OUTsurance DAC

Solvency and Financial Condition Report

For the financial year ended 30 June 2024

Contents

Summary

This document is the first Solvency and Financial Condition Report ("SFCR") of OUTsurance Designated Activity Company ("OUTsurance", OUTsurance DAC", "the Company") on the basis that it became subject to the EU-wide Solvency II Directive on 1 January 2024 on receipt of its Insurance Undertaking licence from the Central Bank of Ireland ("CBI"). From that date, the Company became authorised to underwrite insurance business categorised as Class 13: General liability and in the following groups of classes of business as set out in Schedule1, Part 2 of the Regulations: Motor insurance; and Insurance against fire and other damage to property. The Company underwrites personal lines motor and home insurance business in the Republic of Ireland.

The purpose of the Solvency and Financial Condition Report (SFCR) is to provide information required by the Solvency II (SII) regulatory framework and in particular the capital position of OUTsurance at 30 June 2024. The report sets out different aspects of the Company's business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices. The SFCR also includes as an Appendix certain Quantitative Reporting Templates ("QRTS") in order to provide detailed quantitative information on the Company's solvency and financial condition as at 30 June 2024.

Business and Performance

The primary activities of the Company during the year were the finalisation of its application for its non-life insurance license, ensuring that the Company is operationally ready for market entry and the making of financial investments to support the projected insurance activity of the Company. The Company commenced underwriting insurance business at the end of March 2024 with an official launch in May 2024. It had gross written premium in the year to June 2024 of €0.3m (2023: €Nil) and the Company made a loss after tax of €8.9m during the year.

System of Governance

The Board is responsible for the overall governance of the Company. The primary role of the Board is to provide leadership and strategic direction while maintaining effective control over the activities of the Company. The Board delegates authority to achieve its goals and is assisted from a governance perspective by its Board Committees and key control functions. The Board comprises seven directors, six of whom are non-executive and four of whom have been determined by the Board to be independent. This composition is designed to ensure that the Directors have the skills, expertise and experience to appropriately consider and decide on the key opportunities and challenges which arise for the Company. The Directors are satisfied that the system of governance in place is appropriate and adequate for the Company, taking in to account the nature, scale and complexity of the risk inherent in the business to date and envisaged within the planning period.

Risk Profile

The Board Risk Committee performs a review, at least annually, of major risks to ensure that all risks are identified and evaluated. Each risk is assessed by considering the potential impact and the probability of occurrence. Impact assessments are performed against financial, operational, regulatory and reputational criteria. The risk profile section of this report provides information on key risks the Company is exposed to through its business including underwriting, market, credit, liquidity, operational and other material risks. These risks are stressed as part of the Company's Own Risk and Solvency Assessment ("ORSA") process to ensure that the Company holds sufficient capital in the case of such a stress event arising.

Valuation for Solvency purposes

Assets, technical provisions and other liabilities are valued in the Company's Solvency II Balance Sheet according to the Solvency II directive and related guidance. The principle that underlies the valuation methodology for Solvency II purposes is the amount for which they could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable laws.

At 30 June 2024, the Company's excess of assets over liabilities was €86.3m on a Solvency II basis which is €3.2m lower than the value under IFRS.

The majority of the Company's assets measured at fair value are based on quoted market information or observable active market data. Where quoted market information or observable market data is not available, an alternative method for valuation is used.

Section D of this report provides further description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset or liability class. In addition, it also provides an explanation of the material differences between the IFRS and SII bases of valuation.

Capital Management

As of 30 June 2024, the Company utilised the Standard Formula approach for calculating the Solvency Capital Requirement (“SCR”). The total eligible Own Funds to meet the SCR amounted to €86.3 million, all represented by unrestricted Tier 1 capital. The Minimum Capital Requirement (“MCR”) was met entirely with Tier 1 capital as well. The Company's SCR was €3.2 million, its MCR was €4 million which represents the absolute floor of the MCR, with a solvency coverage ratio of 2158%. The high level of solvency coverage is in place to support the market entry of the Company. Section E of this report provides more detail on objectives, policies and procedures for managing Own Funds.

A. Business and Performance

The ‘Business and Performance’ section of the report sets out the Company’s business structure, key operations, and financial performance over the reporting period.

A.1 Business

A.1.1 Name and legal form of the undertaking

OUTsurance Designated Activity Company is a Company limited by shares and is incorporated in Ireland. Its registered office address is 2nd floor, Building 3, The Campus, Cherrywood Business Park, Dublin 18, D18 TF72.

A.1.2 Organisational group structure

OUTsurance Holdings Limited, the ultimate regulated insurance group holding company of the OUTsurance Group is established in South Africa and regulated by the Prudential Authority of the South African Reserve Bank.

OUTsurance Irish Insurance Holdings Limited, is the direct holding company of OUTsurance DAC and incorporated in the Republic of Ireland in 2022. OUTsurance DAC is 100% subsidiary of OUTsurance Irish Insurance Holdings Limited. The Boards of OUTsurance Irish Insurance Holdings Ltd and of OUTsurance DAC consist of the same members.

A.1.3 Name and contact details of the supervisory authority responsible for the financial supervision of the undertaking and the group

The Company is authorised and regulated by the Central Bank of Ireland (CBI). Contact details for the CBI are as follows:

Address: New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3

The Group (OUTsurance Holdings Ltd) supervisory authority is the Prudential Authority (PA) of South Africa. Contact details are as follows:

Address: 370 Helen Joseph Street, Pretoria 0002.

A.1.4 External auditor

The Company’s external auditor is KPMG. Contact details are as follows:

Address: 1 Harbourmaster Place, IFSC, Dublin 1.

A.1.5 Material lines of business and geographical area

The principal activity of the Company is the transaction of general insurance business in the Republic of Ireland. It was authorised by the CBI to undertake, as and from 1 January 2024, the business of non-life, general liability class 13 insurance. The Company commenced selling personal lines motor and home insurance policies to customers in the Republic of Ireland during the year ended 30 June 2024.

A.1.6 Significant business events

The Company commenced selling motor and home insurance in March 2024 with the official launch of the business in May 2024.

A.2 Underwriting Performance

The Company uses Insurance services result to measure its underwriting performance. Insurance services result is calculated on an IFRS basis.

The table below presents the insurance services result for the Company for the year ended 30 June 2024. There are no comparatives for the period ended 30 June 2023.

Insurance services result	**€'000**
Insurance revenue	23
Insurance service expenses	(5,395)
Insurance service results before reinsurance contracts held	(5,371)
Net expenses from reinsurance contracts held	(294)
Insurance service result	**(5,665)**

In 2024 the Company reported an Insurance services loss of €5.7m from writing personal lines motor and home insurance in 2024. Insurance services revenue represents earned premium and amounted to €23k (2023: Nil) during the year. Insurance services expenses of €5.3m consists of incurred claims, onerous loss, other incurred insurance service expenses, insurance acquisition costs, changes to past services and changes to future services (i.e. changes in the fulfilment cash flows that results in onerous contracts or the reversal of losses) and directly attributable expenses.

A.3 Investment Performance

The asset classes shown in this section follow the definitions used in the Company's financial statements which may differ from the definitions used in Section D and the Appendix to this report.

During the year the Company invested wholly in high quality Euro denominated Money Market Funds. These are considered as a single asset class and are managed together. The total investment return for the year was comprised of interest income of €1.9m.

There were no Investment expenses during the year.

No gains or losses on investments have been recognised directly in equity.

The Company had no exposure to securitised investments during the financial year.

A.4 Performance of other activities

The Company entered a lease agreement for its registered office at 2nd floor, Building 3, The Campus, Cherrywood Business Park, Dublin 18, D18 TF72 during the year.

The Company did not have any other material income or expenses outside of its regular trading activities.

A.5 Any other information

The Company has no other material information to disclose.

B. System of Governance

This section of the report outlines the System of Governance adopted, implemented, and maintained for OUTsurance DAC to ensure the prudent management and oversight of the business and serve to protect the interests of its policyholders and other stakeholders.

OUTsurance DAC's System of Governance framework comprises of the totality of systems, structures, policies, processes and people that enable us to achieve prudential management and oversight. Our framework includes dedicated governance and organisational structures. There are well defined and transparent roles and responsibilities, an effective risk management system to identify, assess, mitigate, manage, monitor and report the risks that OUTsurance DAC faces. It comprises a system of internal controls, including control functions (Internal Audit, Risk Management, Compliance and Actuarial Functions), sound administrative and accounting procedures, IT systems and controls, policies and practices that promote the desired risk and compliance culture which is promoted and communicated at all levels within the Company.

B.1 General information on the system of governance

B.1.1 Governance structure

Board Governance Structure

OUTsurance DAC's Board is set up to act with appropriate independence to oversee and guide the activities of the business including the implementation of the business objectives and strategies for achieving those objectives, taking into account the long-term financial soundness of the Company. The Board retains the main responsibility for corporate governance within OUTsurance whilst senior management plays a key role in ensuring effective governance across the business and is therefore responsible for effective oversight in line with the Board's policies. This is achieved through robust governance arrangements including:

- A clear organisational structure
- Well defined, documented and transparent roles and responsibilities and reporting lines
- Clear assignment of roles including documentation, monitoring and accountability for delegations;
- Well-documented policies and procedures that establish how the business should operate
- Clear and reliable mechanisms for escalating breaches of internal policies and procedures as well as regulatory compliance breaches
- An effective risk management system including policies and processes to identify, assess, mitigate, manage, monitor and report risks
- Adequate internal control mechanisms
- Company values and consistent communication regarding the desired risk and compliance culture at all levels.

The Board comprises of seven members, the Chairperson (an Independent Non-Executive Director (INED)), 2 Non-Executive Directors (NED), three further INEDs and an Executive Director. The Board role and responsibilities are documented in the Terms of Reference (ToR) of the Board and the Board has established and maintained the following Board Committees each with their own respective ToR:

- Board Audit Committee
- Board Risk Committee
- Board Remuneration & Nominations Committee

The table below sets out the composition of each Board Committee and lists some of the primary responsibilities. This table is not exhaustive and a full list of responsibilities as well as further details can be found in each respective ToR.

Board Audit Committee (BAC)	Board Risk Committee (BRC)	Board Remuneration & Nomination Committee (RNC)
Board Committees Membership		
All Board Members excluding CEO (Executive Director) and Chairman of the Board (INED) Chairperson is an INED	All Board Members Chairperson is an INED	All INEDs Chairperson is an INED
Board Committees key areas of responsibilities		
Examine and review financial reports and related reporting obligations	Ensure effective risk management system is in place	Assume responsibility for the governance of remuneration and approve the Remuneration Policy
Oversight of effectiveness of Internal Audit and review reports of Internal Audit	Advising the Board on Risk appetite, risk profile and risk management strategy	Approve remuneration package of senior management and review director's fees.
Oversight of engagements with external audit and effectiveness of audit process Consider the adequacy and efficiency of the Company's Internal Control System	Recommending the appointment and removal of certain Heads and Heads of Control Functions Oversight of Regulatory Compliance responsibilities of OUTsurance DAC	Oversee a robust and transparent approach to appointments of senior management and directors Propose nominees to the Board for appointment to the Board and/or to any of the Company's established board committees
Appointment and a removal of Head of Internal Audit	Oversight of Risk Management and Compliance activities	Recommend to the Board the appointment, dismissal or re-assignment of the heads of control functions
Governance of Information Technology strategy and risk management processes Review reports and effectiveness of Head of Actuarial Control Function	Review reports and effectiveness of Head of Actuarial Control Function	Monitor and oversee succession planning for senior management and directors

Combined Assurance Model

OUTsurance DAC follows a combined assurance model which has been a tried and proven approach to effective assurance within the OUTsurance Group. It is a three-layered coordinated assurance approach which aims to optimise the assurance coverage obtained from management, internal and external assurance providers on risk areas that may affect the Company. Collectively the activities of the assurance providers are referred to as the combined assurance model and the coverage provided is documented as part of the Combined Assurance Forum.

First Line Assurance

First line assurance is provided by the management team as process owners. All levels of management are key role players in the Risk Management Framework. Risks are identified and self-assessed through risk assessment workshops and daily business activities by Risk Owners and management. New risks or changes to existing risks identified by Risk Owners are reported to the Risk Management Function to ensure adequate controls are put in place.

Incident reporting is critical to an effective Risk Management System. First line is responsible for reporting any risk incidents that occur in their daily operations to the Risk Management Function as soon as the incident occurs, and a record is maintained on the GRC platform. These incident reports help identify potential risks and help mitigate future incidents.

First line is responsible for reporting any compliance-related issues, like non-compliance with regulation or internal policies. These should be reported to management and the Compliance Function as soon as there is awareness on the non-compliance. This helps identify areas where compliance training may be needed or where controls need to be strengthened.

Key Risk Indicators (KRIs) are metrics used to indicate the level of exposure to a risk, taking account of the risk appetite and risk levels that are pre-defined (our tolerance). These are critical predictors of risk events that could severely impact the business. KRIs are monitored by Risk Owners and any breaches are reported to the Exco, Board Risk Committee and the Board along with commentary around the root cause and drivers, impacts and any mitigating circumstances as well as any remediation actions taken to date and going forward.

Any risk mitigation plans and their effectiveness, especially in relation to Risk Appetite breaches are regularly reported by the Risk Owner to ensure the plans are working as intended and identify if adjustments may be necessary to ensure risk mitigation.

Second Line Assurance

The second line assurance is provided by the Risk Management, Compliance and Actuarial Control Functions.

The Risk Management function is responsible for Risk Management reporting to the respective governance structures. In terms of this responsibility, the CRO is required to report to the Board on all potential material risks. The Risk Management Function should report on risks both on own initiative and following receipt of requests from the Board or Board Risk Committee.

The Compliance Function ensures that all regulatory reporting requirements are identified and scheduled to ensure compliance with such requirements. The Head of the Compliance Function provides the Board and Senior Management with regular information regarding the level of compliance with legislative requirements and any material instances of non-compliance.

The Head of Actuarial Function is accountable for actuarial methodology and required to provide certain actuarial opinions to the Central Bank of Ireland and the Board on a regular basis.

Third Line assurance

The third line assurance is provided by Internal and External Audit and is intended to provide independent assurance of the first two lines.

Further details regarding the roles and responsibilities of the Key Control Functions (Risk Management, Compliance, Internal Audit and Actuarial Functions are set out in sections B.3, B.4, B.5, and B.6 respectively.

B.1.2 Material changes in the system of governance

Following authorisation from the CBI, the Company established the Board and Board Committees, including formally appointing members. The Company has had no material changes in the System of Governance since authorisation.

B.1.3 Remuneration policy and supplementary pension scheme or early retirement schemes

OUTsurance DAC's Remuneration Policy outlines key components, principles, and objectives of how the Company considers, reviews, and approves the remuneration of employees, including the senior executive management and directors.

The Remuneration Policy sets out principles of remuneration in line with The OUTsurance Group's Remuneration Policy and has been designed to take into account the Company's internal organisation and the nature, scale and complexity of the risk inherent to its business. The Company is committed to ensuring alignment of the remuneration of employees with its business and risk management strategy, risk profile, objectives, risk management practices and the long-term interests and performance of the Company as a whole. The Remuneration Policy also incorporates measures aimed at avoiding conflicts of interest.

OUTsurance DAC's Remuneration Policy is under the oversight of the Remuneration and Nominations Committee (Rem & NomCo) of the Board to ensure that the principles are applied in the design of fair remuneration practices which promote sound and effective risk management while encouraging talent attraction and retention, and sustainable long-term shareholder value creation, without encouraging risk-taking that exceeds the risk tolerance limits of the Company.

Remuneration Components

Guaranteed Pay

OUTsurance DAC's executives, senior management, department heads, general managers, managers, support and assessing personnel are remunerated in terms of a basic salary which is referred to as guaranteed pay and benefits.

Remuneration is measured against the financial services industry market and benchmarked at least every two years.

Variable Remuneration of Operational Employees

Where operational employees are remunerated based on a combination of guaranteed and variable components, OUTsurance DAC implements the following measures to ensure that there is alignment between the interests of the employee, the company and the customer and that customers are treated fairly through our processes and remuneration practices:

- Quality Audits;
- OUTsurance DAC includes quality measures in the factors that are used to calculate the variable component of salaries;
- Penalties are applicable as deterrents for poor conduct or unacceptable sales practices; and
- Combined Assurance monitoring of controls.

Short Term Incentives (STI)

Executives, senior management and skilled employees will qualify for annual performance bonuses (STI) once the Company has reached certain milestones in relation to its business plan. This performance bonus is paid retrospectively based on performance over the previous financial year which takes into account financial metrics, non-financial metrics as well as individual performance considerations which are annually determined by the Rem & NomCo. STI's are not guaranteed and are subject to the discretion of the Rem & NomCo at an individual executive level.

Bonus payments to executive management are subject to clawback, at the discretion of the remuneration committee due to the following malus principles linked to the actions of the individual:

- Serious misconduct which is inconsistent with the values of OUTsurance DAC.
- Material misstatement or error of public information or material and foreseen breach of regulations.
- A material risk management or compliance failure.
- Serious reputational damage.

Long Term Incentives

Executives, senior management and skilled employees are invited to participate in the Company's long term incentives, the Employee Share Option Scheme (ESOP) where the success and performance of the Company is rewarded. This serves to ensure long term retention of the executive and senior management teams, and skilled employees, as well as alignment with sustainable shareholder value creation. The ESOP scheme is an important component of executive remuneration to promote long term decision making and an owner-managed culture within the operating companies.

Non-Executive Directors Remuneration and Fees

Non-executive directors of the Company are paid a directors fixed fee as determined annually by the Rem & NomCo which fees shall subsequently be approved by shareholders at the Company's Annual General Meeting. The fee is payable quarterly in arrears.

Non-executive directors do not receive any short-term incentives nor participate in any of the Company's long-term incentives.

Non-executive director fees are reviewed annually and benchmarked every three years against the fees of similar financial services companies.

Supplementary pensions and early retirement schemes

The Company operates a defined contribution pension scheme for its employees and executive director, where both the individuals and the Company contribute to the pension scheme. There are no early retirement schemes or supplementary arrangements with members of the Board or other key function holders.

B.1.4 Material transactions with the shareholder, persons with significant influence on the Company and members of the Board

Ordinary share capital in the Company amounting to €92m was issued to the shareholder, OUTsurance Irish Insurance Holdings Limited, during the year.

A capital commitment was entered into between OUTsurance DAC, OUTsurance Irish Insurance Holdings Limited, OUTsurance International Holdings Proprietary Limited and OUTsurance Holdings Limited during the year for the period 01 November 2024 to 01 November 2029. A large South African bank provided a guarantee facility for an amount of €60m to OUTsurance Holdings Limited in respect of capital commitment contributions to OUTsurance DAC. OUTsurance DAC has no liability in respect of the guarantee nor any obligation to repay the Contributions save in accordance with the normal arrangements for distribution of assets to holders of ordinary shares.

During the year, the Company put a Long Term Incentive Plan (LTIP) in place under which options to subscribe for OUTsurance Irish Insurance Holdings Limited ("the Parent") company's shares have been granted to certain senior executives and certain other employees. An expense of €1.4m was recognised during the year in respect of this LTIP.

Key management personnel, who have substantial influence on the Company, including directors, may occasionally purchase insurance from the OUTsurance Group companies on terms equivalent to those available to all customers.

No other material transactions have been identified during the period involving shareholders, individuals with substantial influence on the Company, or members of the administrative, management, or supervisory body.

B.2 Fit and proper requirements

B.2.1 Fitness and Probity Policy

The Company adheres to the Central Bank of Ireland's (CBI) Fitness and Probity (F&P) Standards, issued under the Central Bank Reform Act 2010. These standards govern the initial and ongoing assessment of individuals performing 'Controlled Functions' (CFs) and 'Pre-Approval Controlled Functions' (PCFs), including Directors, senior management, and other employees whose activities are designated as Controlled Functions for/on behalf of the Company.

In addition, the Company ensures compliance with the Individual Accountability Framework (IAF) and the Senior Executive Accountability Regime (SEAR), introduced by the Central Bank of Ireland to promote enhanced individual accountability within regulated financial services firms. Our Fitness and Probity Policy has been amended to integrate the requirements of these frameworks, ensuring that all senior executives and those performing Controlled and Pre-Approval Controlled Functions operate in line with the enhanced standards for accountability, transparency, and governance.

B.2.2 Specific Requirements for Skills and Knowledge

Individuals responsible for management of the firm and conducting of Controlled Functions must demonstrate competence and capability in key areas relevant to their role. The Company selects only individuals who meet the Fitness and Probity Standards in addition to specific requirements of inherent, prescribed and other responsibilities as assigned to the role in accordance with the Senior Executive Accountability Regime as applicable.

To ensure that all individuals in senior roles are fit and proper and to comply with IAF and SEAR obligations, the Company has implemented policies that align with the CBI's Guidance on Fitness and Probity Standards and the Individual Accountability Framework. These policies have been updated to reflect the requirements and responsibilities of Senior Executives under the IAF, including the mandatory allocation of Prescribed Responsibilities recorded in Statements of Responsibility and the development of a Management Responsibility Map.

The assessment of fitness and probity considers the standards:

- Competency and Capability;
- Honesty, Ethics and Acting with Integrity;
- Financial soundness.

These standards are assessed during recruitment and re-evaluated at least annually. The Company applies a minimum set of basic screening requirements and a Fitness and Probity questionnaire for all Controlled Function role holders, with additional enhanced screening for those in senior or influential roles. Background checks include verification of identity, previous employment, qualifications, directorship searches, global sanctions and enforcement checks, credit checks, and adverse media searches.

B.2.3 Continuous Due Diligence

The Company operates a continuous due diligence process for all CF and PCF role holders. This program requires annual completion of a Fitness and Probity assessment and a declaration from the relevant individuals, confirming compliance with F&P Standards and accompanying certification of compliance with the standards completed by the Company. Ongoing training is also undertaken to ensure that individuals remain fit and proper for their roles and can adapt to evolving responsibilities and regulatory requirements.

The HR function maintains oversight of recruitment, assessment and the conducting of Fitness and Probity screening and addresses any concerns regarding an individual's fitness and probity. If any issues are identified, a formal assessment process will be conducted, which may lead to the individual being prevented from performing their relevant function. This process considers all relevant circumstances, including the nature and timing of the issue and its impact on the individual's role and responsibilities.

B.2.4 Record Keeping and Escalation Processes

All due diligence activities, assessments, certifications, amendments to responsibilities, and outcomes are thoroughly documented and securely stored in accordance with required retention periods. The Company has in place policies to address and escalate any issues related to fitness and probity, ensuring prompt and appropriate action is taken to maintain compliance and uphold standards of governance and integrity.

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

OUTsurance DAC maintains an effective risk management system, comprising the totality of strategies, policies, procedures, and tools for identifying, assessing, monitoring, mitigating, managing, and reporting current and emerging risks.

B.3.1 The Risk Management Framework

OUTsurance DAC's Risk Management Framework (RMF) forms part of risk management decision making processes across the Company. The below sets out key elements of the RMF.

Risk Strategy

OUTsurance DAC's risk strategy relates to our approach to business as well as the type of business and risks we are willing to take. The risk strategy guides us on how we measure and manage risk as well as returns and it is aligned with our overall business strategy and business model.

Our risk strategy incorporates our approach to risk management which is to proactively undertake and direct actions to attain and preserve our objectives and values in a sustainable and profitable environment. At OUTsurance DAC this is achieved through the active overseeing of business, insurance, and technology risks as an integral part of our strategic management. Risk management is aligned with business strategy and embeds a risk management culture into business operations.

Risk Management Strategy

OUTsurance DAC risk management strategy is detailed through the objectives, risk appetite, risk classification system, policies, and procedures for dealing with risk management, roles and responsibilities, approvals, and the approach to ensure a risk aware culture across the business. The risk management strategy serves to:

- support the Board and senior management in their respective responsibilities to mitigate and manage risks in the Company and to promote a sound risk culture;
- enable the Risk Management Function to provide reasonable assurance that adequate risk management mechanisms, procedures and reporting processes are established, implemented, and maintained in line with the responsibilities stipulated in the Internal Controls System Policy.

Policies, Frameworks and Procedures

Our objectives, goals and purpose are achieved, risks are mitigated and managed and opportunities are maximised through the totality of plans, policies, processes, and procedures available and maintained.

The RMF addresses various potential risk-events with the goal of attaining and/or preserving our business objectives and values in a sustainable and profitable environment, within any department, function, system, process, or activity. A key document if the Risk Management Strategy and Policy (RMSP) which includes all the systems, structures, processes, and people within OUTsurance DAC that adequately support the Board of Directors in meeting its responsibilities with respect to the furtherance of the safe and sound operation of the Company and the protection of policyholders. Various policies have been established to support the RMF.

Risk Appetite Framework (RAF)

The Risk Appetite Framework (RAF) is approved by the Board and provides the detailed breakdown of the risk appetite and key risk indicators (KRI) per risk type for OUTsurance DAC which are clear and comprehensive.

The Board of Directors and senior management are charged with the role of overseeing risk management. The RAF enables them to:

- Document and communicate the Risk Appetite Statement (RAS) for OUTsurance DAC as approved by the Board for implementation in the business;
- Link risk appetite, strategy, risk limits and tolerances for specific risks;
- Monitor and measure how OUTsurance DAC operates against the stated appetite for a particular risk in the form of observed key risk indicator metrics;
- Stipulate the required actions if the risk appetite is breached, and to set out the roles and responsibilities of people and governance structures.
- Implement strategies and utilise resources with a view to return the observed risk to within appetite where reporting indicates that it is operating outside appetite.

Risk Management Process

Our risk management process is designed to systematically identify, assess, treat, monitor, and communicate risks. This structured approach ensures comprehensive coverage and management of risks across all business areas. The main components of our risk management process are as follows:

- **Risk Assessments:** Identification, analysis, and evaluation of risks.
- **Risk Treatment:** Decisions on appropriate risk responses.
- **Reporting and Monitoring:** Continuous oversight of risk management activities.
- **Communication and Consultation:** Ongoing dialogue with stakeholders.

Risks are identified and self-assessed through annual risk assessment workshops facilitated by the Risk Management Function, as well as during daily business activities. These workshops employ blank page reviews and external loss data to identify new risks. Attendees use the Risk Classification System to evaluate the relevance and materiality of different risk types, which are then recorded in risk registers. Regular interaction between the Risk Management Function and risk owners ensures the continuous appropriateness of risk ratings and identification of new risk incidents.

The risk assessment process involves:

- Determining inherent risk ratings based on the impact and likelihood of risk events without mitigating controls.
- Evaluating the effectiveness of existing controls, categorised as preventative, detective, corrective, directive, and monitoring.
- Assessing control effectiveness through design adequacy and operational effectiveness criteria.
- Identifying Key Controls and assigning residual risk ratings after considering control effectiveness.

Stress tests are performed at least annually as part of the Own Risk and Solvency Assessment (ORSA) Process. Ad hoc stress test is considered where material changes to the risk profile is expected or noted which may be due to significant changes to the business and / or distribution model. Stress testing may also be performed as part of the risk assessment process in order to obtain an understanding of risk behaviour under stressed conditions.

Risk events and operational losses are reported and managed through the Risk Incident Module of the GRC platform. Key Risk Indicators (KRIs) are monitored and reported as per the Risk Appetite Statement.

OUTsurance DAC relies on an effective control environment to manage the significant risks to its operations. It includes but is not limited to the following components:

- Regular review of progress made in terms of the Risk Management Framework by the Risk Management Function, Exco, the Board Risk Committee and the Board;
- Clearly defined management responsibilities and organisational structures;
- Formally delegated limits of authority and mandates;
- Clear policies and procedures that are disseminated to, and understood by, employees;
- Proper segregation of duties;
- Accounting controls and reconciliations;
- Strong management reporting systems;
- Disciplined budgeting processes;
- Appropriate personnel requirements for key positions;
- Physical and logical security over company assets;
- Appropriate levels of insurance to transfer risks; and
- Independent reviews of the control environment by the Internal Audit Function.

B.3.2 Risk Management Function

OUTsurance DAC's Risk Management Function forms part of the Company's Internal Control System. The Risk Management Function is responsible for assisting the Board, the Board Risk Committee and the Exco in developing, implementing and maintaining an effective risk management system and framework.

The Risk Management Function provides reasonable assurance that adequate mechanisms and procedures are established, implemented, and maintained to:

- identify the current and emerging risks OUTsurance DAC faces;
- assess, mitigate and monitor identified risks effectively;
- gain and maintain a view of the risk profile of company;
- conduct forward-looking assessments against the risk appetite and risk limits of OUTsurance DAC.

The Risk Management function is responsible for ensuring a risk aware risk culture across the business and plays a key role in the Own Risk and Solvency Assessment (ORSA) process.

The Risk Management Function is headed by the Chief Risk Officer (CRO) who is independent of any of the business activities within the organisation structure and therefore is able to be objective and independent of influence of other functions and senior management.

B.3.3 Own Risk and Solvency Assessment (ORSA)

OUTsurance DAC's Own Risk and Solvency Assessment serves to support and enhance the risk management system and culture within the Company.

The Company defines the ORSA as the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks OUTsurance DAC faces or may face and to determine the own funds necessary to ensure that insurer's overall solvency needs are met at all times and are sufficient to achieve its business strategy.

The ORSA ensures that OUTsurance DAC has robust processes for assessing and monitoring risks and overall solvency needs, including the adequacy and quality of the assets required to cover its regulatory and economic capital requirements. The ORSA also serves as a tool to enhance the Company understanding of the interrelationships between current and future risks and capital (both long and short term capital).

As part of the ORSA process, OUTsurance DAC conducts a comprehensive assessment of risks and the solvency position, considering business strategy, market conditions, and regulatory requirements. The strategy, business plan, and solvency position of OUTsurance DAC are closely linked to the ORSA process as they provide the context and direction for the risk and solvency assessment. Our strategy and business plan are aligned with our risk management and capital management strategies, positioning OUTsurance for long-term success. However, we recognise that the insurance industry is ever-evolving, and we need to remain vigilant in monitoring emerging risks and adapting our strategy and business plan as needed.

ORSA Review and Approval

The ORSA process is a continuous activity that spans over several months. This ongoing process includes key touchpoints involving Board and Committee meetings and begins with Risk Assessment workshops and culminates in the final ORSA report presentation following the financial year-end. The ORSA Report is the output of the ORSA process and is submitted to the Executive Committee (Exco), the Board Risk Committee and the Board for final sign-off before it is submitted to the CBI.

A full ORSA is conducted annually and an out of cycle ORSA may also be performed and submitted in between annual year end dates; however these are only conducted following material changes in the risk profile due to internal and/or external events.

The ultimate accountability of the ORSA resides with the Board who approves the ORSA Policy and the ORSA report. The responsibility for conducting and overseeing the ORSA process lies with various roles and functions within OUTsurance DAC. Several governance structures support the ORSA process within OUTsurance DAC, ensuring proper risk management and internal control:

- Chief Risk Officer (CRO): Provides guidance and coordinates the ORSA process.
- Internal ORSA Team: Executes the ORSA process, including assessments and analyses. This team includes individuals from Finance, Product, Reserving, Capital and Risk.
- Board of Directors: Has ultimate responsibility, approves the ORSA Policy, and reviews the ORSA report.
- Board Risk Committee (BRC): Oversees the ORSA process, reviews assessments, and ensures alignment with risk appetite.
- Executive Committee (Exco): Considers outcomes of assessments and makes strategic decisions.
- Internal Audit Function: Conducts an independent review of the ORSA process.
- Asset, Liability, and Capital Committee (ALCCO): Oversees capital and liquidity planning.
- Head of the Actuarial Function (HoAF): provides an opinion to the Board on the ORSA process in line with the CBI's Domestic Actuarial Regime and Related Governance Requirements under Solvency II.

B.4 Internal control system

B.4.1 System of Internal Control

OUTsurance DAC operates within an effective Internal Control System (ICS), comprising the totality of our strategies, policies, frameworks, procedures, values, and controls to assist the Board and Senior Management in the oversight and management of the business.

OUTsurance DAC's ICS provides the Board with reasonable assurance from a control perspective that the business is being operated in line with the agreed strategy, the business objectives, approved policies, and processes and in compliance with laws and regulations.

The principles for an effective ICS are set out in the Board approved Internal Control System Policy and include aspects such as:

- Appropriate controls to provide reasonable assurance over the fairness, accuracy, reliability and completeness of the financial and non-financial information;
- Appropriate controls for other key business procedures and policies, including for major business decisions;
- End-to end control processes for complex business activities;
- Segregation of duties where necessary;
- Board approved delegation of authority regarding who is authorised to sign or act on behalf of OUTsurance DAC;
- Effective controls at the appropriate levels to mitigate risks;
- A centralised inventory of key procedures and policies and of the controls in place in respect of such procedures and policies;
- Training in respect of relevant components of the system of internal controls, particularly for employees in positions of trust or responsibility, or who carry out activities that involve significant risk;
- Regular monitoring of controls to ensure that the totality of all controls forms a coherent system and that this system works as intended, fits properly within the overall governance structure and provides an element of risk control to complement the risk identification, risk assessment, and risk management activities;
- Regular testing and assessments (carried out by objective parties such as internal or external audit) to determine the adequacy, completeness, and effectiveness of the ICS and its utility to the Board and senior management for controlling the OUTsurance DAC operations.

B.4.2 Compliance function

As part of the Internal Control System, OUTsurance DAC has established and maintains an effective Compliance Function which ensures that the business is able to meet its legal and regulatory obligations, and which promotes and sustains a corporate culture of compliance and integrity.

The Compliance function has the freedom within the organisational structure to be objective and independent of the influence of other functions and Senior Management.

The Head of Compliance is responsible to maintain and oversee an effective Compliance Function including:

- The Compliance Risk Framework wherein the strategy, goals and scope of its responsibilities are set out;
- The annual Compliance Monitoring Plan for approval by the Executive Committee and the Board Risk Committee against which progress is tracked;
- The availability and appropriateness of compliance resources;
- Identification of material compliance risks the Company faces and the steps being taken to address them;
- Reporting of material compliance breaches, fines or other disciplinary actions taken by any regulator or supervisor in respect of OUTsurance DAC; and

- Conducting regular self-assessments of the effectiveness of the function, the compliance policies and systems and implement required improvements.

The Head of the Compliance Function provides the Board and Senior Management with regular information regarding the level of compliance with legislative requirements and any material instances of non-compliance.

The annual Compliance Monitoring Plan serves to ensure that the Compliance Function:

- Identifies, assesses and report on key legal and regulatory obligations and the associated risks;
- Monitors effectiveness of the Company's compliance related internal controls, as well compliance with legal and regulatory obligations; and
- Promotes a compliance culture that values responsible conduct and compliance with internal and external obligations;
- Assesses the appropriateness of policies, processes, and controls in respect of key areas of legal, regulatory, and ethical obligations and the effective monitoring thereof by OUTsurance;
- Identifies regulatory changes, conduct impact assessments and identify action plans to ensure compliance with such changes.

Regular training is provided or arranged by the Compliance Function on key legal and regulatory obligations particularly for employees in positions of trust or responsibility or who are involved in activities that have significant legal or regulatory risk.

B.5 Internal Audit function

OUTsurance DAC has an effective Internal Audit (IA) function in place serves to provide the Board of directors with independent assurance in respect of the adequacy and effectiveness of the Company's governance framework, and systems for risk management and internal control.

The Internal Audit Policy contains various stipulations regarding the terms, conditions and procedures relating to the Internal Audit function including those designed to ensure independence of the IA Function.

The purpose of OUTsurance DAC's Internal Audit (IA) function is to provide independent, objective assurance and consulting services designed to add value and improve OUTsurance DAC's operations. The mission of IA is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. IA helps OUTsurance DAC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The scope of IA activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the BAC, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for OUTsurance DAC. IA assessments include evaluating whether:

- Risks relating to the achievement of OUTsurance DAC's strategic objectives are appropriately identified and managed.
- The actions of OUTsurance DAC's officers, directors, employees, and contractors are in compliance with the Company's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact OUTsurance DAC.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.

- Resources and assets are acquired economically, used efficiently, and protected adequately.

Independence of Internal Audit Function.

The Head of Internal Audit (HoIA) and the IA members are required to be deemed fit & proper, competent and have the necessary integrity to fulfil their duties as Internal auditors. Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

The requirements for ensuring and maintaining independence are set out in the Internal Audit Policy.

B.6 Actuarial function

OUTsurance DAC maintains a robust Actuarial Control Function that plays a critical role in our risk management and financial stability. The Actuarial Function is responsible for ensuring the adequacy and accuracy of our technical provisions and capital requirements

OUTsurance DAC's Actuarial Function forms part of the Internal Control System of the Company and has certain responsibilities to fulfil as set out in the Solvency II Directive as well as the requirements set out in the CBI Domestical Actuarial Regime.

The Head of the Actuarial Function is responsible for the provision of an effective Actuarial Control Function and an annual plan covering the scope of Actuarial Function activities is approved by the BRC. On an annual basis the Head of the Actuarial Function provides various reports to the BRC and Board regarding their opinion on the adequacy of technical provisions, the underwriting policy and reinsurance arrangements, as well as the ORSA process.

B.7 Outsourcing

OUTsurance DAC's Outsourcing Policy sets out a strong framework to ensure that the appropriate governance, oversight, processes, and tools are in place to assess and engage in outsourcing arrangements. This involves the careful monitoring, management, and mitigation of risks associated with outsourced functions, activities, processes, and systems. This policy is aligned with the CBI guidance on outsourcing and the Solvency II requirements regarding outsourcing. The policy ensures that an appropriate due diligence, review and approval process, criticality assessment, and notification process are followed for all agreements identified as outsourcing.

In line with our internal Outsourcing Policy and regulatory guidance, we ensure that following take place:

- Due Diligence: A thorough due diligence process is conducted to assess the suitability and reliability of outsourcing partners.
- Risk Assessment: Initial and regular risk assessment process for all outsourcing arrangements to ensure that potential risks are identified, evaluated, and mitigated effectively.
- Criticality Assessment: A criticality assessment is performed to evaluate the importance of each outsourced function to the business operations and the potential impact on the Company.

- Review and Approval: Each outsourcing agreement undergoes a rigorous review and approval process in line with our governance structures.
- Notification Process: A structured notification process is in place to inform the CBI of any outsourcing arrangements identified as critical.

Critical Outsourced Service	Country of the Service Provider's Headquarters
Internal Audit and Head of Internal Audit	South Africa
GRC System	South Africa
Finance System	South Africa
Data Engineering Support	South Africa
Analytics Support	South Africa
Cloud Hosting	Ireland
Head of Actuarial Function	Ireland
Cyber and Information Security	South Africa

B.8 Any other information

B.8.1 Adequacy of the System of Governance

OUTsurance DAC operates under a Board approved System of Governance Framework, which clearly defines the governance structures, roles, and responsibilities throughout the Company. This framework is designed to ensure that our governance structures are robust, transparent, and aligned with best practices and regulatory requirements.

The system of governance is subject to a regular internal review cycle, conducted at least once every three years. These reviews are comprehensive, assessing the effectiveness of governance structures, roles, and processes to ensure they continue to meet the needs of the organisation and adhere to regulatory standards.

In addition to the triennial reviews, the Board has the discretion to request more frequent evaluations of specific aspects of the governance system. For instance, annual effectiveness evaluations are conducted for all Board committees and key control functions. These evaluations assess their performance and alignment with our governance objectives. Furthermore, compliance assessments are regularly performed to ensure that all regulatory obligations, particularly those required by the CBI, are being met.

The Board also conducts a thorough review of the system of governance to ensure compliance with the requirements set out by the CBI. As part of this process, an annual Compliance Statement is produced. This statement provides a comprehensive overview of our adherence to the CBI's corporate governance requirements, detailing any material deviations and the actions taken to address them.

The Company has no further material information to disclose.

C. Risk Profile

This section of the report provides information on key risks that OUTsurance DAC is exposed to through its business. OUTsurance DAC's Risk Management Strategy and Policy (RMSP) provides a documented structure for an effective risk management system. The risk management system consists of the totality of risk management strategies, policies, and procedures for identifying, assessing, monitoring, mitigating, managing, and reporting of all material risks to which OUTsurance DAC is exposed and that may affect our ability to meet our obligations to policyholders.

C.1 Underwriting risk

C.1.1 Risk exposure

OUTsurance DAC defines Underwriting Risk as the likelihood of accepting responsibility for policyholder risks at an insufficient price to cover the cost of claims and expenses arising during the policy term and to allow for the cost of capital employed to support writing those risks. Underwriting Risk arises due to the long delay between the point at which prices are set and the point at which ultimate claims costs are known with sufficient certainty. This is especially the case where long-tailed claims are involved, such as large personal injury claims.

The Company's exposure to underwriting risks arises from:

Inflation: As the general level of prices for goods and services increases, it impacts the costs associated with claim settlements and management expenses. If this is not carefully considered when setting premiums, it could lead to OUTsurance DAC accepting policyholder risks at prices too low to cover the cost of claims and expenses arising during the coverage period.

Legal Developments: Legal developments can arise from several sources, including (but not limited to); Legislative changes; Court awards; Legal precedents; and Regulatory action. Legal developments impact claims cost, coverage terms and conditions, and compliance requirements.

Adverse Selection: Adverse selection can occur when information about a policyholder's risk was not obtained or used effectively when the risk was priced or when the terms upon which it was accepted were determined. This may result in Underwriting Risk. OUTsurance DAC monitors and manages adverse selection by conducting business mix and quality assurance reviews to identify any incidents of adverse selection, address their root cause and ascertain any trends.

Emerging Risks: Underwriting Risk can stem from new or rare events not considered when setting insurance product coverage.

Data: Data risk, stemming from inaccurate or incomplete data, is a key driver of Underwriting Risk. Incorrect or incomplete data can lead to several issues including mispricing, adverse selection, inappropriate expense allocation, and failure of operational processes.

C.1.2 Risk concentration

OUTsurance actively manages its exposure to accumulations of risks, particularly in relation to fixed property insurance. The Company utilises advanced flood and ground movement mapping technologies combined with Eircode to assess the susceptibility of properties to environmental hazards.

To further mitigate geographical risk concentration, OUTsurance adheres to a defined target market for its home insurance product, excluding coverage for Multi-Unit Developments (MUDs) and Owners' Management Companies. This reduces the likelihood of insuring large clusters of properties in a single location.

The Company also integrates these considerations into its Catastrophe Risk Module under the Solvency II framework, evaluating the potential impact of geographic risk accumulation. Reinsurance is utilised to limit exposure to catastrophic events, and continuous business mix monitoring helps identify and address any overconcentration in specific risk segments. These measures are reviewed regularly to ensure alignment with OUTsurance's overall risk management strategy.

C.1.3 Risk mitigation

OUTsurance employs a multi-faceted approach to mitigating underwriting risk, ensuring that product design, customer incentives, and external factors such as inflation are effectively managed.

Product Design: New insurance products are developed in line with market standards, as guided by the Product Oversight and Governance Policy. By conducting thorough research into competitor products, OUTsurance ensures that any deviations from market norms are deliberate and supported by evidence that they will result in better risk selection and customer outcomes. This approach helps mitigate the risk of adverse selection, where consumers may otherwise choose against OUTsurance due to novel product features.

OUTbonus: The OUTbonus feature is integral to OUTsurance's risk mitigation strategy. The OUTbonus encourages customers to select for OUTsurance, promotes responsible behaviour, and reduces the likelihood of small claims.

Inflation Management: To counteract the effects of inflation, OUTsurance implements several strategies. Regular premium reviews ensure that pricing remains adequate to cover rising costs. The use of index-linked products allows automatic adjustments to sums insured and excesses at renewal, maintaining coverage levels in real terms while avoiding unintentional increases. Additionally, OUTsurance works with policyholders on risk management and loss prevention, diversifies across product lines to smooth out inflationary impacts, and leverages reinsurance to transfer some inflation exposure to reinsurers.

C.1.4 Stress and Scenario Testing

Information on assumptions and outcomes of stress and scenario testing is provided in section C.7.2.

C.2 Market risk

C.2.1 Risk exposure

OUTsurance DAC's exposure to market risk arises from the risk of loss or adverse change in the financial situation resulting, directly or indirectly from fluctuations in interest rates and foreign currency exchanges rates and due to volatility of market prices of assets, liabilities, and financial instruments.

C.2.2 Risk concentration

The risk of market concentration is considered as part of the annual ORSA process specific stress and/or scenario tests related to investment risk. For example, an economic downturn or counterparty default. The Company mitigates the risk of market concentration through diversification of the asset portfolio across multiple counterparties.

C.2.3 Risk mitigation

The assets and asset classes held are taken into account when calculating the market risk capital component of the regulatory SCR. The regulatory capital requirement calculated in line with the Solvency II Directive gives an indication of the level of investment risk presented by OUTsurance DAC's chosen investment profile. However, when making investment decisions the Company considers the risk of the investment and the potential change in risk to the investment portfolio without only relying on the capital requirement calculations. Additionally, OUTsurance DAC considers any potential correlation between market risk and other risks especially during adverse scenarios.

OUTsurance DAC continuously monitors our investment portfolio, and any changes in the value of assets or changes in market conditions is reported in order for potential risks to be identified early on and for appropriate action to be taken to mitigate the risks.

OUTsurance DAC has a minimal appetite for taking on interest rates risk and foreign currency risk to achieve higher yields on investments in the initial years prior to break-even.

C.2.4 Stress and Scenario Testing

Information on assumptions and outcomes of stress and scenario testing is provided in section C.7.2.

C.3 Credit risk

C.3.1 Risk exposure

OUTsurance DAC's exposure to credit risk arises from the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing, of issuers of securities, counterparties and any debtors to which insurance the Company is exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

C.3.2 Risk concentration

OUTsurance DAC's credit risk concentration arises from excessive exposure to a particular counterparty or group of counterparties (including exposure in relation to reinsurance recoveries). OUTsurance DAC's exposures to a particular counterparty or group of counterparties is limited to the Company's investment and reinsurance counterparty concentration thresholds.

C.3.3 Risk mitigation

Credit risk is managed by first assessing the creditworthiness of the instrument and counterparty as described in the Company's Credit Rating Methodology. All assets invested in should adhere to the Board Approved credit rating thresholds as detailed in the Investment Policy. Credit risk is also managed through diversification of the asset portfolio across multiple counterparties, and where appropriate geographical regions.

Thresholds in relation to reinsurance counterparty risk are also adhered to and set out in the Reinsurance Policy.

C.3.4 Stress and Scenario Testing

Information on assumptions and outcomes of stress and scenario testing is provided in section C.7.2.

C.4 Liquidity risk

C.4.1 Risk exposure

OUTsurance DAC's exposure to liquidity risk arises from the risk that insufficient cash resources are available to meet financial obligations as and when they fall due or having to meet them at an inopportune time. To determine the level of mismatch between the cash inflows and the cash outflows, OUTsurance DAC regularly assesses its assets and liabilities. This includes the expected cash flows from direct insurance including premiums, claims, lapses and salvages. In order to accurately assess the level of liquidity risk, OUTsurance DAC at least considers the following:

- Expected cash inflows from premium payments, investment income and recoveries;
- Expected cash outflows for claims, lapses and operating expenses; and
- The timing of these cash flows.

C.4.2 Risk concentration

OUTsurance carefully manages its liquidity risk by closely monitoring its liquid assets, which include cash, cash equivalents and money market funds. The Company regularly assesses the adequacy of these assets to ensure that it can meet its obligations as they arise.

The concentration risk within OUTsurance's liquidity management is continuously monitored and reported. Actual performance against liquidity targets, including stress targets, is reviewed monthly or quarterly by relevant governance structures, including the Asset, Liability and Capital Committee (ALCCO). These reviews provide a comprehensive understanding of how both business decisions and external factors influence liquidity. This ongoing scrutiny allows OUTsurance to proactively address any emerging liquidity risks, ensuring the Company maintains sufficient liquidity to meet its obligations without undue concentration risk.

C.4.3 Risk mitigation

OUTsurance employs a comprehensive strategy to mitigate liquidity risk, ensuring that sufficient liquid assets are available to meet its obligations under various conditions.

Investment in Liquid Assets: The selection of highly liquid assets is guided by the Investment Risk Policy, which is overseen by the Board. The Investment Mandate further defines the type, credit quality, and liquidity profile of the assets in which OUTsurance may invest. This approach ensures that the Company maintains an adequate level of liquid assets to meet its operational and financial obligations.

Reinsurance Arrangements: To mitigate the risk of liquidity shortfalls arising from timing differences between claim settlements during a catastrophe event and the recovery of these claims from reinsurers, OUTsurance incorporates liquidity considerations into its reinsurance arrangements. This proactive approach reduces the risk associated with potential delays in receiving reinsurance recoveries.

Alternative Financing: If a potential liquidity shortfall is identified through the annual ORSA process, OUTsurance has several strategies in place to address the issue.

C.4.4 Stress and Scenario Testing

Information on assumptions and outcomes of stress and scenario testing is provided in section C.7.2.

C.5 Operational risk

C.5.1 Risk exposure

OUTsurance DAC's exposure to operational risk arises from direct or indirect potential losses, resulting from internal shortcomings and/or failures of processes, people, and systems, as well as the inability of people, processes, and systems to cope with the adverse effects of external factors. Internal shortcomings include errors and fraud.

Operational risk is an integral component of our overall risk management framework and is embedded across all business areas. The Operational Risk Policy (ORP), a supporting policy of the Risk Management Strategy and Policy (RMSP), provides guidelines for identifying, evaluating, measuring, monitoring, and reporting operational risks associated with our business activities

OUTsurance DAC measures the level of risk that it is exposed to through KRIs and other business indicators including operational risk incidents and losses.

C.5.2 Risk concentration

Operational risk concentration can arise from several sources, including reliance on specific processes, systems, or third-party service providers. One key area of concentration risk involves our use of Outsourced Service Providers (OSPs). To mitigate this, OUTsurance DAC's Outsourcing Policy limits the reliance on a single or small number of OSPs for critical or important functions. This policy ensures that we avoid over-dependence on any OSPs that cannot be easily substituted. Additionally, operational risks related to our single office location in Dublin are monitored, as these could lead to concentration risks in the event of significant operational disruptions. Regular assessments of operational risk concentrations are conducted as part of our Operational Resilience Process.

C.5.3 Risk mitigation

OUTsurance DAC mitigates operational risk through a combination of preventive controls and responsive strategies. All identified operational risks are recorded and managed in our risk management system, where each risk is paired with specific controls. When risks exceed the Company's risk appetite, mitigation plans are developed, documented and approved. The Company also employs specific policies to address certain operational risks, such as those related to fraud and workplace safety.

Operational risks associated with outsourced activities are specifically addressed in risk assessments and outsourcing agreements, ensuring that these risks are effectively managed. Furthermore, the Company maintains an operational risk incident management process, supported by regular training and awareness programs to cultivate a risk-aware culture across the organisation. Regular monitoring and reporting on operational risks, including loss events and key risk indicators, are conducted by the CRO, with updates provided to the Exco and the BRC on a monthly and quarterly basis, respectively.

The Board retains ultimate oversight of operational risk management, supported by the activities of the BRC, and ensures alignment with the Company's overall risk appetite.

C.5.4 Stress and Scenario Testing

Information on assumptions and outcomes of stress and scenario testing is provided in section C.7.2.

C.6 Other material risks

C.6.1 Emerging risks

During risk assessments a forward-looking view is important to ensure that all new or emerging risks are identified. OUTsurance DAC defines emerging risks as new risks or familiar risks that become apparent in new or unfamiliar conditions. It could be a condition, situation, trend or development that could potentially be significant but is not fully understood and therefore pose a risk which involves a high degree of uncertainty in terms of impact and/or likelihood and/or time horizon.

These risks are identified during formal risk assessment workshops, specifically strategic risk workshops.

Emerging risk can also be identified through seminars, workshops, conferences, industry surveys, global risk reports, specific news events and reports, technological developments, and presentations by subject matter experts.

Once emerging risks are identified, they are assessed and recorded in the risk register with an indicator as an emerging risk. The emerging risk indicator enables us to report on these risks for OUTsurance DAC.

C.6.2 Climate Change Risk

Climate change poses various risks to the insurance industry, including more frequent and severe natural disasters, shifting weather patterns, and rising sea levels, all of which may affect OUTsurance DAC's underwriting and investment activities. In line with regulatory guidance, OUTsurance DAC actively assesses and manages these risks, while also considering the environmental impact of our business and investments. We evaluate both physical and transitional climate risks and regularly monitor our geographic exposure to assess potential financial impacts. Additionally, climate-related factors are integrated into our investment decisions, ensuring long-term sustainability across the business.

C.7 Any other information

C.7.1 Risk exposure Prudent person principle

OUTsurance DAC assets are invested in line with the Prudent Person Principle sets out in article 132 of the Solvency II Directive. OUTsurance DAC risk policies and frameworks ensure that risks associated with the Company’s investment can be identified, measured, monitored, manged, controlled, and reported.

Certain provisions and standards are taken into account by the Company when making investments including the nature of its business, approved risk tolerance limits, solvency position and its long-term risk exposure. Additionally, the Company considers dependencies between assets and liabilities, consistency of investments with the nature of the business and long-term risk exposure and the requirement to consider short and long-term liquidity.

OUTsurance DAC’s ALCCO adheres to the Prudent Person Principle by acting with care, skill, prudence, and diligence to ensure that the Company’s assets are invested appropriate to the nature and duration of liabilities and in the best interests of key stakeholders including policyholders and beneficiaries.

C.7.2 Stress and scenario testing

At least annually, OUTsurance DAC assesses its future solvency. These tests assist in understanding risk exposure and sensitivity of results to key assumptions. A five-year projection of its solvency position was carried out in 2024 as part of the ORSA process. Stress testing of the solvency position was then performed over the projection period to:

- Understand the resilience of the solvency position to point-in-time as well as protracted adverse scenarios over the projection period; and
- Assist in informing an appropriate Target SCR ratio.

OUTsurance DAC performs its stress and scenario tests which are regarded as most appropriate based on its risk profile and material risks given due consideration of the risk registers. These tests evaluate the effects on an entity's financial position following an exceptional but plausible event thus capturing the impact of large losses.

Considerations which are taken into account to determine the nature, extent and the frequency of the tests required include the Company's risk profile, solvency position and the volatility of the solvency needs relative to our capital position, lines of business, distribution systems, current position in the market, current position within the Group, the relevant risk management policies, the business plan and general economic conditions.

The results of the tests are considered against the risk appetite and tolerance limits as defined in the Risk Appetite Framework. The interaction between risk and mitigating actions are reviewed as part of the process and recommendations. Scenarios and calibrations may be revised if required based on the results.

C.7.3 Other material information

There is no other material information to be disclosed.

D. Valuation for Solvency Purposes

The ‘Valuation for Solvency Purposes’ section of the report provides a description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset and liability class.

D.1 Assets

The Company’s assets on a Solvency II and IFRS basis as at 30 June 2024 were as set out below:

Assets as at 30 June 2024	Solvency II basis €'000	IFRS basis €'000	Difference €'000
Intangible assets	-	2,368	(2,368)
Property, plant & equipment held for own use	3,475	3,475	-
Collective Investments Undertakings	86,990	86,990	-
Reinsurance receivables	944	944	-
Receivables (trade, not insurance)	174	174	-
Cash and cash equivalents	368	368	-
Any other assets, not elsewhere shown	620	620	-
Total Assets	**92,572**	**94,941**	**(2,368)**

D.1.1 Intangible assets

Intangible assets of €2.4m on the IFRS basis represents internally developed computer software pertaining to a new policy administration system implemented during the year. Under Solvency II, intangible assets are given an economic value only when they can be sold separately and where there exist quoted prices in an active market for the assets. This criteria is not met because the policy administration system that was implemented is specific to OUTsurance business model and an active market with quoted price for the system does not exist. The intangible assets are then valued at nil for Solvency II even if they have a value under IFRS.

D.1.2 Property, plant & equipment held for own use

Under IFRS 16, lessees are required to recognise lease assets and liabilities on the statement of financial position for all leases, with the exception of short-term and low-value leases. Where the Company is the lessee, a lease liability equal to the present value of outstanding lease payments and a corresponding right-of-use asset equal to cost are initially recognised. The right-of-use asset is subsequently measured at amortised cost and depreciated on a straight-line basis over the length of the lease term. Depreciation on lease assets and interest on lease liabilities is recognised in the income statement.

OUTsurance considers the valuation of the lease asset under IFRS 16 valuation to be a market consistent approach and therefore adopts the IFRS 16 value under Solvency II.

D.1.3 Collective Investment Undertakings

The Company holds Euro denominated Money Market Funds. The funds are valued based on market value under Solvency II and fair value under IFRS. There is no difference between the Solvency II and Statutory accounts value.

D.1.4 Reinsurance receivables

The reinsurance receivables asset relates to

1. the amounts prepaid to reinsurers and
2. actual payments that are still to be made by the reinsurer for incurred gross claims where the payments have been agreed between OUTsurance and the reinsurers .

The value of the asset in (1) is estimated using a method that is in line with the reinsurance contract for IFRS purposes. This amount relates to future insurance contracts that have not yet incepted at the reporting date, and was therefore not included in the Solvency II Technical Provisions but as an asset on the Solvency II balance sheet.

Since there were no gross claims incurred where a reinsurance claim could be made, the reinsurance receivable in respect of events that have actually occurred and agreed with the reinsurer was set to nil. The receivable asset under (2) above is therefore nil, and no adjustments for credit losses under IFRS 9 or discounting were necessary.

D.1.5 Receivables

IFRS valuations applied to receivables result in market values that are consistent with Solvency II requirements.

D.1.6 Cash and cash equivalents

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. The IFRS fair value is consistent with Solvency II market value.

D.1.7 Other assets

IFRS valuations applied to other assets result in market values that are consistent with Solvency II requirements.

D.2 Technical provisions

As required under Article 77 of the Solvency II EU Directive, the technical provisions are calculated as the sum of the best estimate of discounted future cash flows and a risk margin. The best estimate represents the probability-weighted average of all future cash flows, discounted to reflect the time value of money using the relevant risk-free interest rate. This estimate includes all policies for which the Company has a legal obligation as of the valuation date, whether they have incepted or not.

The cash flow projections encompass all required cash in-flows and out-flows to settle insurance and reinsurance obligations over their lifetime, including expenses. The best estimate is divided into a 'premium provision' for unearned exposures and a 'claims provision' for earned exposures at a specific point in time. These provisions are calculated gross of reinsurance, with appropriate allowances for reinsurance recoveries.

The risk margin represents the additional amount that would be required by another insurance or reinsurance undertaking to assume and fulfil the obligations. The Company's technical provisions for the year ending 30 June 2024 are summarized below.

Technical Provisions as at 30 June 2024	Best Estimate €'000	Risk Margin €'000	Technical Provisions €'000
Motor vehicle liability insurance	203	76	279
Other motor insurance	50	16	66
Fire and other damage to property insurance	71	43	114
General liability insurance	4	2	6
Total	**328**	**137**	**465**

D.2.1 Technical Provisions Basis, Methods and Assumptions

Best Estimate

The calculation of the claims provision component of the Solvency II technical provisions begins with the actuarial best estimate reserves as per IFRS 17. These reserves are determined using standard actuarial techniques, including loss ratios, development factor methods, the Bornhuetter-Ferguson method, earnings-based methods, and frequency/severity analyses. Significant expert judgment is applied in selecting the reserving method and assumptions, such as development factors and prior loss ratios.

For the premium provision, the starting point is the Unearned Premium Reserve (UPR). Under Solvency II, all future cash flows associated with the UPR (future premium, future claims, and expenses) are considered when calculating discounted future cash flows. The future claims element of the premium provision is determined by applying loss ratios and reinsurance to gross ratios consistent with those used in the best estimate reserving process.

Adjustments applied to the premium and claims provisions in line with Solvency II valuation principles include:

- **Allowance for ENIDs (Events Not In Data):** An allowance for unforeseeable events or those not represented in historical data (extreme claims impacting premium provisions and latent claims impacting claims provisions). This requires significant judgment due to the lack of data and the scale of events considered.
- **Allowance for Expenses:** Provision for all expenses to be incurred in servicing insurance and reinsurance obligations, based on the Company's business plan and future forecasts. Estimated future cash outflows are allocated to both premium and claims provisions.
- **Allowance for Discounting:** Future cash flows are discounted for the time value of money using yield curves provided by EIOPA.
- **OUTbonus reserve:** The OUTbonus is a cashback benefit where if a client remains claim-free for a three-year period OUTsurance pays out 10% of the premiums (net of taxes and levies) that the client has paid to over this period in the form of a premium refund. OUTsurance maintains a reserve from which to pay out OUTbonuses as and when policyholders become eligible for a payout.

Risk Margin

The risk margin reflects the additional amount required by another insurance or reinsurance undertaking to assume and fulfil the obligations. It is calculated on a total basis and allocated to Solvency II classes for reporting purposes. The amount of eligible Own Funds needed to support the obligations until run-off is projected using the Standard Formula SCR for each future year-end. The cost-of-capital rate used is set at 6% by EIOPA.

The Company's technical provisions for each material line of business at year-end include the best estimate and risk margin, calculated using these bases, methods, and main assumptions.

D.2.2 Level of Uncertainty associated with the amount of Technical Provisions

There are inherent elements of uncertainty in our estimates of Solvency II technical provisions, resulting in limitations on the accuracy of these estimates. This uncertainty is amplified by the immaturity of the business, given that OUTsurance DAC is in its first year of operations. The lack of fully developed data specific to the risks written means that loss ratios, development curves, and tail factors must often be derived from the OUTsurance Group, market data, or other external sources.

Several potential factors could impact the Solvency II technical provisions, including:

- Legislative changes.
- The size of future court awards.
- Changes in claim reporting and settlement patterns.
- Future inflation.
- Emergence of new types of claims.
- Environmental factors such as climate change.
- Other social and economic changes.

Additionally, the estimation of the provision for Events Not In Data (ENIDs) inherently contains a high level of uncertainty. The estimation of future expenses also introduces uncertainty, as many factors could influence their size. While we have employed techniques and assumptions deemed appropriate given the currently available information, it is recognized that future premium and loss emergence may deviate, perhaps materially, from our estimates.

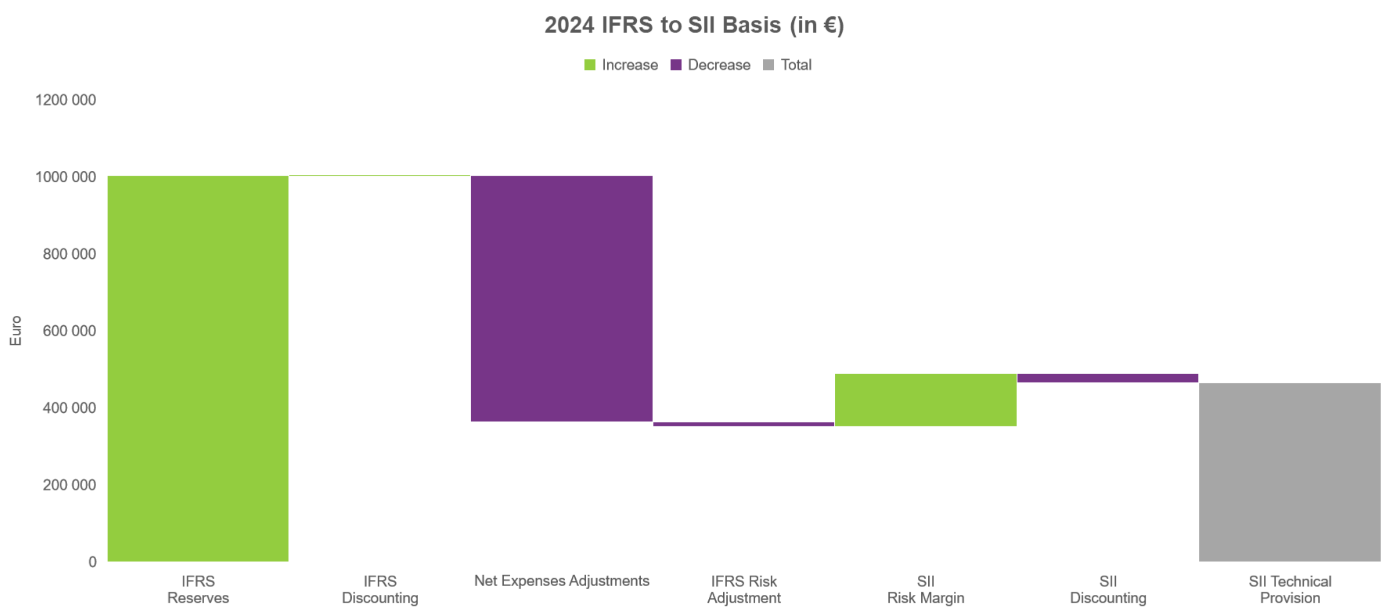
Reinsurance protection in place significantly reduces the level of uncertainty to which the Company is exposed. However, the selection of ceded loss ratios for outwards non-proportional reinsurance remains a key area of uncertainty, given the inherent unpredictability of the frequency and severity of losses impacting these protections.

D.2.3 Material Differences between the IFRS and Solvency II Technical Provisions

The table below summarizes the Solvency II technical provisions, gross of reinsurance, by material line of business and compares them to the IFRS technical provisions.

Technical Provisions as at 30 June 2024	Best Estimate €'000	Risk Margin €'000	Technical Provisions €'000	IFRS Technical Provisions €'000	Difference between SII and IFRS Technical Provisions €'000
Motor vehicle liability insurance	203	76	279	636	(357)
Other motor insurance	50	16	66	158	(91)
Fire and other damage to property insurance	71	43	114	199	(85)
General liability insurance	4	2	6	10	(5)
Total	**328**	**137**	**465**	**1,003**	**(538)**

There are several key drivers of differences between the liabilities on an IFRS valuation basis and the Solvency II technical provisions.



- **Decreased Expense Allowance:** The Solvency II value of technical provisions is lower than the IFRS amount as it corresponds to the amount which another insurance undertaking would be expected to require to take over and fulfil the underlying insurance obligations.

  IFRS 17 considers only directly attributable to the fulfilment of cash flows whereas Solvency II allows for the inclusion of cash flows that are wider than "directly attributable" but that still relate only to the legally obliged business on the balance sheet. However, at the reporting date the Solvency II expenses were valued as the compensation for expenses that a third party would require to receive for taking on these liabilities. The Solvency II expenses are therefore lower compared to the IFRS 17 expenses which are based on the business plan projections. The result is a net reduction in expenses when moving to Solvency II from an IFRS position.

- **Discounting Credit:** Solvency II includes an allowance for discounting premium reserves to their present value.
- **Risk Margin:** Solvency II requires an additional allowance for the risk margin to cover the cost of capital needed to support insurance obligations.

D.2.4 Matching Adjustment, Volatility Adjustment or Transitional Measures

The Solvency II technical provision calculations do not apply a matching adjustment, volatility adjustment, transitional risk-free interest rate term structure, or transitional deduction.

D.2.5 Recoverables from Reinsurance Contracts

As of the reporting period, the Company has excess of loss (XoL) reinsurance contracts in place; however, there are no reinsurance recoverables to report since no claims have occurred that are large enough to trigger recoveries under these contracts. Additionally, the Company has not engaged in any reinsurance transactions through special purpose vehicles.

D.2.6 Material Changes in Assumptions since Last year

There are no material changes to assumptions in the technical provisions since this is the Company's first year of operations.

D.3 Other liabilities

Liabilities as at 30 June 2024	Solvency II basis €'000	IFRS basis €'000	Reclassification €'000	Difference €'000
Technical provisions	465	1,003		(538)
Insurance & intermediaries payables	32	-	32	
Payables (trade, not insurance)	1,552	1,605	(53)	
Any other liabilities, not elsewhere shown	2,807	296	2,512	
Lease liabilities	-	2,491	(2,491)	
Total Assets	**4,856**	**5,394**	**(0)**	**(538)**

The valuation of technical provisions on a Solvency II and IFRS basis is described in Section D.2 above.

The valuation of lease liabilities on a Solvency II and IFRS basis is described in Section D.4 below.

Insurance and intermediaries payables, trade and other payables, and any other liabilities comprise trade payables and accrued expenses. IFRS as applied to the payables of the Company results in approximations of market values consistent with Solvency II requirements. As such there are no differences in these valuations between the financial statements of the Company and the Solvency II balance sheet.

D.4 Alternative methods for valuation

The majority of the Company’s assets and other liabilities are valued using quoted market information or observable market data. Property held for own use is the only one of the material assets and other liabilities that have alternative methods of valuation methods applied. Property held for own use includes leased assets that are measured at amortised cost and depreciated on a straight-line basis over the length of the lease term. Under Solvency II, the leased asset is held at fair value, which is deemed to be equal to the related lease liability for unimpaired assets and equal to the IFRS value for impaired assets. The lease liability is equal to the minimum lease payments, consisting of future expected cashflows discounted using the interest rate implicit in the lease. This approach means that the uncertainty relating to the valuation of property (other than own use) net of lease liabilities is immaterial.

D.5 Any other information

The Company has no other material information to disclose.

E. Capital Management

This section outlines the Company's approach to managing its own funds, ensuring sufficient capital is maintained to meet regulatory and business needs. It details the structure and quality of own funds, their eligibility to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), and provides a reconciliation of equity as per financial statements to Solvency II own funds. Own funds

The Company’s Own Funds represent net assets valued on a Solvency II basis, together with foreseeable dividends and capital tiering restrictions. Information on the valuation of assets and liabilities is provided in section ‘D. Valuation for Solvency Purposes’. No foreseeable dividend has been recognised as at 30 June 2024. The Company was authorised by the CBI on 01 January 2024 and, therefore, no own funds information is available for period end 30 June 2023 to compare against the own funds as at year end 30 June 2024.

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The primary objective of the Company’s management of own funds is to ensure that it has sufficient capital to meet its obligations. This is achieved by striving to optimise the balance between return and risk while at all times maintaining regulatory capital in accordance with regulatory requirements and the Company’s risk appetite.

The Company’s Capital Liquidity and Asset-liability Management Policy is approved by the Board on an annual basis. The Company’s position relative to its regulatory capital requirements and its internal targets is monitored on a quarterly basis and reported to the Board.

E.1.2 Structure, amount and quality of own funds

The Company’s own funds are classified under Solvency II as follows:

Solvency II Tier	Capital Item
Tier 1 Unrestricted	• Ordinary share capital • Surplus funds • Reconciliation reserve
Tier 1 Restricted	Not Applicable
Tier 2	Not Applicable
Tier 3	Not Applicable

The Company does not hold any ancillary own funds items.

The make up the Company’s Tier 1 unrestricted own funds is as follows:

Own Funds as at 30 June 2024	Tier 1 €'000	Tier 2 €'000	Tier 3 €'000	Total €'000
Basic				
Ordinary share capital	100,000	-	-	100,000
Surplus funds	(11,862)	-	-	(11,862)
Reconciliation reserve	(422)	-	-	(422)
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	(1,409)	-	-	(1,409)
Total Basic Own Funds	**86,307**	**-**	**-**	**86,307**

The Company's ordinary share capital is fully paid up and ranks behind all other liabilities in the case of wind up. The amounts satisfy the requirements to be classified as Tier 1 unrestricted own funds.

The reconciliation reserve is equal to the total excess of assets over liabilities reduced by the other own funds items and own funds items from the financial statements which do meet the Solvency II own funds criteria. This amount is fully available to absorb losses.

E.1.3 Eligible Own Funds to cover the Company's SCR

The amount of Eligible Own Funds available to cover the SCR is €86.3m. This is comprised of the Company's Tier 1 unrestricted capital items.

Basic own funds are considered against availability rules, and then subjected to eligibility criteria based on both the SCR and capital structure. The Company has no capital which is not available to meet SCR and that there are no limits based on eligibility criteria (100% Tier 1 unrestricted).

E.1.4 Eligible Own Funds to cover the Company's MCR

The amount of Eligible Own Funds available to cover the MCR is €86.3m. This is comprised of the Company's Tier 1 unrestricted capital items.

Eligible own funds are considered against availability rules, and then subjected to eligibility criteria based on both the MCR and capital structure. The Company has no capital which is not available to meet MCR and that there are no limits based on eligibility criteria (100% Tier 1 unrestricted).

E.1.5 Differences between Solvency II excess of assets over liabilities and equity in the Company's financial statements

A comparison of the excess of assets over liabilities as calculated for Solvency II purposes and equity as shown in the Company's IFRS financial statements is set out below:

Reconciliation Reserve comparison at 30 June 2024	€'000
Equity on an IFRS basis	**89,546**
Revaluation of reserves	538
Revaluation of other assets and liabilities	(2,368)
Removal of share based payment	(1,409)
Solvency II Own Funds	**86,307**
Change in Equity	**(3,239)**

For the Company, the excess of assets over liabilities is lower on a Solvency II basis than under IFRS. The reasons for the difference are as follows:

a) The Revaluation of reserves of €0.5m represent the difference between the IFRS 17 carrying liability and the Solvency II Technical Provisions. The Solvency II Technical Provisions should correspond to the current amount the insurer would have to pay if was to transfer its insurance obligations immediately to another insurer whereas the IFRS 17 carrying liability represents a true and fair value of the insurance contract liabilities.
b) The Revaluation of other assets and liabilities of €2.4m is the amount of the intangible asset that is on the IFRS Balance Sheet but not considered on the Solvency II Balance Sheet.
c) The share based payment reserve (€1.4m) is included as a capital contribution in the Company's financial statements but disallowed for Solvency II own funds purposes. Those capital contributions included in the Company's financial statements arise from a group long term incentive plan under which members of the Company's management team receive shares in the Company's parent as part of their remuneration for services provided to the Company. No consideration is payable by the Company to its parent in respect of these shares which results in the amount being recognised as a capital contribution in the financial statements. This item is not on the list of Solvency II own fund items and does not appear on the Solvency II balance sheet as a liability.

E.1.6 Basic own funds items recognised under Solvency II transitional provisions

No Own Funds item is subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of the Directive.

E.1.7 Significant restrictions affecting the availability and transferability of own funds

There are no significant restrictions affecting the availability and transferability of own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company uses the Standard Formula to calculate its SCR and MCR. The Company does not use any Undertaking Specific Parameters. The amount of the Company's SCR and MCR as at 30 June 2024 were €3.2m and €4.0m respectively. The SCR by risk module as at 30 June 2024 was as set out below:

SCR calculation by module at 30 June 2024	€'000
Non-Life underwriting risk	2,113
Market risk	1,197
Counterparty default risk	815
Sum of risk components	**4,125**
Diversification effects	(957)
BSCR	**3,168**
Operational risk	10
SCR	**3,178**
Solvency II Own Funds	**86,307**
Ratio of Eligible Own Funds to SCR	**2716%**

The Company has not used any simplified calculations, undertaking specific parameters or a matching adjustment in the calculation of its SCR.

The MCR is calculated by reference to the net technical provisions by class as at 30 June 2024 and by the net written premiums by class written over the last twelve months. The result of the calculation is then subject to a floor and a cap of 25% and 45% of the SCR respectively. As at 30 June 2024 the MCR has been set at the absolute floor, €4.0m.

MCR calculation components at 30 June 2024	€'000
Linear MCR	29
SCR	3,178
MCR cap	1,430
MCR floor	794
Combined MCR	794
Absolute floor of the MCR	4,000
MCR	**4,000**
Solvency II Own Funds	86,307
Ratio of Eligible Own Funds to MCR	**2158%**

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

The Company does not use the duration-based equity risk sub-module in the calculation of the Company's SCR.

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

The Company uses the standard formula to calculate its SCR. An assessment is undertaken to determine the appropriateness of the Standard Formula in relation to the specific risks facing the Company. OUTsurance DAC assesses whether its risk profile deviates from any of the underlying assumptions of the Standard Formula and whether any of these deviations are significant. A qualitative assessment has been undertaken and the results indicate that the risk profile of the Company does not deviate significantly from any of the underlying assumptions of the Standard Formula.

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

The Company has complied continuously with both the MCR and the SCR throughout the reporting period.

E.6 Any other information

The Company has no other material information to disclose.

Appendix A: Public Disclosure Quantitative Reporting Templates

The Quantitative Reporting Templates on the following pages are presented in euros rounded to the nearest thousand. Rounding differences of +/- one unit can occur.

General information

Undertaking name	OUTsurance Ireland DAC
Undertaking identification code	635400L8IJXE1DRHLH80
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	30 June 2024
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	3,475
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	86,990
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	86,990
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	944
R0380	Receivables (trade, not insurance)	174
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	368
R0420	Any other assets, not elsewhere shown	620
R0500	**Total assets**	92,572

OUT

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	465
R0520	*Technical provisions - non-life (excluding health)*	465
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	328
R0550	*Risk margin*	137
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	32
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	1,552
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	2,807
R0900	**Total liabilities**	4,856
R1000	**Excess of assets over liabilities**	87,716

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business				242	60		73	4									380
R0120	Gross - Proportional reinsurance accepted				0	0		0	0									0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				593	148		61	7									809
R0200	Net				-351	-88		13	-3									-429
	Premiums earned																	
R0210	Gross - Direct Business				15	4		4	0									23
R0220	Gross - Proportional reinsurance accepted				0	0		0	0									0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				593	148		51	7									799
R0300	Net				-578	-145		-47	-6									-776
	Claims incurred																	
R0310	Gross - Direct Business				11	2		3	0									16
R0320	Gross - Proportional reinsurance accepted				0	0		0	0									0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				0	0		0	0									0
R0400	Net				11	2		3	0									16
R0550	**Expenses incurred**				6,236	1,547		1,887	99									9,769
R1210	**Balance - other technical expenses/income**																	0
R1300	**Total technical expenses**																	9,769

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0	0		0	0									0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				0	0		0	0									0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross				192	48		68	4									312
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				0	0		0	0									0
R0150	**Net Best Estimate of Premium Provisions**				192	48		68	4									312
	Claims provisions																	
R0160	Gross				11	2		3	0									16
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				0	0		0	0									0
R0250	**Net Best Estimate of Claims Provisions**				11	2		3	0									16
R0260	**Total best estimate - gross**				203	50		71	4									328
R0270	**Total best estimate - net**				203	50		71	4									328
R0280	**Risk margin**				76	16		43	2									137
R0320	**Technical provisions - total**				279	66		114	6									465
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				0	0		0	0									0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				279	66		114	6									465

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	0	0										0	0
R0250	0	0											0	0
R0260												Total	0	0

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	0	0	0	0							0
R0220	-3	0	0	0	0								0
R0230	-2	0	0	0									0
R0240	-1	0	0										0
R0250	0	17											16
R0260												Total	16

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	100,000	100,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	-11,862	-11,862			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-422	-422			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	1,409				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	86,307	86,307	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	86,307	86,307	0	0	0
R0510	Total available own funds to meet the MCR	86,307	86,307	0	0	
R0540	Total eligible own funds to meet the SCR	86,307	86,307	0	0	0
R0550	Total eligible own funds to meet the MCR	86,307	86,307	0	0	
R0580	**SCR**	3,178				
R0600	**MCR**	4,000				
R0620	**Ratio of Eligible own funds to SCR**	2716.08%				
R0640	**Ratio of Eligible own funds to MCR**	2157.68%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	87,716
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	88,138
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-422
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

OUT

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,197		
R0020	Counterparty default risk	815		
R0030	Life underwriting risk	0	9	
R0040	Health underwriting risk	0	9	
R0050	Non-life underwriting risk	2,113	9	
R0060	Diversification	-957		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	3,168		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	10
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	3,178
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	3,178
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCR_{NL} Result	29

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	203	0
R0060	Other motor insurance and proportional reinsurance	50	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	71	13
R0090	General liability insurance and proportional reinsurance	4	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_{L} Result	0

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation

		C0070
R0300	Linear MCR	29
R0310	SCR	3,178
R0320	MCR cap	1,430
R0330	MCR floor	794
R0340	Combined MCR	794
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	4,000