The Solvency and Financial Condition Report for 2022
8 April 2023

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A. Business and Performance

A.1 Business

Barents Reinsurance S.A. (Barents Re") was incorporated in the Grand-Duchy of Luxembourg on January 14, 2015 as a "Société Anonyme" under the Luxembourg Law. The Company is registered with the "Registre de Commerce et des Sociétés" of the Grand-Duchy of Luxembourg under the number B194011.

The registered office is located 6, rue du Fort Bourbon, L-1249 Luxembourg. In 2023, the Company changed its registered office address to 26 rue Louvigny, L-1946 Luxembourg.

Barents Reinsurance S.A. is under the supervision of the Commissariat aux Assurances (CAA) in Luxembourg. In addition, the UK branch is supervised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA)

Their respective contact details are set out below:

Commissariat aux Assurances	**Prudential Regulation Authority**	**Financial Conduct Authority**
7, boulevard Joseph II L-1840 Luxembourg Grand-Duché de Luxembourg	Bank of England Threadneedle Street London EC2R 8AH	12 Endeavour Square London E20 1JN

The external auditor is KPMG Audit S.à r.l. from Luxembourg with the following address:

KPMG Audit S.à r.l.

39, Avenue John F. Kennedy

L-1855 Luxembourg

Mrs Stephanie SMETS

Email: stephanie.smets@kpmg.lu

The Company is held directly by BRM Barents S.C.A. and it is a part of the Barents Re Reinsurance Inc (Barents Re group). The important lines of business of Barents Re. at 31 December 2022 were:

- Energy
- Financial Institutions
- General Liability
- Accident & Health
- Property
- Marine Cargo
- Bonds
- Life

The 10 most important geographic areas at 31 December 2022 were:

Japan, Bulgaria, Saudi Arabia, India, United Kingdom, Switzerland, Qatar, South Korea, Portugal and Indonesia.

The subscribed capital remained at EUR 29,000,000.

AM Best has revised the negative outlooks to stable and affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of “a” (Excellent) of Barents Re Reinsurance Company, Inc. (Barents Re) and its affiliate, Barents Reinsurance S.A.

The Credit Ratings (ratings) reflect Barents Re’s balance sheet strength, which AM Best assesses as strongest, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

A.2 Underwriting Performance

Audited financial results for the year-ended 31 December:

(All figures are in EUR '000)	Dec-22	Dec-21
Technical Account - Non-life Insurance Business		
Earned Premiums, Net of Reinsurance	**27,771**	**20,386**
A) Gross Premium Written	136,321	126,887
B) Outward Reinsurance Premiums	(108,501)	(104,462)
C) Change in The Gross Provision for Unearned Premiums	2,568	(11,910)
D) Change in The Gross Provision Unearned Premium, Reinsurance Share	(2,616)	9,871
Claims Incurred, Net of Reinsurance	**(2,196)**	**(6,163)**
A) Claims Paid	(2,731)	(1,454)
aa) Gross Amount	(28,090)	(19,950)
bb) Reinsurers' Share	25,359	18,497
B) Change in the Provision for Claims	534	(4,710)
aa) Gross Amount	(38,592)	(38,061)
bb) Reinsurers' Share	39,127	33,351
Net Operating Expenses	**(27,346)**	**(18,054)**
A) Acquisition Costs	(22,789)	(17,254)
B) Change In Deferred Acquisition Costs	433	1,595
C) Administrative Expenses	(12,530)	(9,978)
D) Reinsurance Commissions and Profit Participation	7,540	7,584
Other technical income, net of reinsurance (*)	**11,691**	**9,453**
Allocated Investment Return Tfd from Non-technical Account	**3,928**	**887**
A) Income from change in unrealised capital gains	4,115	887
B) Income from other investment	46	0
B) Value adjustments on Investments	(234)	0
Other technical charge, net of reinsurance	**(255)**	**(14)**
Taxes	**(2,617)**	**(1,175)**
Change in the Equalisation Provision	**(10,975)**	**(5,321)**
Profit or Loss for the Financial Year	-	-

(*) Other technical income represents 90% share of operating expense as per the QS agreement with Barents Re Group, in addition to other intragroup services income.

Barents Reinsurance S.A. underwriting performance for the year ended 31 December 2022 is set out below:

Key Performance Indicators	Dec-22	Dec-21
1. Gross Earned premiums (in EUR '000)	138,888	114,977
2. Gross Ultimate Loss Ratio (%)	48%	51%
3. Commission Ratio (%)	16%	14%
4. Expense Ratio (%)	9%	9%
5. Combined Ratio (%)	73%	75%
6. Net Income Before Equalization Reserve (in EUR '000)	10,975	5,321
7. Profitability Margin (%)	8%	5%
8. ROE (%)	38%	18%

In 2022, net income before equalization reserve is 63% generated from technical results and 37% from DFX gain. The increase in net income before equalization reserve is in line with the increase in GEP for the year by 21%, mainly Life, Bonds and Liability, in addition to the increase in DFX gain because of balance sheet revaluation.

The net loss ratio decreased from 30% to 8% as a result of increase in net earned premium and decrease in net outstanding reserves mainly for Energy LOB.

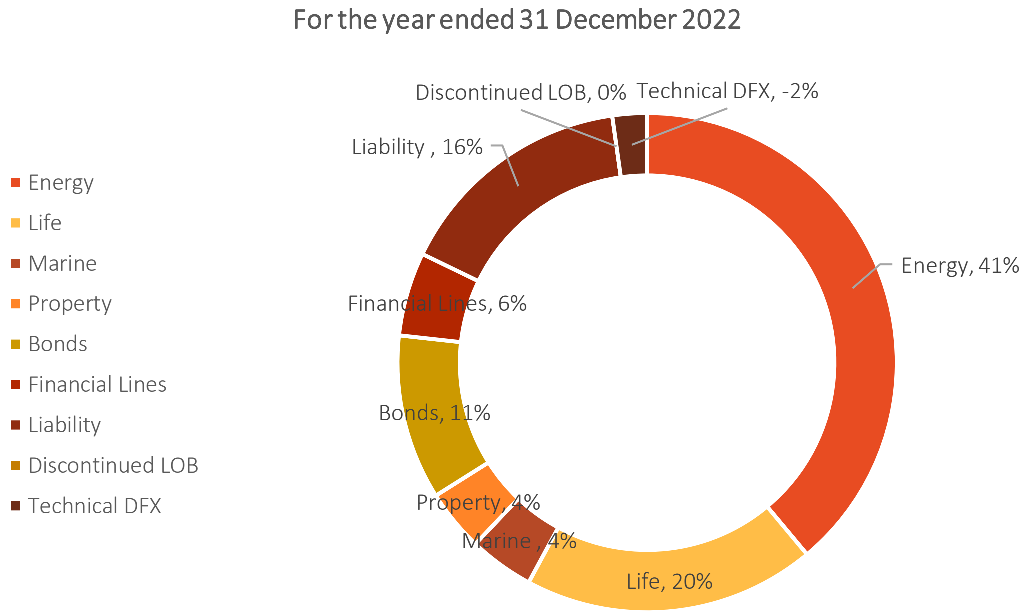
The net commission ratio increased from 40% to 53% due to increase in the commission ratio for Life, Marine and Bonds.

The net expense ratio increased from 8 to 13% mainly due to increase in operating expenses and taxes paid during 2022.

ROE is a function of net income over share capital. In 2022, the net income before equalization reserve almost doubled, hence ROE doubled.

A.2.1 Analysis of underwriting performance by lines of business

The lines of business which Barents Reinsurance S.A. underwrites and their relative contribution to gross earned premium are shown in the below table:



The Company's underwriting performance by lines of business for the year ended 31 December 2022 is set out in the table below:

Key Performance Indicators by LOB	Energy	Life & Health	Marine	Property	Bonds	Financial lines	Liability
1. Gross Written Premium (EUR '000)	64,070	20,102	5,800	4,731	12,469	5,421	23,728
2. Gross Earned Premium (EUR '000)	56,611	27,529	6,106	5,805	15,538	7,877	22,674
3. Gross Claims Incurred (EUR '000)	(5,767)	(25,644)	(2,988)	(7,526)	(16,553)	(3,785)	6,072
4. Net Claims Incurred (EUR '000)	1,786	(2,392)	(90)	(280)	(1,655)	166	1,170
5. Gross Ultimate Loss Ratio (%)	10%	93%	49%	130%	107%	48%	-27%
6. Commission Ratio (%)	15%	15%	25%	18%	33%	27%	1%
7. Expense Ratio (%)	6%	5%	27%	28%	12%	22%	6%
8. Combined Ratio (%)	31%	113%	101%	175%	151%	97%	-20%

A.2.2 Analysis of underwriting performance by geographic area

Dec 2022 (in Euro '000)	JAPAN	BULGARIA	SAUDI ARABIA	INDIA	UNITED KINGDOM	Other	Total 2022
Gross written premium	22,055	11,530	9,477	9,429	8,113	75,716	136,321
Reinsurers' share	21,285	6,446	7,106	7,729	6,380	59,555	108,501
Net written premium	770	5,084	2,371	1,700	1,734	16,161	27,819
Gross Claims incurred	(1,552)	(13,635)	(15,761)	(2,911)	(1,398)	(31,425)	(66,682)
Reinsurers' share	(2,112)	(12,277)	(14,510)	(2,764)	(1,610)	(31,212)	(64,486)
Net claims incurred	560	(1,357)	(1,251)	(147)	213	(213)	(2,196)
Net Commission	(83)	(4,245)	(1,336)	(451)	(959)	(8,536)	(15,610)
Technical Results	1,247	(519)	(216)	1,101	987	7,412	10,013

A.3 Investment Performance

The composition of Barents Reinsurance S.A.'s investment portfolio is shown in the table below:

Composition (%)	**2022**	**2021**
Bonds & other fixed income securities	3%	4%
- Government bonds	1%	2%
- Corporate bonds	2%	2%
Shares and other variable yield transferable securities	1%	1%
Deposits with credit institutions	42%	0%
Cash at bank and in hand	54%	95%

A.3.1 Net Investment Income

Euro '000	**2022**	**2021**
Income from change in unrealised capital gains	4,115	887
Income from other investment	46	0
Value adjustments on Investments	(234)	0

A.4 Performance of other activities

There was no other material income and expenses incurred over the reporting period.

A.5 Any other information

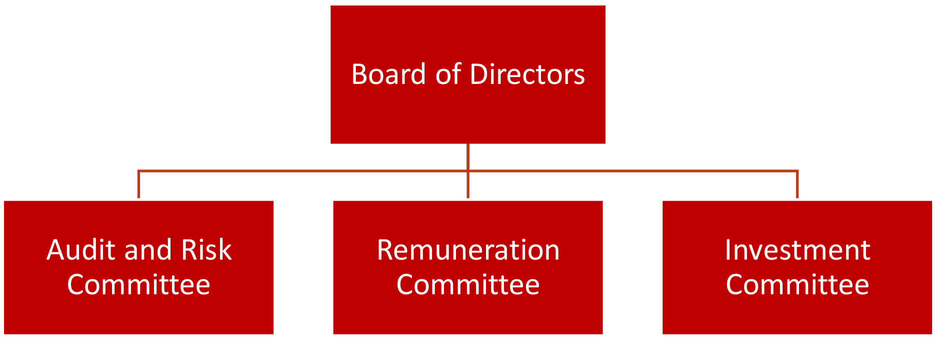
There is no other information.

B. System of Governance

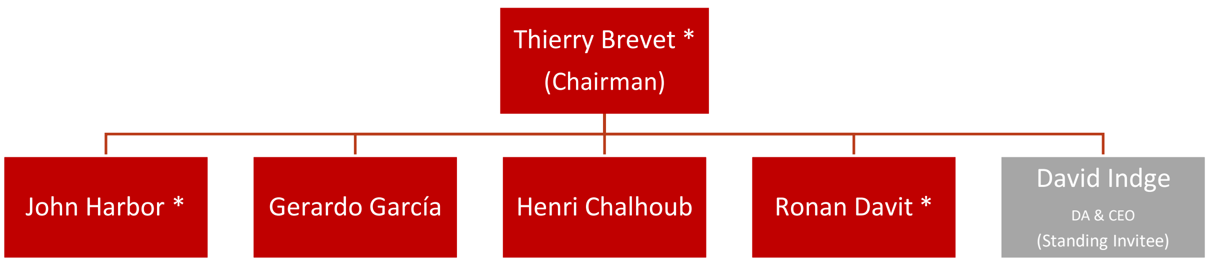
B.1 General information on the system of governance

The Board is collectively responsibe for delivering the long-term success of the Barents Re, and for compliance with the prevailing laws, regulations, and administrative provisions adopted pursuant to prudential regulation. Meeting at least four times a year, it operates within an established Corporate Governance Charter, under which it retains ultimate responsibility for all aspects of the Baretns Re's operations. Certain matters are reserved specifically for decision by the Board, to ensure the prosperity of the Barents Re by collectively directing the company's affairs, whilst meeting the approporiate interests of it shareholders and relevant stakeholders. Other matters are delegated to the Board's Committees, in accordance with a set of prescribed Terms of Reference, each of which is detailed within the Corporate Governance charter.

The Board and Committee structure is as below.



Board Membership



* Independent Non- Executive Director

The Corporate Governance Charter is designed to facilitate the proper functioning of the 'Three Lines of Defence' model across the entiraty of the business. This model provides a recognised system of risk management and internal controls, combined with a mechanism for assessing and monitoring operational effectiveness.

B.1.1 Board

The Board is collectively responsible for the company's performance and long-term success. To carry out its responsibilities effectively, the Board retains decision making responsibility for the following key issues:

- Strategy
- Corporate Culture
- Capital Management and financing
- Financial reporting, Controls, and Investments
- Risk Management and Internal Control Framework

B.1.2 Audit and Risk Committee

This is a Committee of the Board, whose responsibilities include the review of, and challenge to:

- Financial Reporting
- External Audit
- Internal Audit
- Risk Management / Internal Controls
- Compliance

B.1.3 Investment Committee

This is a Committee of the Board, whose responsibilities include:

- Proposing an appropriate Investment Policy and guidelines to the Board
- Monitoring investment performance
- Assessing investment strategies and liquidity and capital needs
- Authorisations within the parameters of the Investment Policy and guidelines

B.1.4 Remuneration Committee

This is a Committee of the Board whose responsibilities include recommendations for:

- Board changes relating to new appointments, structure, size, and / or composition
- Succession Plans
- A suitable Remuneration Policy
- Compensation practice alignment with the business strategy, company objectives / corporate values

B.1.5 Executive Committee

This is a management committee responsible for management and oversight of the day-to-day business activities. The areas for which the committee has management and oversight responsibility includes:

- Financial Performance
- Underwriting Strategy (including Retrocession)
- All business support functions
- New business opportunities
- Information Technology Framework
- Legal & Compliance

B.1.6 Solvency II Key Functions

Key functions, appointed by the Board of Directors, are one of the pillars of the organisational structure of the Barents Re and contribute to the strategic objectives of the organisation, and the proper conduct of its operations. The composition, role and responsibilities and the reporting line of each function is detailed in the document below. The appointment of the person or persons responsible for representing each function is in accordance with the principles of management of conflicts of interest, and with the fit and proper requirements.

Risk Management Function

Barents Re has a risk management function that manages a centralised, robust and suitable risk management system, adapted to the risk profile (short, medium and long-term) of the organization. Mr Leon Mediavilla Garcia undertakes this role.

Compliance Function

Barents Re has a compliance function. Its role and purpose includes the advisory of senior management and the Board of Directors on compliance with applicable laws, regulations and administrative provisions. The Compliance function is responsible for assessing the adequacy of the Barents Re's framework and controls to prevent non-compliance. The Compliance function shall exercise its duties and responsibilities under the oversight of the Barents Re's Board of Directors as per the Compliance Policy and the annual Compliance plan. The key function holder shall ensure regular and ad hoc reporting to senior management and the Board of Directors, as required. The Compliance function shall assess the impact of any changes in the legal environment on the operations of the Barents Re and ensure its compliance framework of policies and procedures is updated accordingly. Mr Jean-Yves Litampha is the company's key function holder.

Actuarial Function

Baretns Re has an actuarial function to oversee all actuarial calculations needed for the Company's management, and to contribute to the risk management process with a mathematical and actuarial approach. Mr Leon Mediavilla Garcia undertakes this role.

Internal Audit Function

Barents Re has an internal audit function to independently verify the adequacy of the organisational processes, compliance with prevailing procedures / processes, and their application in daily management. Mr Mohammad Badreddine undertakes this role.

B.1.7 Changes to the governance system during the reporting period

The Board of Directors decided to change its composition and reshape the membership of its committees at the Board's meeting of the 24th of October 2022. As results of these changes, since January of 2023 the Board and its committees are composed of a majority of independent members. The chairs of the Board and its committees are also independent members.

B.2 Fit and Proper requirements

B.2.1 Fit and Proper Policy

Barents Re maintains a Fit and Proper Policy which articulates the basis upon certain individuals must demonstrate:

1. Their knowledge, skills, and experience are adequate to ensure sound and prudent management (Fit) continues; and
2. They carry out their responsibilities with integrity and good repute (Proper) at all times.

The Policy applies to all Board Directors / Committee Members, Management Committee Members, and Key Function Holders, who collectively represent the Barents Re's senior management. New senior management appointments are subject to individual assessments dependent upon the role being undertaken, and thereafter, are subject to an annual assessment of fitness & propriety, in keeping with the requirements of the Fit & Proper Policy. This is to evidence that all aspects of the management of the Barents Re are, and remain, suitable on an on-going basis.

B.2.2 Fit and Proper assessment process

The annual process is designed to demonstrate the continued suitability of senior management, based on assessments against suitable standards. These standards include:

- Evidential Honesty & Integrity within the working environment
- Individual and collective performance
- Continued financial soundness
- Skills & knowledge enhancements through personal development
- Conflict Management

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

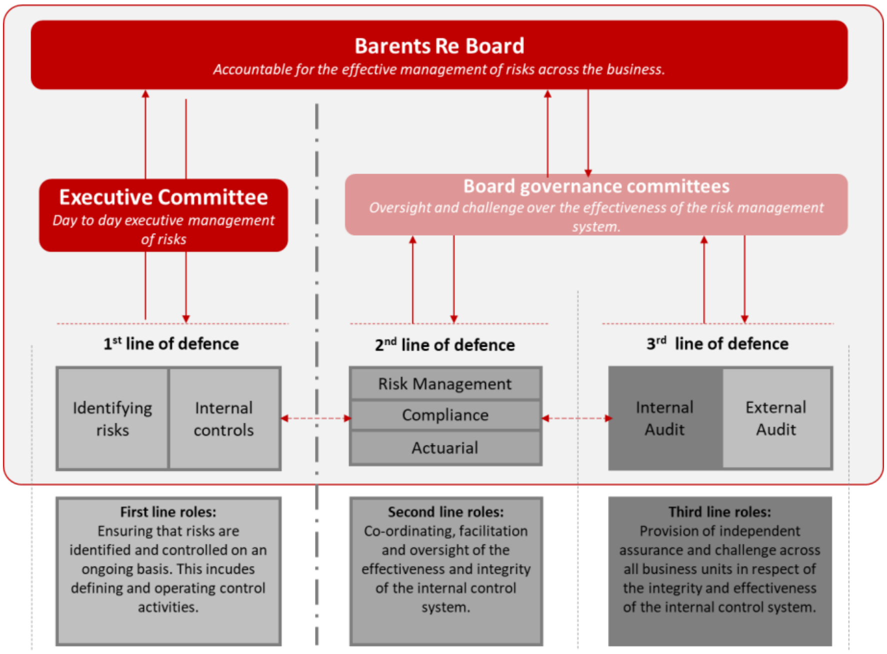
The purpose of Enterprise Risk Management is to ensure risk is appropriately managed within the firm by achieving the acceptable balance of risk and reward, through a suitable culture and governance. It is integrated within each area of the business.

The Risk Management Policy sets out the company's Risk Management Strategy as well as the system and framework that is used to ensure that is aligned to the business strategy. The policy helps ensure that:

- There is a controlled risk-taking environment
- There is a consistent mechanism to identify, measure, monitor, manage, and report on, on a continuous basis, risks across the business
- There is appropriate risk governance in place with accountability correctly apportioned
- The level of risk taken is known and understood across the business and that the risk appetites set are being adhered to
- Information is made available, transparent and appropriate for the assessment of risk and reporting and monitoring

B.3.1 Risk management system

Barents Re's risk management system is based the three-lines-of-defence model.



First line of defence:

The first line of defence is the operational management having ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. The relevant functions are Underwriting, Claims, Compliance, Finance, Technical Accounting, HR, IT, Actuarial, Investment Management and Retrocession Management.

Second line of defence:

The second line of defence consists of the Risk, Compliance and Actuarial functions. Between them, they monitor and facilitate the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk-related information up and down the organisation.

Third line of defence:

The third line of defence consists of the Internal Audit function. This function provides independent assurance to the Board of Directors and senior management on the effectiveness of the first and second lines of defence. In addition to the Internal Audit function, the external audit process provides independent assurance on certain key items including opining on Barents Re's financial statements.

B.3.2 ORSA

The Own Risk and Solvency Assessment (ORSA) is the process which identifies and assesses all material risks that may impact the Barents Re over the full strategic planning period, to allow for sufficient capital to be maintained (on a continuous basis) to meet those risks and obligations. The assessment of risks and capital is an 'own view' by the firm rather than a process to assess regulatory capital (that is the SCR process).

Assessments are required to be forward-looking taking into account the business plan, projections and assumptions made and set out the key conclusions and actions required (as appropriate). The financial projection is performed based on:

- the best estimate scenario of the business plan,
- stress scenarios based on the key risks identified during the risk survey,
- potential additional scenarios which might be relevant,
- at least one reverse stress scenario which would lead to a depletion of eligible own funds.

Inputs for the ORSA are also used for the business plan which is used to project the Solvency II balance sheet, the Solvency Condition Report and Minimum Capital Requirement over the next five years.

Barents Re performs the ORSA at least annually. Nonetheless, events that would trigger the need for an ORSA outside of the regular timescales are, for example:

- material changes to the business plan,
- material changes to the Barents Re's risk profiles,
- extreme loss events having an impact on the Barents Re's capital level,
- material changes to Barents Re's retrocession and / or shareholder structure

The ORSA report is submitted to the CAA after board approval annually.

At this stage, there are no reasons to believe that the Barents Re's risk profile significantly deviates from the underlying assumptions of the Standard Formula. This assessment will be reviewed in future reporting years.

B.4 Internal control system

Internal Control is a set of day-to-day operating processes involving all levels of the company.

It is designed to ensure that the company:

- operates in a manner which is effective and efficient;
- can produce reliable financial and non-financial information;
- complies with applicable laws and regulations.

The internal control system has been designed with the intention that all material risks are identified, measured, monitored and controlled on an on-going basis. The Board of Directors have assessed these risks and developed the internal control framework to address and mitigate these risks.

The Board of Directors has established an internal control system to ensure that:

- business is conducted in prudent manner in accordance with policies and procedures established by the Board of Directors; transactions are only entered into with appropriate authority;

- assets are safeguarded;
- accounting and other records provide complete, accurate and timely information;
- management is able to identify, assess, manage and control the risks of the business and hold sufficient capital for these risks.

As part of its internal control framework, the compliance function manages conformity with prevailing laws and regulations. The purpose, roles, responsibilities and reporting processes of the compliance function are described in detail in the Compliance Policy.

B.5 Internal Audit function

The Internal Audit function provides independent assurance to the Board of Directors and Audit & Risk Committee on the effectiveness and adequacy of the processes for risk management, internal control, and governance, and will furnish management with analysis, recommendations, counsel, and information focused on advancing the goals and objectives of the company. The role of the Internal Audit function is to:

- Establish and maintain a risk-based annual Internal Audit plan that is approved by the Audit & Risk Committee
- Execute audit engagements based on the annual and approved Internal Audit plan
- Issue Internal Audit reports to the Audit & Risk Committee
- Submit quarterly activity reports to the Audit & Risk Committee
- Follow up on the implementation of outstanding Internal Audit recommendations
- Assess the soundness of the risk, internal control and governance frameworks
- Ascertain compliance with applicable laws and regulations, and the Barents Re's policies and procedures
- Review operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives
- Inform and advise senior management and the Audit & Risk Committee as to significant deficiencies or other substantive issues noted in the course of its activities
- Communicate the final internal audit reports to external auditors at the commencement of the annual external audit exercise

The Internal Audit function has no direct executive responsibility or authority over any of the operations reviewed. It does l not create and / or implement procedures, prepare records, or engage in any other activity that it would normally review and assess, that could reasonably be interpreted to compromise its independence and objectivity

A risk based annual internal audit plan is submitted by Internal Audit to the Audit & Risk Committee for approval, to provide assurance to the Board about all areas of Barents Re's risk profile and operating model.

To effectively discharge its responsibilities, the Internal Audit function has unrestricted access to all records, properties, functions and personnel, relevant to its scope and the subject under review. All operations of Barents Re fall within scope of the Internal Audit function, and are catered for in its annual assessment exercise from which the annual audit is derived. Any scope limitation is communicated in writing to the Audit & Risk Committee.

The Audit & Risk Committee is responsible to the Board for the oversight of the Internal Audit function, including:

- Agreeing the annual Internal Audit plan
- Reviewing all internal audit reports and other assurance reports that may be commissioned periodically.
- Monitoring and assessing the role and effectiveness of the Internal Audit function in the overall context of the Barents Re's risk management system
- Meeting regularly with the Head of Internal Audit without the members of the executive team being present

B.6 Actuarial function

The actuarial function acts in different capacities at different stages alongside of the risk management function. Its responsibilities extend to managing or providing technical support for the calculation of technical provisions, advising on the underwriting policy and reinsurance arrangements, in addition to its contribution to optimising the risk management system.

The main responsibilities are:

- Statutory and Solvency II Technical Reserving
- The development of actuarial pricing tools and assumptions
- Ad-hoc actuarial modelling
- Forecasts of income statement, balance sheet and capital ratios
- Quarterly calculation of SCR and BCAR ratios
- Quantitative input into the ORSA process
- QRT reporting under Solvency II regulation, supported by the Finance function.

The Chief Risk Officer, who heads up the Actuarial function, reports directly to the Dirigeant Agréé .

B.6.1 Coordination of Technical provisions

The Actuarial function performs an independent valuation of the Unearned Premium Reserve (UPR) and will assess the necessity for additional reserves for unexpired risks. IBN(E)R reserves (gross reserves and retro share) are calculated on a quarterly basis by the Actuarial Function, using input provided by the Finance Function. The input consists of a list of technical data by policy which also forms the basis for the technical part of the income statement.

The underlying actuarial assumptions are updated annually, using Barents Lux data as well as market information published by e.g. Swiss Re, Axis Capital Holdings, Everest Re and Validus Group. The overall IBN(E)R reserving process can be summarised is as follows:

Final approval of all actuarial estimates including IBN(E)R reserve estimates is with the Head of the Actuarial Function.

Data Quality

The Actuarial function carries out an assessment of the quality of data being used in the calculation of reserves and technical provisions. The data quality policy discusses the frequency, validation criteria and reporting requirements. The data quality assessment assesses the completeness, accuracy and appropriateness of the data being used for the reserving analysis and reports on any areas of uncertainty or limitations of the data used.

B.6.2 Pricing and Product Management

The Actuarial function oversees the pricing models and benchmarks to assess the price adequacy and economic combined ratio of each transaction, and the portfolio bound during a quarter. Pricing is based on:

- Estimates of the expected loss
- Tax and commission payments
- Administrative expenses
- Cost of capital and retrocession

A report on bound and quoted business is produced on a quarterly basis in order to allow senior management and the underwriters to assess the overall quality of underwritten business, and its development over time.

B.6.3 Actuarial Function Report

The Actuarial Function produces an actuarial function report to the Board in accordance with the European Standard Of Actuarial Practice 2 (ESAP 2) “Actuarial Function Report Under Directive 2009/138/EC”.

B.7 Outsourcing

B.7.1 The Outsourcing Policy

The Outsourcing Policy sets out the governance framework for the management and oversight of outsourcing and non-outsourcing third-party arrangement, in keeping with regulatory requirements and industry best practice. It covers all types of outsourcing and third-party arrangements, which includes sub-contracting and intragroup arrangements. The policy itself defines the key phases of the life cycle of any arrangement falling within the ambit of the policy. Each phase is subject to a specific set of procedural requirements, to ensure that the appropriate scrutiny and management of any arrangement is effective and can be appropriately evidenced, both at the time of due diligence, and during the life cycle of the arrangement.

The key phases are:

- Pre-agreement due diligence, including an assessment of whether the arrangement is deemed a ‘material’ arrangement (and subject to enhanced process requirements)
- Effective monitoring and management of risks during the life cycle of an arrangement
- Considerations prior to implementing contract change amendments, which includes additional due diligence checks and / or monitoring enhancements, to reflect the specific nature of any contyract change
- Exit strategies and contract termination, to ensure there are no outstanding matters at the point of exit or termination

The Board is ultimately responsible for ensuring that the outsourcing framework is in keeping with regulatory requirements. Adherence to the policy and its underlying process, is monitored by Operations, with Risk Management and Internal Audit providing the Board with independent assurance on the continuing effectiveness of material outsourcing arrangements.

To establish whether any arrangement is considered 'material' the company uses the following assessment criteria.

Categories	Significant impact descriptors	Significant impact thresholds
Regulatory	If services are not performed to meet regulatory and / or legal requirements in any of the jurisdictions that the company conducts business in	• Requires an incident to be reported to a regulator • Potential for regulatory fine
Operational	Service failure exceeding the impact tolerances for the substitution of the recovery of the service, resulting in customer detriment and inability to continue providing important services	• Reportable conduct issues • Risk of customer complaints • Inability to recover / substitute service in line with impact tolerances
Financial	The financial impact to the business including the risk to the ongoing solvency of the company or material impact on assets, capital, or liquidity	• Impact on the business plan and / or profitability • Impact on solvency position
Data protection and Data quality	Service failure could result in loss of business, employee, or customer sensitive data, posing an increased rik of fraud or financial crime	• Mishandling or loss of customer data • Reportable breach to the regulator • Inability to recover data • Material data inaccuracies or lack of timely reporting
Reputational	Reputational damage to the company as a consequence of service failure which can be attributed to any of the above	Unfavourable media coverage and / or increased regulatory scrutiny

B.8 Any other information

The governance system of Barents Re is in line with the complexity of the risks inherent in its business.

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C. Risk Profile

Barents Re risk profile is analysed based on the Solvency II standard formula, and each contract has been allocated a Solvency II class of business based on the underlying coverage and type of contract.

Barents Re risk profile has a material counterparty default risk exposure driven by internal and external reinsurance retrocession. The second material risk exposure is non-life underwriting risk, mainly driven by the non-life catastrophe due to the exposure to high severity – low-frequency losses in our portfolio.

The risk profile of the business continues to evolve. The sections below provide analysis of the risk profile of the business and how this is likely to develop in line with the business strategy set out in earlier sections of the report. This will also draw links to the risks noted in the risk map.

C.1 Underwriting risk

C.1.1 Risk Description

Underwriting risk is explicitly modelled within the risk profile. Underwriting risk is defined as the risk that insurance premiums will not be sufficient to cover future insurance claims and associated expenses. Barents Re writes a book of reinsurance predominantly on a facultative basis. The portfolio concentrates on the protection of primary insurers excluding USA and Canadian risks unless the coverage is incidental to the main risk. The portfolio also seeks to avoid exposures located in territories where the risk of catastrophes caused by natural perils is considered to be high. The underwriting risk (Insurance risk) profile has increased driven by exposure increase in premium volumes year-on-year. This has increased the overall premium and reserve risk exposures since the prior year.

Underwriting risk is likely to increase in line with the business plan and business strategy in the medium to long term, as Barents Re grows its existing lines of business. The Risk Management function will continue to review underwriting controls including the portfolio management framework to ensure that controls remain appropriate for the size and complexity of the business for effective management of risks.

Reserve risk is defined as the risk of unsuitable case reserves (for example, over or under reserving) and/or insufficient technical reserves in place to meet incurred losses and associated expenses. Barents Re makes financial provisions for unpaid claims, legal costs, and related expenses to cover liabilities both from reported claims and from ‘incurred but not reported’ (IBNR) claims. Insufficient reserves could adversely impact Barents Re’s future earnings and capital.

The booked IBNR reserves includes a provision for adverse deviation to account for insufficient data experience and reliance on external benchmarks.

Reserving risk is currently stable given the prudent approach to reserving. It will continue to be managed using the same approach. There are planned improvements to the reserving processes and reporting following the hiring of new actuarial resources.

C.1.2 Risk Mitigation

Examples of key risk controls to manage Premium risk include:

- Underwriting authorities
- Underwriting guidelines

- Business planning including the monitoring of the plan
- The purchase of reinsurance

Examples of some key controls being implemented for managing reserve risk include:

- Quarterly reserving
- Peer review process
- Reporting to the Executive Committee and Audit and Risk Committee
- External audit

C.1.3 Measures used to assess risk

Barents Re uses several internal tools to assess the risk, pricing and reserving relies on in-house solutions with outputs benchmark with external data, and the Solvency capital calculations.

C.1.4 Risk Concentration

Notwithstanding the comments made in the above section, the portfolio is still exposed to the concentration of risk (across counterparties, industries, and geographic locations). In this regard, the risk is managed through the licensing of Nathan and Xuber which are both proprietary exposure management tools and the CUO is currently reviewing Barents Re's future requirements. This review of future requirements is anticipated to be concluded by the end of Q1 2023.

Underwriting reviews are carried out by third parties. The control environment will continue to be further developed and enhanced as part of the Internal Control implementation project.

C.1.5 Material changes over the reporting period

Underwriting risk (Insurance risk) exposure is stable during the reporting period.

C.2 Market risk

C.2.1 Risk description

Barents Re chooses to assume market risk in order to optimise the return on assets while ensuring that funds are available to pay claims when required. Market risk is the threat of unfavourable or unexpected movements in the value of Barents Re's assets and/or the income driven by movements in market prices (e.g. generating negative investment returns). Within the Risk and Control Register, market risk is sub-categorised into (i) foreign exchange risk and (ii) investment risk.

Market risk is assessed using risk parameters in the SCR models, stress and scenario testing and reverse stress testing. The modelling tool that is used allows a measurement of actual exposure against parameters that articulate the amount of risk it is prepared to accept.

Barents Re writes business in different currencies while its denominated currency is Euros. As a result of this, the company is exposed to foreign exchange risk. The risk is assessed and managed by the finance function. In addition to this, the Board's investment Committee provides oversight. It's important to note that Barents Re does not actively seek to generate investment returns by taking positions on currency movements.

Market risk has increased due to an increase in business written in USD. This is due to the current macro-economic climate which benefits the business but has an overall impact on the capital requirements. There are no material concerns with the performance of this risk and it will continue to be monitored.

C.2.2 Investment management in accordance with the 'Prudent Person' Principle

The Prudent Person Principle is embedded in Solvency II and is used to guide Barents Re's investments.

Barents Re invests in assets and instruments that can be properly identified, measured, monitored, managed, controlled, and reported on. They are invested in a manner to ensure the security, quality, liquidity and profitability of the portfolio, and such that they are available to the company in the relevant currency as required. Assets held to cover technical provisions are also invested in a manner appropriate to the nature and duration of Barents Re's liabilities. They are invested in the best interests of all stakeholders, taking particular account of Barents Re's customers.

C.2.3 Key Mitigating Controls

Barents Re has established controls to manage and mitigate its key market risks.

Examples of some key controls in place for place for Barents Re's market risks include:

1. Quarterly Investment Committee;
2. Minimum cash limits; and
3. Investments performance report.

Barents RE has a minimum amount of cash that must be retained at all times. This helps to ensure planned and unforeseen liabilities can be covered in a timely manner, without impacting the investment portfolio.

Barents uses external investment advisors to support on the management of its portfolio. They provide regular updates on performance, which is reported to Barents Re's management and the Investment Committee.

Assets are diversified in such a way that there is no over reliance on, or concentration of risk in, any particular asset, issuer, group of undertaking, geography, asset class or other risk.

C.2.4 Risk Concentration

Concentration risk arises when too much exposure is held in assets which respond to similar risk factors. Assets are diversified in such a way that there is no over reliance on, or concentration of risk in any particular asset, issuer, group of undertaking, geographical area, asset class or other risk attributes.

The majority of assets held by Barents Re, i.e., about 96%, comprise cash. In the bond portfolio, the largest exposures are in respect of European government bonds and corporate bonds issued in Euros.

C.2.5 Material changes over the reporting period

No material changes in the market risk profile during the period.

C.3 Credit risk

C.3.1 Risk Description

Credit risk is defined as the risk of loss or adverse financial impact due to default by counterparties to which Barents Re is exposed. Reinsurance credit risk and broker credit risk are both explicitly modelled within the risk profile.

The inherent credit risk exposure for Barents Re is material with a Whole Account Quote Share treaty with the parent company Barents Re Group. Additionally, Barents Re Group provides Barents Re with Stop Loss cover.

Credit risk will remain stable in the medium to long term horizon given the business strategy focused on organic growth. Additionally, there will be no material changes to the underlying reinsurance strategy.

C.3.2 Key Mitigating Controls

Barents Re is strengthening the controls to manage and mitigate its key credit risks. These controls include:

- A Quarterly recoverables report
- Reinsurance counterparty limits
- Counterparty Security Ratings
- Bank exposure monitoring

To reduce credit risk exposure to reinsurers, Barents Re has limits in place to manage exposures to reinsurers based on their credit rating. Barents Re can also request collateral to be held from reinsurers, which can be used to pay claims if the reinsurer is downgraded, or it defaults on its obligations.

Concerning Barents Re's credit risk in respect of Barents Re Group, the Board recently reviewed this. The conclusion reached was that while there is significant reliance on Barents Re Group financially, it was not felt necessary to collateral the credit risk. The reasons for this are that Barents Re Group is significantly under-leveraged financially and has a low appetite for risk, as evidenced by its investment policy and business plan. On the latter point, Barents Re's Whole Account Quota Share represents 35% of Barents Re Group's Business Plan, which is $300m.

Broker credit risk is also closely managed and monitored for due and overdue premium.

C.3.3 Measures used to assess risk.

Barents Re's exposure to credit risk is represented by the values of financial assets and reinsurance assets included in the balance sheet at any given point in time. Barents Re's gross receivables are exposed to the underlying internal intermediary's broker credit risk.

Reinsurance credit risk and broker credit risk are both explicitly modelled within the risk profile.

C.3.4 Risk Concentration

The concentration of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. Exposures are diversified as far as possible, in order to avoid the concentration of reinsurers, bonds issuers, brokers or other counterparties.

C.3.5 Material changes over the reporting period

There have been no material movements in the management of the credit risk at Barents Re during the current period.

C.4 Liquidity risk

C.4.1 Risk Description

Liquidity risk arises from the need to pay insurance claims and other liabilities, which may have an uncertain timing or quantum. Barents Re has to balance the liquidity of assets with the return and the quality.

The characteristics of liquidity risk mean that it should be viewed across three different time horizons:

- Short-term – cash required in the coming months to cover normal trading activity including payment of known claims, expenditure, and salaries;
- Medium-term – cash required to meet medium-term funding requirements including tax and dividend payments and planned project and capital expenditure; and
- Long-term – cash required to support the longer-term ambitions of Barents Re including underwriting capital to meet growth ambitions and funding to support potential future stress scenarios such as catastrophe losses.

C.4.2 Key Mitigating Controls

Barents Re has established controls to manage and mitigate its key liquidity risks that include:

- Minimum cash limits
- Cash-Flow projections and the monitoring of them
- Solvency II monitoring and quarterly projections

Barents Re also has minimum cash requirements that must be retained at all times.

C.4.3 Expected profit included in future premiums

The expected profit included in future premiums is EUR 975k. This represents the profit that is expected to materialise from contracts which have been bound by Barents Re but the company is yet to go through the risk exposure period to which the premium relates.

C.4.4 Risk Concentration

Barents Re's liquidity risk concentration is managed by holding assets with a variety of approved banks, bond issuers and credit institutions.

C.4.5 Material changes over the reporting period

Barents Re shareholders had provided a written commitment to fund a deficit on the coverage ratio of the SCR under stress scenario based on the ORSA Report scenarios.

C.5 Operational risk

C.5.1 Risk description

Operational risk is the risk of direct or indirect loss resulting from internal processes, people or systems, or external events. Operational risk is measured using risk assessments and the standard formula.

Risk Type	Risk Group	Risk Title	Risk Description
Operational Risk	Business process risk	Finance operations	The risk of inappropriate and ineffective finance processes including: - errors due to manual work when processing information from the underwriting system - lag in processing of collections and receivables - Incorrect technical bookings from underwriting system
	Business process risk	Expense management	The risk that operational expenses might materiallyh exceed the budget thus impacting profitability.
	Business process risk	Failure of technical accounting	The risk of failure of technical due to: - Incorrect technical bookings - accounting software
	Data risk	Risks written but not recorded	The risk that risks are underwritten but not recorded in underwriting systems, resulting in unknown and non-reinsured accumulations.
	Financial reporting risk	Financial misstatement	The risk of incorrect, unrealiable or poor quality financial reporting which does not meet applicable accounting standards and financial reporting regualtory requirements. This could result in: - Errors in regulatory reportings - Missed deadlines
	Information Security Risk	Data loss or disclosure	The risk of unintentional data loss or disclosure by employees due to inadequate systems/ applications and hardware security.
	Information Security Risk	Secure applications	The risk that security principles are not embedded in applications lifecycle resulting in vulnerabilities
	Other	Inadequate IT infrastructure / system availability	The risk of operational failure of infrastructure / applications or end-user managed technology affecting the performance or availability of infrastructure / applications.
	People risk	Lack of appropriate skills / capability	The risk of loss / lack of appropriate skills and capability leading to forgone revenues / errors and impacting overall ability to compete with market peers.
	People risk	Inappropriate behaviour / culture	The risk of inappropriate behaviour and culture resulting in decisions which are not aligned with the corporate values and strategy.
	People risk	Inability to attract / retain staff	The risk that the business fails to attract and retain staff impacting the ability to implement normal day to day business processes.
	People risk	Operational HR processes	The risk of ineffective management of key HR processes e.g. recruitment, performance, management and / or managing payroll.
	People risk	Personal injury or death during work	The risk of a safety incident due to a failure in processes and procedures in health and safety.
	People risk	Loss of underwriting team	The risk of losing a key underwriter and / or the whole underwriting team.
	Resilience	Business resilience	The risk of ineffective response to a major incident due to lack of a robust and fully tested Business Continuity Plan / Disaster Recovery Plan.
	Third party risk	Failure to manage outsourcing arrangements	The risk of inadequate due diligence process for third party selection process and ongoing oversight monitoring process thus impacting business processes.

C.5.2 Key Mitigating Controls

Below is a summary of the mitigating controls for the different components of operational risk:

- People risks
  - Training and development
  - Benefits and Remuneration review
- System risks
  - IT Disaster Recovery
  - Data back-up
  - IT security (e.g., firewalls, email scanning and content filters)
  - IT security training (e.g., phishing, best practices)

- Process risks
  - Business continuity plan (BCP) testing

C.5.3 Measures used to assess risk

Operational risk is measured using the standard formula, and Barents Re projection tool to measure the risk profile changes, which measures risk exposure against Board approved risk appetite. Stress testing and scenario analysis also includes operational risks.

Operational risk and near miss events are also reported to the risk function for analysis and to understand the root cause of each event. These are also reported to the Barents Re Audit and Risk Committee

C.5.4 Risk Concentration

Concentration of operational risk is mitigated by virtue of two offices (London and Luxembourg). The Company also offers remote working capabilities therefore limiting the risk of reliance on physical offices to trade. Nevertheless, both DR and BCP plans are in place.

The Personal Development Review process and training and development programme aims to manage talent in order to reduce single person dependencies on key people as well as staff turnover. Documentation of policies and procedures also limits the reliance on specific individuals.

C.5.5 Material changes over the reporting period

Barents Re have materially improved the level of reporting, and enhanced documentation to improve the risk mitigation.

C.6 Other material risks

C.6.1 Strategic Risk

Strategic risk is the possibility of adverse outcomes that may result from strategic initiatives taken or not taken by Barents Re. This may include business expansion or contraction, mergers and acquisitions, negative impacts to reputation or brand management, or failure of the Board to provide adequate oversight of the business or make appropriate business decisions.

Strategic risk is currently considered to be stable. The risk is likely to reduce once Barents Re obtains regulatory approval for the UK Branch application. The risk will also remain stable in the medium to long term time horizon given that the Barents Re strategy is to focus on organic growth in the established lines of business.

Key Mitigating Controls

Examples of some key controls being implemented to effectively manage strategic risks include:

- Board review of business plans and operating budgets
- Business planning process.
- Stress and scenario testing
- Board training

C.6.2 Regulatory and legal risk

The insurance industry is a highly regulated sector and, as such, is exposed to continuous regulatory change. This can affect the level of capital that firms are required to hold or require changes to how they are set up operationally from time to time. Regulatory risk is the risk of failing to act in accordance with relevant regulatory requirements in all relevant jurisdictions or a deterioration in the quality of relationship with one or more regulators. Legal risk is the risk of failing to act in accordance with relevant legal requirements in all relevant jurisdictions.

Key Mitigating Controls

Examples of some key controls in place for Barents Re's regulatory and legal risks include:

- Local legal and compliance expertise and dedicated Legal & Compliance forums in each EU jurisdictions;
- Management and oversight of regulatory engagement by the Head of Legal and Compliance;
- Risk and Compliance event reporting, and
- Group wide mandatory regulatory compliance training.

C.6.3 Group risk

Group risk encompasses the risks arising from the interconnected nature of the Group and its entities.

Contagion risk arises from Barents Re's internal reinsurance and internal transactions risk arises from intercompany transactions and services arrangements not being carried out in a way that satisfies legal or regulatory requirements.

Key Mitigating Controls

Examples of some key controls in place for Barents Re's Group risks include:

- Annual review of the register of shared reinsurance purchases by the ARC; and
- Entity-specific governance.

C.6.4 Climate change risk

Climate change risk has many indicators including higher concentrations of greenhouse gases, a warming atmosphere and ocean, diminished snow and ice, and sea level rise, appears to have contributed to unpredictability, increase in the frequency and severity of natural disasters and the creation of uncertainty as to future trends and exposures. As such, climate change potentially poses serious financial implications for the insurance industry in areas such as underwriting, claims and investments.

Barents Re is aware that it needs to be part of the solution by working with those interested in the transition to more sustainable energy, acknowledging that we need to transition reinsurance, investments, and operations out from areas where the carbon footprint is considered to be high-impact or detrimental.

Key Mitigating Controls

Examples of some key controls in place for Barents Re's Group risks include:

- Introduction of a ESG policy and framework

D. Valuation for Solvency Purposes

D.1 Assets

The Solvency II balance sheet is based on the fair value method. For assets, the fair value is the market value; the total Solvency II value is the sum of the market value and the associated accrued interest, where applicable. The following tables shows the differences in assets solvency II valuation compared with Lux GAAP

Balance Sheet in €000	Statutory accounts value	Solvency II value	Difference
Assets			
Deferred acquisition costs	7,695.1	0.0	7,695.1
Investments (other than assets held for index-linked and unit-linked contracts)	2,959.8	3,011.8	-52.0
Equities	703.3	755.3	-52.0
Equities - listed	703.3	755.3	-52.0
Reinsurance recoverables	244,157.6	197,610.0	46,547.6
Reinsurance receivables	82,065.5	67,176.2	14,889.4
Cash and cash equivalents	70,482.7	70,485.8	-3.2
Any other assets, not elsewhere shown	3,749.8	3,668.9	80.9
Other assets	2,404.9	2,404.9	0.0
Overall Total Assets	**413,515.5**	**344,357.6**	**69,157.9**

DAC (Deferred Acquisition Costs) :

Deferred acquisition costs represent the proportion of acquisition costs incurred, which corresponds to the proportion of gross premiums written which are unearned at the balance sheet date. DAC is not recognized as an asset in the Solvency II balance sheet.

Investment in bonds and collective investment undertakings

Adjustment made to the valuation of investments for the purposes of Solvency II as they are valued on a market value basis whereas under Lux GAAP, they are valued on historical acquisition cost, and the debt securities are valued at amortised cost or acquisition cost. Accrued interest on Bonds is classified as any other assets under Lux GAAP but is considered a component of the bond valuation under Solvency II.

Reinsurance recoverables

Reinsurance recoverables are a component of the Solvency II technical provisions, and further details and the differences between the Lux GAAP and Solvency II valuation bases are explained in the technical provisions section.

Reinsurance receivables

The difference in reinsurance receivables is driven by premiums not yet due, which are removed from the receivables in the SII value as part of the technical provisions.

Cash and cash equivalents:

The difference comes from a credit card which has EUR 3.2k in the balance.

Any other assets:

The difference comes from the "Accrued interest" from deposits and bonds.

D.2 Technical provisions

D.2.1 Technical Provisions Valuation

Solvency II requires the technical provisions to be a best estimate of the current liabilities relating to insurance contracts, plus a risk margin.

- The best estimate liabilities are calculated as the discounted best estimate of all future cash flows relating to claim events prior to the valuation date (claims provisions), and the discounted best estimate of all future cash flows relating to future exposure arising from policies that the insurer is obligated to at the valuation date (premium provisions).
- Risk margin is the amount that insurers and/or reinsurers would require over and above the best estimate liabilities in order to take over and meet the insurance and reinsurance obligations over the lifetime of the policies (i.e. the amount required to transfer liability to a third party).

The following table shows the discounted technical provisions as at 31 December 2022 for Barents Re Solvency II lines of business.

Solvency II line of business €000		Gross	Outward	Net	Risk Margin	Technical Provisions 2022	Technical Provisions 2021
Direct business and accepted proportional reinsurance	Income protection insurance	4,240.0	4,216.5	23.5	85.2	108.7	-1,035.5
	Marine, aviation and transport insurance	75,532.9	80,195.4	-4,662.6	1,518.2	-3,144.4	11,362.9
	Fire and other damage to property insurance	7,294.0	7,253.3	40.7	146.6	187.3	-1,918.8
	General liability insurance	34,165.0	33,893.1	271.9	686.7	958.6	803.7
	Credit and suretyship insurance	21,829.7	19,271.6	2,558.0	438.8	2,996.8	1,160.1
	Miscellaneous financial loss	9.4	8.5	0.9	0.2	1.1	12.5
accepted non-proportional reinsurance	Non-proportional health reinsurance	0.7	0.7	0.1	0.0	0.1	0.0
	Non-proportional casualty reinsurance	3,953.8	3,992.1	-38.4	79.5	41.1	302.4
	Non-proportional marine, aviation and transport reinsurance	13,407.1	13,282.5	124.6	269.5	394.1	1,459.5
	Non-proportional property reinsurance	12,051.7	11,918.1	133.6	242.2	375.8	462.7
Total Non-Life obligation		172,484.2	174,031.9	-1,547.7	3,466.9	1,919.2	12,609.5
Life obligation		25,198.2	23,578.1	1,620.1	506.5	2,126.6	-5,505.1
Total		197,682.4	197,610.0	72.4	3,973.4	4,045.8	7,104.4

At 31 December 2021, the discounted net technical provisions were EUR 7.1 m, decreasing by EUR 3.1 m to EUR 4.0 m as at 31 December 2022. The key movements in technical provisions are driven by the recognition of future outwards reinsurance coverage, the gross movements are aligned with business performance.

D.2.2 Methodology and assumptions used in valuing the technical provisions

Best estimate liabilities

The best estimate contains no margins for prudence or optimism and is intended to represent the mean of the aggregate distribution of claims reserves. Gross and reinsurance cash flows are estimated separately for premium and claims and these are used to calculate net results.

The most appropriate level of granularity is used when producing the reserve estimates, by categorizing risks into homogeneous risk groupings. The risk groups are determined by the Reserving team after examination of the characteristics of the business being written and after discussions with the Underwriting and Claims teams. These groupings are reviewed when the mix of business within a reserving class has changed significantly over time.

Ultimate premium and claim estimates, gross of reinsurance, are then calculated using at least the following actuarial projection techniques:

- Chain ladder method,
- Bornhuetter-Ferguson (BF) method.

The projection method selected for a particular class of business depends on various factors, including the characteristics of the class and the length of the claims development. The chain ladder method based on the historic claims development of incurred claims has typically been used for the older underwriting years.

However, the claims experience on the most recent underwriting years is relatively immature and the chain ladder method produces estimates with a relatively higher level of uncertainty for these years. For this reason, the BF method has typically been used for the more recent underwriting years. The BF method places weight on initial loss expectations and is less volatile to early claims experience. As the underwriting years become more mature, more weighting is placed on the emerging experience and the projection will move over to a chain ladder projection (or blend of the BF and chain ladder methods). This transition will occur quicker on the shorter-tailed classes than the longer-tailed ones.

Where there is limited history of Barents Re experience, consideration has been given to peer benchmark experience from external sources. The selected benchmarks are felt to be similar and relevant to the business written by Barents Re. The benchmark experience is judgmentally weighted with the internal experience as is felt appropriate based on the relevance of the benchmark and the volume and stability of the company experience.

In addition to this, information on new or potentially material claims which are not included in the current incurred position is provided by the Claims team. The Reserving team reviews this information, and where appropriate, will incorporate it into the analysis.

For large and complex events that lead to an accumulation of losses, an exposure assessment is made by the underwriting and claims teams, with a view to estimating the ultimate claims cost for that event. As losses develop, these assessments are reviewed and updated through a process coordinated by the claims team, with input by the underwriting and reserving teams.

Reinsurance recoveries for each reserving class and underwriting year have been estimated by applying expected external and internal recovery rates to the gross IBNR estimates and adding known recoveries to date. These recovery rates are based on a review of the reinsurance programs purchased, historical recovery rates and for classes with quota share protection, the quota share cessions are applied to estimate recoveries.

Events not in data ("ENID") are potential events which are not adequately contained within historical claims experience. Barents Re is required to include an allowance for these within the Technical Provision calculations, such that the mean technical provisions represent the probability-weighted average of all future cash flows.

There are no guarantees or options that materially affect the calculation of technical provisions. Any relevant guarantees would be identified through discussions with underwriters and the impact of guarantees would be valued on a best estimate basis.

Risk margin

The Barents Re risk margin is calculated using a cost of capital approach which involves calculating the cost of holding the regulatory capital requirement implied by the standard formula capital assessment model at each future time period until the business has run off. The amounts are then discounted back to the current time period. This regulatory capital requirement calculation excludes new business and market risk.

Assumptions

Assumptions and parameters are set by members of the Reserving team with the relevant knowledge and understanding, and with adequate experience. Assumptions are set consistently across the Group and where this is not possible, the differences are understood.

Where sufficient, quality data is not available, benchmark information is used overlaid with expert judgement to determine suitable assumptions. The input of expert judgement allows for specific knowledge and experience to be utilised.

All assumptions and parameters are subject to regular review to ensure that they are appropriate for their intended purpose.

The key assumptions are listed below along with some of the key measures considered when setting them.

- Initial Expected Loss Ratio (IELR) – selected IELRs are determined using historical experience, rate change indices and benchmark information,
- Premium and claims development patterns,
- Tail development,
- Allowance for future inflation,
- Reinsurance recovery rates – details of reinsurance program, historical recoveries,
- Unincepted Legal Obligations (ULOs) premium – business written prior to but incepting after the valuation date,
- Events not in data ("ENID") loadings – a loading is applied to the reserves to allow for binary events.
- Expense forecast – estimate of the future expenses required to fully run off all the liability cash flows.
- Underwriting year expense allocation,
- Counterparty default percentages, and
- Recovery in default.

D.2.3 Description of the level of uncertainty associated with the value of the technical provisions

The estimates shown in this report reflect all available data and information available at the valuation date. Despite this, the actual cost of settling future claims is uncertain as it depends on events yet to occur. These could be different from the estimates reported above, and possibly materially so. The most significant drivers of this uncertainty are highlighted below:

Inflation

2022 saw much higher inflation than recent years, caused by a combination of factors including supply chain disruption, the COVID-19 pandemic, and the Ukrainian conflict. Inflation can greatly influence the cost of settling claims, and the uncertainty is compounded by the inherent uncertainty over the timing of claims settlements. Shorter tailed classes are directly impacted by spikes in materials costs, for example, whereas longer tailed classes are more exposed to the compounding nature of inflation.

Initial Expected Loss Ratio (IELR) selection

IELRs for each class of business have been selected by analysing historical performance and external benchmark for market competitors. The nature of the IELR estimates, which incorporate a large degree of expert judgement, means that there is a degree of uncertainty surrounding their values, particularly where significant changes have been made to the underwriting. The IELR is a key driver of Barents Re's technical provision estimates for the most recent years of account.

Growing accounts

Classes which are increasing in size can be subject to increased uncertainty. If growth is driven by a change in the mix of risks written (e.g. different types of risks, new territories, increasing exposure, relaxing terms and conditions) this can increase the uncertainty considerably for a class of business.

Long-tailed classes of business

Longer-tailed classes are subject to uncertainty arising from a number of different factors; for example, claims inflation and changes in litigation such as judicial reforms. In addition, reporting and settlement delays can mean it may take many years before we can be certain of a final outcome, with any significant changes in results possibly having a material impact on assumptions made on the more recent years of account. Weakening terms and conditions also add additional uncertainty.

Unearned exposure

The technical provisions include cash flows associated with unearned exposures. As there is a greater degree of uncertainty attached to the unearned exposure, the estimates for these years of account will be subject to additional uncertainty.

Unincepted Legal Obligations

Barents Re is also required to include an allowance for unincepted bound exposure within the technical provision calculations. This exposure primarily relates to contracts incepting on 1 January after the valuation date. As these contracts are entirely unearned at the valuation date, there is additional uncertainty attached to this exposure.

Events not in data ("ENID")

Events not in data ("ENID") are potential events which are not adequately contained within Barents Re's historical claims experience. Barents Re is required to include an allowance for these within the Technical Provision calculations, such that the mean technical provisions represent the probability-weighted average of all future cash flows. By definition, there is little data available to base the analysis on. Loadings and classifications remain highly subjective with a high level of actuarial judgement employed

Future expenses

Future administration expenses are based on historical levels of expenses and a projected future expense inflation rate to calculate an expense provision estimate to fully run off the entirety of future cash flows within the technical provisions. Actual expenses could be materially different to those estimated within the expense projection.

D.2.4 Differences between Solvency II and financial statement basis

The "Best Estimate" of Provisions for claims and unearned premiums is calculated by line of business. The "Best Estimate" value of actuarial liabilities corresponds to the discounted valuation of estimated future cash flows.

D.2.5 Recoverables from reinsurance contracts

Best estimate reinsurance recoverables and costs on a Solvency II basis are calculated as part of Barents Re's best estimate reserving process. Reinsurance recoverables and costs are based on known amounts, plus projections based on gross IBNR and future premium estimates. Barents Re's reinsurance programs are outlined below:

- Barents Re's most significant reinsurance protection is the Whole Account Quota Share treaty, ceding business intra-group,
- For Energy reinsurance, Barents Re maintains an external QS and a risk XOL reinsurance program to limit the impact of large individual losses to agreed risk tolerances,
- For fire and other damage to property insurance, Barents Re maintains a XOL reinsurance program to limit the impact of large individual losses to agreed risk tolerances,
- A Surety reinsurance program which limits the impact of large losses, which result in multiple losses, to agreed risk tolerances, and
- A marine and liability excess of loss program protects from high severity events.

D.3 Other liabilities

The table below shows Barents Re's total liabilities differences on a Solvency II basis compared to the amounts shown in the Lux GAAP financial statements as at 31 December 2022.

Balance Sheet in €000	Statutory accounts value	Solvency II value	Difference
Liabilities			
Provisions other than technical provisions	25,648.1	0.0	25,648.1
Deposits from reinsurers	46,460.2	46,460.2	0.0
Deferred tax liabilities		6,496.0	-6,496.0
Reinsurance payables	30,866.1	30,866.1	0.0
Payables (trade, not insurance)	7,718.4	7,718.4	0.0
Any other liabilities, not elsewhere shown	4,740.1	2,486.0	2,254.0
Other Liabilities	268,854.6	268,854.6	0.0
Overall Total Liabilities	**384,287.4**	**295,575.9**	**21,406.2**

Unless otherwise stated, the Solvency II basis valuation for all liabilities follows fair value measurement principles. There were no changes to the recognition and valuation bases of other liabilities over the period. Further details of the liabilities and explanations for material differences between Solvency II and financial statement valuation basis are set out below.

Provisions other than technical provisions

The Equalisation Reserve under Lux GAAP is not recognised under Solvency II valuations, hence is considered a reconciliation reserve on the Solvency II Balance sheet.

Deferred tax liability(DTL)

Under LUX GAAP DAC payable in relation to reinsurance ceded and deferred income. DTL is recognised in the Solvency II balance sheet, therefore resulting in the difference between LUX GAAP and Solvency II.

All remaining other liabilities were deemed to be adequate representations of the economic value, and no adjustments were necessary.

D.4 Alternative methods for valuation

No alternative methods for valuation were used.

D.5 Any other information

No other significant information to be disclosed.

E. Capital Management

E.1 Own funds

E.1.1 Objectives and processes employed by Barents Re for managing its own funds.

The primary objective of capital management is to manage the balance between return and risk, whilst maintaining economic capital in accordance with the risk appetite. Barents Re's capital and risk management objectives are closely interlinked, whilst recognising the critical importance of protecting policyholders' and other stakeholders' interest. In managing own funds, Barents Re seeks to, on a consistent basis:

- Maintain sufficient financial strength in accordance with risk appetite, to satisfy the requirements of regulators and other stakeholders.
- Retain financial flexibility by maintaining strong liquidity.
- Allocate capital efficiently to remains within the risk appetite and drive organic growth.

Barents Re uses several scenario tests to understand the volatility of earnings and capital requirements to manage its capital efficiently. Sensitivities to economic and operating experience are produced on Barents Re's financial performance metrics to inform decision making and planning processes over a five-year planning horizon, and as part of the risk framework for identifying and quantifying the underlying risk to which Barents Re is exposed.

A new capital management policy and procedure will be implemented during the current period for managing its own funds.

E.1.2 Structure and composition of Own Funds

EUR '000		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**29,000**	29,000			
Share premium account related to ordinary share capital	R0030	-				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-				
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	**228**	228			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-				
Reconciliation reserve	R0130	**20,041**	20,041			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	**R0290**	**49,269**	**49,269**	-	-	-
Ancillary own funds						

E.1.3 Eligible Own Funds to cover the SCR classified by level

The eligible amount of own funds to cover the Solvency Capital Requirements are classified in tiers, and Barents Re own funds are unrestricted Tier 1.

Available and eligible own funds (EUR '000)		**2022**	**2021**
Total available own funds to meet the SCR	R0500	49,269	43,665
Total eligible own funds to meet the SCR	R0540	49,269	43,665

E.1.4 Eligible Own Funds to cover the MCR classified by level

The eligible amount of own funds to cover the Minimum Capital Requirements are unrestricted Tier 1.

Available and eligible own funds (EUR '000)		**2022**	**2021**
Total available own funds to meet the MCR	R0510	49,269	43,665
Total eligible own funds to meet the MCR	R0550	49,269	43,665

E.1.5 Explanation of any material differences between equity as shown in Barents Re's financial statements and then calculated for solvency purposes.

Differences between Barents Re's shareholders' equity per the financial statements and the Solvency II balance sheet relate to valuation differences as shown in this document.

€000	2022	2021
Shareholders' equity as shown in the financial statements	29,228.1	29,228.1
Solvency II valuation adjustments to assets	-69,157.9	-49,700.6
Solvency II valuation adjustments to technical provisions	25,648.1	14,673.3
Solvency II valuation adjustments to other liabilities	63,550.8	49,464.4
Solvency II	49,269.2	43,665.1

E.1.6 Own fund items included under transitional arrangements under Solvency II

All own funds items are unrestricted Tier 1 own funds and no other items are included in own funds under transitional arrangements under Solvency II

E.1.7 Ancillary own funds

Barents Re has not applied for CAA approval of any Ancillary Own Funds items and therefore no such items are included within own funds.

E.1.8 Own funds restrictions

Barents Re does not have any ring-fenced funds and has not identified any other restrictions which need to be made to own funds as a result of availability or transferability of own funds within Barents Re.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR results

Barents Re's Standard formula SCR and MCR for the year ended 31 December 2021 and 2022 are as follows

€000	2022	2021
SCR	31,506.2	32,476.4
MCR	7,876.5	8,119.1

Standard formula SCR split by modules.
Barents Re's SCR for the year ended 31 December 2021 and 2022, split by risk module.

SCR by Risk Type €000	2022	2021
Market	7,500	7,482
CDR	17,092	17,673
Underwritting	15,713	17,612
Life	485	2,579
Health	166	42
Non-life	15,062	14,991
Intangibles	0	0
Diversification	-9,295	-10,832
BSCR	**31,009**	**31,935**
Operational risk	5,288	5,085
LAC ofTP	0	0
LAC of DT	-4,791	-4,543
Other adjustments	0	0
Overall SCR	**31,506**	**32,476**

E.3 Use of duration-based equity risk sub-module in the calculation of SCR

The duration-based equity risk sub-module was not used.

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

Barents Reinsurance S.A. used the standard formula.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Company complied with the MCR and SCR at all times.

E.6 Any other information

No other information to be disclosed.

F. Appendix A: QRTs

This appendix contains the following templates which the company is required to disclosed as part of the SFCR The Quantitative Reporting Templates (QRT) in this report are presented in EUR rounded to the nearest thousand.

S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
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.28.02.01	Minimum Capital Requirement - Both life and non-life insurance activity

BARENTS RE

S.02.01.02 - Balance Sheet

EUR '000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	426
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,012
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	755
Equities - listed	R0110	755
Equities - unlisted	R0120	-
Bonds	R0130	2,257
Government Bonds	R0140	890
Corporate Bonds	R0150	1,366
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	197,610
Non-life and health similar to non-life	R0280	174,032
Non-life excluding health	R0290	169,815
Health similar to non-life	R0300	4,217
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	23,578
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	23,578
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	67,176
Receivables (trade, not insurance)	R0380	1,978
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	70,486
Any other assets, not elsewhere shown	R0420	3,669
Total assets	**R0500**	**344,358**

S.02.01.02 - Balance Sheet

EUR '000

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	R0510	175,951
Technical provisions - non-life (excluding health)	R0520	171,625
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	168,243
Risk margin	R0550	3,382
Technical provisions - health (similar to non-life)	R0560	4,326
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	4,241
Risk margin	R0590	85
Technical provisions - life (excluding index-linked and unit-linked)	R0600	25,705
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	25,705
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	25,198
Risk margin	R0680	506
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	46,460
Deferred tax liabilities	R0780	6,693
Derivatives	R0790	-
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	30,866
Payables (trade, not insurance)	R0840	7,718
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	1,695
Total liabilities	**R0900**	**295,088**
Excess of assets over liabilities	**R1000**	**49,269**

S.05.01.02 - Premiums, claims and expenses by line of business

EUR '000		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	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance accepted	R0120	-	4,165	-	-	-	22,061	1,668	15,130	11,240	-	-	-					**54,264**
Gross - Non-proportional reinsurance accepted	R0130													(0)	8,042	47,800	8,582	**64,424**
Reinsurers' share	R0140	-	3,662	-	-	-	16,892	1,652	14,519	6,654	-	-	(1)	(0)	6,899	38,291	6,698	**95,266**
Net	R0200	-	502	-	-	-	5,169	17	611	4,586	-	-	1	0	1,143	9,509	1,884	**23,422**
Premiums earned																		
Gross - Direct Business	R0210	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance accepted	R0220	-	4,807	-	-	-	37,484	4,085	17,061	15,097	-	-	-					**78,534**
Gross - Non-proportional reinsurance accepted	R0230													(0)	4,856	23,701	7,253	**35,811**
Reinsurers' share	R0240	-	4,297	-	-	-	30,056	4,057	15,558	9,919	-	-	(1)	(0)	3,871	17,976	5,679	**91,411**
Net	R0300	-	510	-	-	-	7,428	28	1,503	5,178	-	-	1	0	985	5,726	1,575	**22,934**
Claims incurred																		
Gross - Direct Business	R0310	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance accepted	R0320	-	4,574	-	-	-	(3,719)	(1,381)	(8,168)	19,864	-	-	(463)					**10,706**
Gross - Non-proportional reinsurance accepted	R0330													1	3,798	13,946	10,370	**28,115**
Reinsurers' share	R0340	-	4,389	-	-	-	(872)	(922)	(6,959)	17,684	-	-	(451)	0	3,694	13,035	9,883	**39,483**
Net	R0400	-	185	-	-	-	(2,847)	(460)	(1,209)	2,180	-	-	(13)	0	104	910	488	**(662)**
Changes in other technical provisions																		
Gross - Direct Business	R0410	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance accepted	R0430													-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	R1200																	
Total expenses	R1300																	-

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S.05.02.01 - Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) non-life obligations				
		C0010	C0020	C0030	C0040	C0050	C0060
	R0010		KOREA, REPUBLIC OF	BULGARIA	SWITZERLAND	IRELAND	
		C0080	C0090	C0100	C0110	C0120	C0130
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120	5,692,595	38,393	38,497	13,887	10,986	
Gross - Non-proportional reinsurance accepted	R0130	2,023,399	6,488	59	5,946	3,123	
Reinsurers' share	R0140	6,776,953	43,545	28,420	17,759	12,525	
Net	R0200	939,040	1,336	10,136	2,073	1,584	
Premiums earned		0	-	-	-	-	
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220	5,529,539	37,787	36,062	13,564	10,730	
Gross - Non-proportional reinsurance accepted	R0230	1,498,544	4,947	70	3,609	2,604	
Reinsurers' share	R0240	6,181,633	41,474	26,841	15,319	11,860	
Net	R0300	846,450	1,260	9,291	1,853	1,474	
Claims incurred		0	-	-	-	-	
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320	5,304,870	5,576	29,939	5,005	7,547	
Gross - Non-proportional reinsurance accepted	R0330	1,256,851	2,585	25	2,142	1,089	
Reinsurers' share	R0340	6,050,397	7,888	26,839	6,629	7,970	
Net	R0400	511,324	274	3,124	519	667	
Changes in other technical provisions							
Gross - Direct Business	R0410	0					
Gross - Proportional reinsurance accepted	R0420	0					
Gross - Non- proportional reinsurance accepted	R0430	0					
Reinsurers' share	R0440	0					
Net	R0500	0					
Expenses incurred	R0550	0					
Other expenses	R1200						
Total expenses	R1300						

		Home Country	Top 5 countries (by amount of gross premiums written) life obligations				
		C0150	C0160	C0170	C0180	C0190	C0200
EUR '000	R1400		SAUDI ARABIA	INDIA	PORTUGAL		
		C0220	C0230	C0240	C0250	C0260	C0270
Premiums written							
Gross	R1410	-	7,443	5,540	4,644		
Reinsurers' share	R1420	-	5,758	4,797	2,998		
Net	R1500	-	1,685	743	1,645		
Premiums earned			-	-	-		
Gross	R1510	-	16,779	2,983	4,262		
Reinsurers' share	R1520	-	14,282	2,548	2,756		
Net	R1600	-	2,497	436	1,506		
Claims incurred			-	-	-		
Gross	R1610	-	19,279	2,732	2,309		
Reinsurers' share	R1620	-	17,328	2,432	2,056		
Net	R1700	-	1,951	300	253		
Changes in other technical provisions			-	-	-		
Gross	R1710	-					
Reinsurers' share	R1720	-					
Net	R1800	-					
Expenses incurred	R1900	-					
Other expenses	R2500						
Total expenses	R2600						

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S.12.01.02 - Life and Health SLT Technical Provisions

EUR '000		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	**C0150**	C0160	C0170	C0180	C0190	C0200	C0210
l provisions calculated as a whole	R0010	-	-			-			-	-	**-**	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-			-			-	-	**-**	-			-	-	-
Technical provisions calculated as a sum of BE and RM																	
timate																	
Best Estimate	R0030	-		-	-		-	-	-	25,198	**25,198**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-		-	-		-	-	-	23,578	**23,578**		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	-		-	-		-	-	-	1,620	**1,620**		-	-	-	-	-
ırgin	R0100	-	-			-			-	506	**506**	-			-	-	-
ıt of the transitional on Technical Provisions																	
ıical Provisions calculated as a whole	R0110	-	-			-			-	-	**-**	-			-	-	-
ɛstimate	R0120	-		-	-		-	-	-	-	**-**		-	-	-	-	-
ıargin	R0130	-	-			-			-	-	**-**	-			-	-	-
ːal provisions - total	R0200	-	-			-			-	25,705	**25,705**	-			-	-	-

S.17.01.02 - Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
EUR '000		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	**Total Non-Life obligation**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	-	297	-	-	-	5,870	1,013	2,332	1,549	-	-	-	-	214	1,243	699	**13,218**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	424	-	-	-	15,568	1,089	3,736	1,159	-	-	-	-	552	1,964	1,397	**25,889**
Net Best Estimate of Premium Provisions	R0150	-	(127)	-	-	-	(9,698)	(76)	(1,403)	391	-	-	-	-	(339)	(721)	(698)	**(12,671)**
Claims provisions																		
Gross	R0160	-	3,943	-	-	-	69,663	6,281	31,833	20,280	-	-	9	1	3,740	12,164	11,353	**159,266**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	3,792	-	-	-	64,627	6,164	30,157	18,113	-	-	9	1	3,440	11,319	10,521	**148,143**
Net Best Estimate of Claims Provisions	R0250	-	150	-	-	-	5,035	117	1,675	2,167	-	-	1	0	300	845	832	**11,123**
Total Best estimate - gross	R0260	**-**	**4,240**	**-**	**-**	**-**	**75,533**	**7,294**	**34,165**	**21,830**	**-**	**-**	**9**	**1**	**3,954**	**13,407**	**12,052**	**172,484**
Total Best estimate - net	R0270	**-**	**24**	**-**	**-**	**-**	**(4,663)**	**41**	**272**	**2,558**	**-**	**-**	**1**	**0**	**(38)**	**125**	**134**	**(1,548)**
Risk margin	R0280	-	85	-	-	-	1,518	147	687	439	-	-	0	0	79	269	242	**3,467**
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total	R0320	**-**	**4,325**	**-**	**-**	**-**	**77,051**	**7,441**	**34,852**	**22,268**	**-**	**-**	**10**	**1**	**4,033**	**13,677**	**12,294**	**175,951**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	4,216	-	-	-	80,195	7,253	33,893	19,272	-	-	9	1	3,992	13,283	11,918	**174,032**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	109	-	-	-	(3,144)	187	959	2,997	-	-	1	0	41	394	376	**1,919**

S.19.01.21 - Non-life insurance claims

		Gross undiscounted Best Estimate Claims Provisions – Development year											Year end
Year		0	1	2	3	4	5	6	7	8	9	10 & +	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100	0	0	0	0	0	0	0	0	0	0	-	-
N-9	R0160	0	0	0	0	0	0	0	0	0	0		0
N-8	R0170	0	0	0	0	0	0	0	0	0			0
N-7	R0180	0	0	0	0	0	0	0	0				0
N-6	R0190	0	0	0	0	1,170	1,052	1,175					1,022
N-5	R0200	0	0	0	12,991	9,000	6,322						5,794
N-4	R0210	0	0	25,320	15,964	12,433							11,136
N-3	R0220	0	49,293	31,114	17,102								15,503
N-2	R0230	32,687	46,325	30,312									27,541
N-1	R0240	32,650	63,773										58,434
N	R0250	42,758											39,837
Total	R0260												159,266

	Z0020	Accident year / Underwriting year:			Underwriting year									
		Gross Claims Paid (non-cumulative) – Development year											Current year	Sum of years
Year		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100	0	0	0	0	0	0	0	0	0	0	-	-	-
N-9	R0160	0	0	0	0	0	0	0	0	0	0		0	0
N-8	R0170	0	0	0	0	0	0	0	0	0			0	0
N-7	R0180	0	0	0	0	0	0	0	0				0	0
N-6	R0190	0	0	0	0	21	2	18					18	41
N-5	R0200	0	0	0	21,820	1,704	2,732						2,732	26,255
N-4	R0210	0	0	5,817	3,101	1,244							1,244	10,162
N-3	R0220	0	8,643	9,827	9,277								9,277	27,747
N-2	R0230	8	932	2,472									2,472	3,413
N-1	R0240	221	1,336										1,336	1,557
N	R0250	1,064											1,064	1,064
Total	R0260												18,143	70,239

S.23.01.01 - Own funds

EUR '000		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
share capital (gross of own shares)	R0010	**29,000**	29,000			
›mium account related to ordinary share capital	R0030	-				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-				
ated mutual member accounts	R0050	-		-	-	-
unds	R0070	**228**	228			
:e shares	R0090	-		-	-	-
›mium account related to preference shares	R0110	-				
ation reserve	R0130	**20,041**	20,041			
ated liabilities	R0140	-		-	-	-
nt equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	**49,269**	**49,269**	-	-	-
Ancillary own funds						
nd uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
nd uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	49,269	49,269	-	-	-
Total available own funds to meet the MCR	R0510	49,269	49,269	-	-	
Total eligible own funds to meet the SCR	R0540	49,269	49,269	-	-	-
Total eligible own funds to meet the MCR	R0550	49,269	49,269	-	-	
SCR	R0580	31,506				
MCR	R0600	7,877				
Ratio of Eligible own funds to SCR	R0620	156%				
Ratio of Eligible own funds to MCR	R0640	626%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	49,269
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	29,228
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	20,041
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	162
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	813
Total Expected profits included in future premiums (EPIFP)	R0790	975

BARENTS RE

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

		Gross solvency capital requirement	USP	Simplificatio
		C0110	C0090	C0120
et risk	R0010	7,500		*1
terparty default risk	R0020	17,092		
nderwriting risk	R0030	485	None	
h underwriting risk	R0040	166	None	
ife underwriting risk	R0050	15,062	None	
ification	R0060	- 9,295		
gible asset risk	R0070	-		
Solvency Capital Requirement	R0100	**31,009**		

lation of Solvency Capital Requirement		C0100
rational risk	R0130	5,288
-absorbing capacity of technical provisions	R0140	-
-absorbing capacity of deferred taxes	R0150	- 4,791
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
ncy Capital Requirement excluding capital add-on	R0200	31,506
ital add-on already set	R0210	
ncy capital requirement	R0220	31,506

information on SCR		C0110
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		C0109
ach based on average tax rate	R0590	Approach based on average tax rate

		LAC DT
		C0130
T	R0640	- 4,791
T justified by reversion of deferred tax liabilities	R0650	
LAC DT justified by reference to probable future taxable economic profit	R0660	- 4,608
T justified by carry back, current year	R0670	
T justified by carry back, future years	R0680	
num LAC DT	R0690	

ID	Simplifications used
*1	Simplifications spread risk - bonds and loans
*2	Simplifications market concentration risk - simplifications used
*3	Captives simplifications - interest rate risk
*4	Captives simplifications - spread risk on bonds and loans
*5	Captives simplifications - market concentration risk
*6	Simplifications - mortality risk
*7	Simplifications - longevity risk
*8	Simplifications - disability-morbidity risk
*9	Simplifications - lapse risk
*10	Simplifications - life expense risk
*11	Simplifications - life catastrophe risk
*12	Simplifications - health mortality risk
*13	Simplifications - health longevity risk
*14	Simplifications - health disability-morbidity risk-medical expenses
*15	Simplifications - health disability-morbidity risk-income protection
*16	Simplifications - SLT lapse risk
*17	Simplifications - NSLT lapse risk
*18	Simplifications - health expense risk
*19	Captives simplifications - premium and reserve risk
*20	Simplifications used – non-life lapse risk

ID	USP
*1	Increase in the amount of annuity benefits
*2	Standard deviation for NSLT health premium risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35
*3	Standard deviation for NSLT health gross premium risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35
*4	Adjustment factor for non–proportional reinsurance
*5	Standard deviation for NSLT health reserve risk referred to in Title I Chapter V Section 12 of Delegated Regulation (EU) 2015/35
*6	Standard deviation for non–life premium risk
*7	Standard deviation for non–life gross premium risk
*8	Adjustment factor for non–proportional reinsurance
*9	Standard deviation for non–life reserve risk

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

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRnl-Result	R0010	3,895

EUR '000		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	24	502
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	5,169
Fire and other damage to property insurance and proportional reinsurance	R0080	41	17
General liability insurance and proportional reinsurance	R0090	272	611
Credit and suretyship insurance and proportional reinsurance	R0100	2,558	4,586
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1	1
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	-	1,143
Non-proportional marine, aviation and transport reinsurance	R0160	125	9,509
Non-proportional property reinsurance	R0170	134	1,884

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0040
MCRl-Result	R0200	492

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		703,408

		C0070
Linear MCR	R0300	4,387
SCR	R0310	31,506
MCR cap	R0320	14,178
MCR floor	R0330	7,877
Combined MCR	R0340	7,877
Absolute floor of the MCR	R0350	3,600
Minimum Capital Requirement	R0400	7,877

S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

		MCR components	
		Non-life activities MCR(NL, NL) Result	Life activities MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	3,895	-

		Non-life activities		Life activities	
		Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	-	-	-	-
Income protection insurance and proportional reinsurance	R0030	24	502	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-	-	-
Other motor insurance and proportional reinsurance	R0060	-	-	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	5,169	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	41	17	-	-
General liability insurance and proportional reinsurance	R0090	272	611	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	2,558	4,586	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-	-	-
Assistance and proportional reinsurance	R0120	-	-	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1	1	-	-
Non-proportional health reinsurance	R0140	0	0	-	-
Non-proportional casualty reinsurance	R0150	-	1,143	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	125	9,509	-	-
Non-proportional property reinsurance	R0170	134	1,884	-	-

		Non-life activities MCR(L, NL) Result	Life activities MCR(L, L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	-	492

		Non-life activities		Life activities	
		Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of re-insurance/SPV) total capital at risk	Net (of re-insurance/SPV) best estimate and TP calculated as a whole	Net (of re-insurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210				
Obligations with profit participation - future discretionary benefits	R0220				
Index-linked and unit-linked insurance obligations	R0230				
Other life (re)insurance and health (re)insurance obligations	R0240				
Total capital at risk for all life (re)insurance obligations	R0250				703,408

Overall MCR calculation		C0130
Linear MCR	R0300	4,387
SCR	R0310	31,506
MCR cap	R0320	14,178
MCR floor	R0330	7,877
Combined MCR	R0340	7,877
Absolute floor of the MCR	R0350	3,600
Minimum Capital Requirement	R0400	7,877

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	3,895	492
Notional SCR excluding add-on (annual or latest calculation)	R0510	27,970	3,536
Notional MCR cap	R0520	12,587	1,591
Notional MCR floor	R0530	6,993	884
Notional Combined MCR	R0540	6,993	884
Absolute floor of the notional MCR	R0550	3,600	-
Notional MCR	R0560	6,993	884