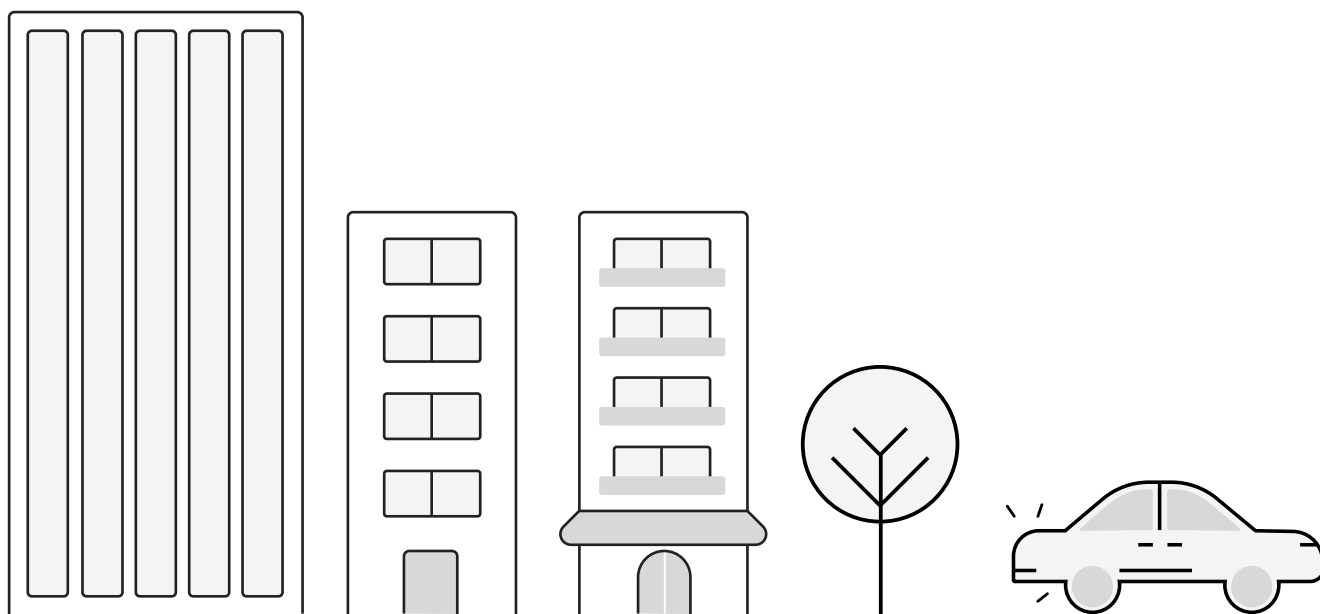


PRELIMINARY SFCR

Solvency and Financial Condition Report

Year ended 31 December 2019



This report has been issued in accordance with EIOPA's Recommendations on Supervisory flexibility regarding the deadline of Supervisory reporting and public disclosure - Coronavirus / Covid-19

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HD Insurance Limited - Operational readiness and possible implications due to Covid-19.

The outbreak of coronavirus (COVID- 19) has created a new reality, and its impact cannot be foreseen due to its uniqueness and lack of historical data. This evolving situation raises concerns about the impact on the global economy, market volatility and the consequences for the insurance sector.

Our Company's advanced, in-house developed digital infrastructure and financial backbone allows us to weather this storm with minimal impact.

From the early stages of the coronavirus spread we established an Emergency Team comprised of members of the Company's management team in order to form and execute an action plan to minimise the impact on the Company's, to ensure that we could continue to serve our clients and to provide a safe working environment for our employees.

Please see below our initial impact analysis:

Business Continuity Planning / Operational Continuity

- All our employees, including our 24/7 emergency line and customer support teams, were immediately able to work from home. Since Tuesday 17 March, 100% of the Company's employees have been working remotely, ensuring that neither business continuity nor customer experience were disrupted in any way.
- The work that the Company has done over the past 4 years to digitalise every aspect of its value chain ensures that it will continue to sell/renew/endorse policies and pay claims to garages/policyholders through digital banking without the need for any physical interactions.
- Our strong belief is that the Greek and Cyprus consumer may emerge stronger and significantly more digital from this latest crisis.

Impact on insurance production, reserving and investment portfolio

- Our early experience over the past period shows that the claims and road assistance frequency will drop during the first part of the crisis – certainly a downward push on the motor loss ratio.
- All our policies are paid in full at inception through plastic or digital transfers hence no issues on credit risk relating to receivables and collections.
- Our new business and renewals are growing healthily as more consumers turn to digital channels across the economy.
- We expect that there will be no time-lag for insurance claims to be notified, assessed, and paid. We have commenced the process of evaluating our claim reserves in light of the current circumstances and we will continue to do this on an ongoing basis as fact patterns emerge.
- Our reserves are synced up each quarter with our two reinsurance partners (Munich Re and Swiss Re) – all claims are appropriately reserved according to the latest available data.
- We have no asset risk (no exposure to stocks, bonds, real estate, etc.) and our risk is well diversified across three multi-year quota share agreements.

Impact on business plans and the Company's solvency position

- We are re-examining our business plans and solvency in light of the above developments including the need for an emergency Own Risk Solvency Assessment.
- Our Board examines both the potential downside risks but also how we can most appropriately respond to this situation, ensuring that the wellbeing of our policyholders remain at the forefront of our strategy.
- We are taking proactive steps to maintain regulator and stakeholder confidence and are actively engaging with regulators and the markets.
- We do consider this event as a watershed moment for the industry to take a significant step towards digitalisation – something we have been working on, heavily investing and preparing for a number of years.

Balance Sheet

S.02.01

S.02.01.02

Balance sheet

	Solvency II value
	C0010
Assets	
Intangible assets	R0030 0
Deferred tax assets	R0040 0
Pension benefit surplus	R0050 0
Property, plant & equipment held for own use	R0060 991,695
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 17,361
Property (other than for own use)	R0080 0
Holdings in related undertakings, including participations	R0090 1,000
Equities	R0100 2,330
Equities - listed	R0110 2,330
Equities - unlisted	R0120 0
Bonds	R0130 0
Government Bonds	R0140 0
Corporate Bonds	R0150 0
Structured notes	R0160 0
Collateralised securities	R0170 0
Collective Investments Undertakings	R0180 0
Derivatives	R0190 0
Deposits other than cash equivalents	R0200 14,030
Other investments	R0210 0
Assets held for index-linked and unit-linked contracts	R0220 0
Loans and mortgages	R0230 0
Loans on policies	R0240 0
Loans and mortgages to individuals	R0250 0
Other loans and mortgages	R0260 0
Reinsurance recoverables from:	R0270 7,359,496
Non-life and health similar to non-life	R0280 7,359,496
Non-life excluding health	R0290 7,359,496
Health similar to non-life	R0300 0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 0
Health similar to life	R0320 0
Life excluding health and index-linked and unit-linked	R0330 0
Life index-linked and unit-linked	R0340 0
Deposits to cedants	R0350 0
Insurance and intermediaries receivables	R0360 2,367,251
Reinsurance receivables	R0370 0
Receivables (trade, not insurance)	R0380 9,048,591
Own shares (held directly)	R0390 0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400 0
Cash and cash equivalents	R0410 9,799,751
Any other assets, not elsewhere shown	R0420 48,497

Liabilities

Technical provisions – non-life	R0510	15,087,488
Technical provisions – non-life (excluding health)	R0520	15,087,488
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	14,442,425
Risk margin	R0550	645,063
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
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	3,318,531
Payables (trade, not insurance)	R0840	0
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	3,195,546
Total liabilities	R0900	21,601,565
Excess of assets over liabilities	R1000	8,031,077

Own Funds

S.23.01

S.23.01.01
Own funds

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

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings

Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand

Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

Unpaid and uncalled preference shares callable on demand

A legally binding commitment to subscribe and pay for subordinated liabilities on demand

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
R0010	1,281,738			
R0030	22,245,204			
R0040				
R0050				
R0070				
R0090				
R0110				
R0130	-15,495,867			
R0140				
R0160				
R0180				
R0220				
R0230				
R0290	8,031,076			
R0300				
R0310				
R0320				
R0330				
R0340				
R0350				
R0360				
R0370				
R0390				
R0400				
R0500	8,031,076			
R0510	8,031,076			
R0540	8,031,076			
R0550	8,031,076			
R0580	5,260,721			
R0600	3,700,000			
R0620	152.66%			
R0640	217.06%			

Reconciliation reserve
 Excess of assets over liabilities
 Own shares (held directly and indirectly)
 Foreseeable dividends, distributions and charges
 Other basic own fund items
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve
Expected profits
 Expected profits included in future premiums (EPIFP) - Life business
 Expected profits included in future premiums (EPIFP) - Non- life business
Total Expected profits included in future premiums (EPIFP)

	C0060
R0700	8,031,076
R0710	
R0720	
R0730	23,526,942
R0740	
R0760	-15,495,867
R0770	
R0780	
R0790	

Solvency Capital Requirement - For undertakings on Standard Formula

S.23.01

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

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
R0010	322,571		
R0020	2,478,807		
R0030	0		
R0040	0		
R0050	2,705,558		
R0060	-912,233		
R0070	0		
R0100	4,594,703		

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency Capital Requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirements for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304

R0130	C0100
	666,018
R0140	0
R0150	0
R0160	0
R0200	5,260,721
R0210	0
R0220	5,260,721
R0400	
R0410	
R0420	
R0430	
R0440	



HD Insurance Ltd is regulated by the Cyprus Superintendent of Insurance and by the Department of Private Insurance Supervision of the Bank of Greece.

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