	28,426	

PCC Aggregate in Euro '000				2017
Own funds	IFRS	Solvency II Adjustment	Solvency II value	Solvency II value
Paid up ordinary shares	20,507	0	20,507	20,817
Capital Contribution	500	0	500	500
Other reserves	1,535	-1,535	0	0
Retained earnings	16,720	-16,720	0	0
Reconciliation reserve	0	15,807	15,807	15,159
Ancillary own funds - issued capital unpaid	0	1,388	1,388	1,441
	39,262	-1,060	38,202	37,917

Under Solvency II regulation certain components for equity recognised under IFRS are reclassified to a reconciliation reserve, which reserve also accounts for the movements carried out to the net asset value in the Solvency II balance sheet. Such movement is considered to be an unrealised gain/loss in valuation and on that basis recognises this movement net of deferred taxation. Clearly this is a dynamic component for Own Funds in that the value is the product of Balance Sheet Net Asset Value movements from IFRS reporting that of Solvency II.

All the Group and PCC's Core own funds are classified under Solvency II as Tier 1 capital since they are considered to be of high quality. In the case of two Cells within the PCC an element of unpaid capital totalling €1.84 million is also considered for the purposes of Solvency II own funds, but is recognised as Tier 2 capital and classified as ancillary own funds. Such capital undergoes ongoing due process for MFSA authorisation for its applicability.

Application and review of own funds.

It is also the responsibility of the Board of Directors of the PCC to monitor on a continuous basis the adequacy of Eligible Own funds according to the medium-term capital management plan and it is its responsibility to ensure before issuance of any own fund items that it can satisfy the criteria for the appropriate tier on a continuous basis, where this is applicable.

The Group Chief Financial Officer liaises with the Company Secretary, where applicable, to support backing calculations showing the effect of any proposed increase in paid/unpaid share capital for Atlas Holdings Limited, the Core or the Cells on the own funds for approval by the respective Boards of the Atlas Group.

This procedure is to be also followed by the Group Chief Financial Officer in the event that any Regulatory Solvency shortfalls are identified to be matched by financial instruments other than capital instruments. An example of this would be bankers' guarantees issued by shareholders.

Medium-Term Capital Management Plan

The Group adopts a medium term capital management plan which is consistently reflected in other risk management policies and procedures set by the Board.

This plan considers the various disciplines and parameters which govern the underlying asset exposures to the Group Companies' balance sheets and incorporated cells within the PCC. Priority is given to the loss absorbency aspects of these assets. They are driven by:

- The Group's policy on Risk Management and the risk register arising therefrom;
- The Group's Investment Policy; and

- The Group's Asset Liability Management Policy and set investment parameters arising therefrom which include consideration for:
 - Counterparty default risk;
 - Currency risk;
 - Market risk;
 - Liquidity risk;
 - Concentration risk

Below we are reproducing the Quantitative Reporting Templates (QRT) as required under regulation for the Group and the PCC's Aggregate.

QRT Table 8 – Atlas Group in Euro '000

S.23.01.22

Own funds

Basic own funds before deduction for participations in other financial sector

Ordinary share capital (gross of own shares)

Reconciliation reserve

Total basic own funds after deductions

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

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)

Total available own funds to meet the minimum consolidated group SCR

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)

Total-eligible own funds to meet the minimum consolidated group SCR

Minimum consolidated Group SCR

Ratio of Eligible own funds to Minimum Consolidated Group SCR

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

Group SCR

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

	Total	Tier 1 - unrestricted
	C0010	C0020
R0010	5,325	5,325
R0130	25,093	25,093
R0290	30,418	30,418
R0520	30,418	30,418
R0530	30,418	30,418
R0560	30,418	30,418
R0570	30,418	30,418
R0610	3,700	
R0650	822.11%	
R0660	30,418	30,418
R0680	10,069	
R0690	302.11%	

Reconciliation reserve

Excess of assets over liabilities

Other basic own fund items

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

Reconciliation reserve before deduction for participations in other financial sector

	C0060	
R0700	30,534	
R0730	5,325	
R0740	116	
R0760	25,093	

QRT Table 9 – PCC Aggregated Core and Cells in Euro '000

S.23.01.01

Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

Ordinary share capital (gross of own shares)

Reconciliation reserve

Other own fund items approved by the supervisory authority as basic own funds not specified above

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities

Other basic own fund items

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

Reconciliation reserve

	Total	Tier 1 - unrestricted	Tier 2
	C0010	C0020	C0040
R0010	20,507	20,507	
R0130	15,807	15,807	
R0180	500	500	
R0290	36,814	36,814	
R0300	1,844		1,844
R0400	1,844		1,844
R0500	38,658	36,814	1,844
R0510	36,814	36,814	
R0540	38,202	36,814	1,388
R0550	36,814	36,814	
R0580	18,996		
R0600	4,749		
R0620	2		
R0640	8		

	C0060	
R0700	41,941	
R0730	21,007	
R0740	5,127	
R0760	15,807	

6.2 Solvency capital requirement and minimum capital requirement

Atlas Group does not make use of internal models, partial internal models or undertaking specific parameters in calculating its solvency capital requirement (SCR). The Company calculates its respective nSCR's and ultimate aggregated SCR utilising the standard formula.

Individual cells are not obliged to hold the absolute minimum capital requirement (AMCR of €3.70 million) as this is an obligation imposed on the PCC's Core, nor is an individual cell obliged under regulation to match its own nSCR with its own funds for as long as that Cell has financial recourse to the Core's own funds. Under the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations, the PCC may impose non-recourse for cells authorised to carry on Captive insurance business and/or Reinsurance business. Under such circumstances these cells would have to match their own nSCR with its own funds. The PCC has the Amplifon Cell which is authorised to carry on the business of reinsurance where non-recourse is in place and on that basis matches its own funds to its nSCR with a solvency ratio of 133%.

The following table illustrates the various risk components making up the SCR requirements for both the Group and the PCC.

Solvency Capital Requirement	Group	Core	Amplifon	Other Cells	Aggregated PCC
Market risk	8,848	8,774	297	1,659	11,373
Counterparty default risk	3,274	3,013	1,113	4,857	9,520
Health underwriting risk	603	603	-	-	640
Non-life underwriting risk	5,308	5,308	1,077	4,214	11,233
Diversification	(4,746)	786	77	443	(8,720)
Operational risk	786	(4,635)	(484)	(1,752)	1,306
LACDT	(4,004)	(3,929)	(510)	(1,916)	(6,355)
Total SCR	10,069	9,921	1,570	7,505	18,996

Supervised Groups and Authorised insurance undertakings are required to also report on the minimum capital requirement (MCR) which is required to be matched at all times by own funds. This regulation allows exception for cells incorporated within a PCC as this is covered by the PCC as a whole.

For the Group as on 31 December 2018, in view that the MCR calculation under the standard formula results in being less than the AMCR, the absolute floor applies to the Atlas Group at €3,700 thousand. The PCC's MCR calculation results in a requirement of €4.75 million. In both cases the own funds reported for Solvency II comfortably exceed the above MCR requirements.

Below we are reproducing the Quantitative Reporting Templates (QRT) as required under regulation.

QRT Table 10 – Atlas Group in Euro '000

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement
		C0110
Market risk	R0010	8,848
Counterparty default risk	R0020	3,274
Health underwriting risk	R0040	603
Non-life underwriting risk	R0050	5,308
Diversification	R0060	-4,746
Basic Solvency Capital Requirement	R0100	13,287
Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	786
Loss-absorbing capacity of deferred taxes	R0150	-4,004
Solvency capital requirement excluding capital add-on	R0200	10,069
Solvency capital requirement	R0220	10,069
Other information on SCR		
Minimum consolidated group solvency capital requirement	R0470	3,700
Solvency capital requirement	R0570	10,069

QRT Table 11 – PCC Aggregated Core and Cells in Euro '000

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement
		C0110
Market risk	R0010	11,373
Counterparty default risk	R0020	9,520
Health underwriting risk	R0040	640
Non-life underwriting risk	R0050	11,233
Diversification	R0060	-8,720
Basic Solvency Capital Requirement	R0100	24,045
Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,306
Loss-absorbing capacity of deferred taxes	R0150	-6,355
Solvency capital requirement excluding capital add-on	R0200	18,996
Solvency capital requirement	R0220	18,996
Other information on SCR		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	9,921
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	9,075

QRT Table 12 – PCC Aggregated Core and Cells in Euro ‘000

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result		C0010		
	R0010	4,353		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	17		35
Income protection insurance and proportional reinsurance	R0030	465		518
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050	10,034		6,715
Other motor insurance and proportional reinsurance	R0060	2,324		5,335
Marine, aviation and transport insurance and proportional reinsurance	R0070	220		612
Fire and other damage to property insurance and proportional reinsurance	R0080	3,906		14,523
General liability insurance and proportional reinsurance	R0090	2,488		2,400
Miscellaneous financial loss insurance and proportional reinsurance	R0130	220		86

Overall MCR calculation

		C0070
Linear MCR	R0300	4,353
SCR	R0310	18,996
MCR cap	R0320	8,548
MCR floor	R0330	4,749
Combined MCR	R0340	4,749
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	4,749

6.3 Use of the duration-based equity risk sub-module in the calculation of Solvency Capital Requirement

Both the Atlas Group and the PCC did not use the duration-based equity risk sub module set out in Article 304 of the Directive for the calculation of its Solvency Capital Requirement.

6.4 Differences between the Standard Model and any Internal Model used

Both the Atlas Group and the PCC do not make use of the possibility allowed under the Solvency II Directive to apply internal or partial internal models and on this basis have nothing to report.

6.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As on 31 December 2018 the Group reports a Solvency Ratio of 302% for Solvency II Own Funds over the Solvency Capital Requirement. As such there is no non-compliance issue to report.

The same is reported for the PCC which reports an aggregated Solvency Ratio of 201% for Solvency II Own Funds over the Solvency Capital Requirement. In calculating this ratio all surplus own Funds arising from cells is discarded. The surplus Own Funds that have been discarded in arriving to full compliance of this rule for the Cells totals €5,126,702.

6.6 Any other information

As noted throughout the report the Atlas Group reports its results for all its subsidiaries and the PCC under regulation.

Below we are reproducing the Quantitative Reporting Templates (QRT) as required under regulation.

QRT Table 13 – Atlas Group

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of group supervision	Group solvency calculation
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Level of influence	Proportional share used for group solvency calculation	YES/NO	Method used and under method 1, treatment of the undertaking	
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0220	C0230	C0240	C0260	
MT	5299009OC7HGHKVM2254	LEI	Atlas Holdings Limited	5	Limited liability company	2	MFSA						1	1	
MT	529900F52D5B51ONO136	LEI	Atlas Insurance PCC Limited	2	Limited liability company	2	MFSA	100.00%	1	100.00%	1	100.00%	1	1	
MT	529900ETP4ZUO613S537	LEI	AISH Limited	99	Limited liability company	2	MFSA	75.00%	1	75.00%	1	75.00%	1	1	
MT	529900N7YYVZLTVTZ734	LEI	Jesmond Mizzi Financial Advisors Limited	99	Limited liability company	2	MFSA	37.50%		37.50%	2	37.50%	1	1	
MT	529900FSDRG7F53V7G49	LEI	Ark Insurance Management PCC Limited	99	Limited liability company	2	MFSA	100.00%	1	100.00%	1	100.00%	1	1	
MT	529900QZNMH0YY2B9Z44	LEI	Atlas Healthcare Insurance Agency Limited	99	Limited liability company	2	MFSA	100.00%	1	100.00%	1	100.00%	1	1	
MT	C35771	SC	Stuart Property Development Limited	99	Limited liability company	2	MFSA	25.00%		25.00%	1	25.00%	1	1	
MT	C28074	SC	Assikura Insurance Brokers Limited	99	Limited liability company	2	MFSA	40.00%	0	40.00%	1	40.00%	1	1	
MT	C104	SC	Eagle Star (Malta) Limited	99	Limited liability company	2	MFSA	100.00%	1	100.00%	1	100.00%	1	1	