UNIPOLRE DAC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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UNIPOLRE DAC

DIRECTORS AND OTHER INFORMATION

DIRECTORS	E. San Pietro (Italian) - Chairman M.G.V. Sordoni (Italian) – CEO (resigned 23/01/23) S. Hughes – INED L. Zaccherini (Italian) R. Commons – INED
SECRETARY	M. H. C. Corporate Services Limited
REGISTERED OFFICE	The Watermarque Building Ringsend Road Dublin 4
BANKERS	Bank of Ireland IFSC La Touche House Custom House Dock Dublin 1 Bank of Ireland Global Markets 2 Burlington Plaza Burlington Road Dublin 4 Deutsche Bank Spa Via San Prospero, 2 20121 Milan (Italy)
CUSTODIAN OF INVESTMENTS	Northern Trust Fiduciary Services George's Court 54-62 Townsend Street Dublin 2

DIRECTORS AND OTHER INFORMATION (CONTINUED)

SOLICITORS	Mason Hayes and Curran 6 South Bank House Barrow Street Dublin 4
AUDITOR	Ernst & Young Harcourt Centre Harcourt Street Dublin 2
Company Registration Number	290539

UNIPOLRE DAC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of UnipolRe DAC (the "Company") for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

UnipolRe Dac is a composite professional reinsurance Company, wholly owned by UnipolSai Assicurazioni S.p.A. writing life and non-life proportional and non-proportional reinsurance business and is rated A- by AM Best.

The Company underwrites reinsurance business with cedants domiciled in Europe and the Middle East. The Company's current portfolio of reinsurance contracts is predominantly motor due to the Company exiting the non-proportional nat cat market in November 2021. Other lines of business such as property ex nat cat, engineering, marine and personal accident make up the remaining volume.

UnipolRe's premium income for 2022 reduced by 24% to €193m primarily driven by the Company's decision in November 2021 to exit the Nat Cat excess of loss market. The inflationary environment in Europe and the Middle East drove a deterioration in observed results across most classes during 2022, this effect was seen most notably across the proportional book of business. There was also a further uplift in event loss reserves related to the Covid 19 pandemic as well as the Storm Bernd flood losses of 2021.

During 2022, the reinsurance market experienced a meaningful direction change driven by a combination of events, the macro-economic effects of the war in Ukraine and the global pandemic, market loss experience and the erosion of capital within the global reinsurance marketplace. This resulted in a tumultuous January 2023 renewal period where the reinsurance market underwent a fundamental change in terms of pricing and risk appetite which resulted in increased costs and retentions for insurers globally.

For UnipolRe this resulted in improved pricing conditions across most territories and lines at 1/1/2023 as well as the opportunity to begin repositioning the Company's portfolio in line with the Company's business strategy of reducing the volatility within the portfolio. Consequently, in 2023 the Company reduced the 1/1 renewal income by a further 18%, declining treaties which did not meet the Company's margin requirements and reducing capacity in areas of higher volatility and concentration.

As a result of the Company's decision to exit the active reinsurance market at the beginning of 2023 and the portfolio changes completed during 1st January renewals, the premium volume for underwriting year 2023 is expected to reduce circa 46% in comparison to the previous year to €104m.

The Company considers its key performance indicators to be its profit for the financial year, as well as on an ultimate basis, earned premiums net of reinsurance, claims incurred net of reinsurance and investment income.

The Company is regulated by the Central Bank of Ireland.

FUTURE DEVELOPMENTS

In early 2023 the Company decided to no longer underwrite active reinsurance business and will be merged by absorption into its parent UnipolSai Assicurazioni S.p.A.

RESULTS FOR THE FINANCIAL YEAR AND BUSINESS REVIEW OF FINANCIAL POSITION AT 31 DECEMBER 2022

The Income Statement for the year ended 31 December 2022 and the Statement of Financial position at that date are set out on pages 24 to 29.

At year end 2022 the Gross Written Premium was €192.7m (2021: €254.8m), of which Life business accounted for €0.2m (2021: €0.3m). €11.3m was retroceded to the reinsurance market (2021: €17.3m). All of the retroceded business related to the non-Life business.

The business of UnipolRe is split between business carried out as a professional reinsurer (mainly Motor, Casualty and Property) and business from UnipolSai Group reinsurance programmes which are in run off. At year end 2022 Gross Written Premium assumed as a professional reinsurer was €187.5m (2021: €250.54m). The Company retroceded premium of €6.4m (2021: €13.2m) related to business carried out as a professional reinsurer. The Gross Written Premium from the Group reinsurance programmes was €5.1m (2021: €4.1m) and was fully retroceded.

All retrocessionaires were carefully selected on the basis of a thorough and constant analysis of their financial and economic status. This is in line with the Risk Appetite Statement and the Reinsurance and Other Mitigations Techniques Policy adopted by the Board of Directors.

The Non-Life business in 2022 resulted in a loss of €52m (2021: loss of €59m). The Life business in 2022 resulted in a profit of €0.6m (2021: loss €0.1m). The net technical result for the non-life portfolio was a loss of €47.4m (2021: loss of €54.0m). This net technical result includes commissions of €27.9m (2021: €35.1m) and the allocation of interests on deposit of €0.37m (2021: €0.32m) but excludes administration expenses and allocation of income.

The Company continues monitoring the geopolitical event in Ukraine. We do not have exposure to the risks we think are most immediately affected by the war, namely Political Risks, Cyber, Aviation and Marine. However, the increase in inflation and interest rates due to the war impacted on reserves and investments values.
The high rate of inflation around Europe required UnipolRe to reinforce reserves during 2022. In addition, the Company, in conjunction with its legal advisors, continued to review the status of the disputed COVID-19 business interruption claims and updated as necessary the reserves set aside for these potential claims.

Investment Income was €32.5m (2021: €33.2m). This was mainly made up of interest on Available for Sale (AFS) securities of €8.3m (2021: €6.4m) and foreign exchange gains of €23.9m which are predominantly the result of GBP/Euro and ILS/Euro movements over the course of the year on the assets supporting the technical provisions (2021: €26.5m.)

Investment Charges were €26.3m (2021: €26m). These were made up of investment management expenses of €0.8m (2021: €0.8m) and foreign exchange losses of €24.1m which are predominantly the result of GBP/Euro and ILS/Euro movements over the course of the year on the technical provisions (2021: foreign exchange loss €25.1m).

RESULTS FOR THE FINANCIAL YEAR AND BUSINESS REVIEW OF FINANCIAL POSITION AT 31 DECEMBER 2022 (CONTINUED)

The gain/loss on realisation of investment was €1.4m (2021: loss of €31,000). On the Statement of Other Comprehensive Income there is a movement in unrealised gains and losses during 2022 which resulted in a loss of €77.3m (2021: loss €18.5m). The main driver of this movement was a loss of €76.6m (2021: profit €17.0m) from mark to market valuations and a loss of €0.7m (2021: loss of €1.5m) from sale of securities.

The total financial investments of the Company at year end 2022 was €811.5m (2021: €855.5m). Deposits with cedant companies were €121.1m (2021: €112.9m), the increase is mainly due to an overall deterioration of the liabilities covered by collaterals. Reinsurers share of technical provisions was €91.5m (2021: €113.6m).

Debtors increased from €120.1m in 2021 to €166.5m in 2022 mainly due to delay in the clearing of due balances.

The other assets which mainly relate to deposits with credit institutions were €28.3m (2021: €97.2m).

Technical provisions increased by €19.2m from €795.7m in 2021 to €814.9m in 2022. The increase is mainly driven by inflationary adjustments in relation to the increased construction costs for losses incurred due to a large flood event in Central Europe in July 2021 on the property business, the increase in cost of spare parts and repairs for the motor business and the reassessment of the Covid-19 BI loss in relation to the probability of success should the cases go to arbitration.

Deposits received from reinsurers, which are related to the old run-off business, stayed the same €9.1m in 2022 as in 2021.

Creditors amounted to €53.3m in 2022 (2021: €26.6m).

The exposure to Reinsurers, measured as outstanding premium and advised claim reserves, net of amounts deposited and creditors arising out of reinsurance operations, amounts to €23.0m (2021: €73.1m). Out of this total, €20.9m (2021: €33.2m) relate to counterparties with an S&P rating of AA- and better (or the equivalent thereof), €2.1m (2021: €39.9m) relate to counterparties with an S&P rating below AA-.

The Company reported a loss on ordinary activities before taxation of €49.5m (in 2021 loss of €55.7m). The loss after tax amounts to €57.5m (2021: loss of €48.7m).

FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for ensuring that adequate internal control and risk management procedures are maintained by the Company. Operational responsibility for monitoring, measuring, mitigating and reporting risks connected with the Company's activities rests with the management.

The Company has developed appropriate corporate governance procedures taking into account the regulatory and group requirements. The Directors are aware of the critical need for effective corporate governance, risk management and internal controls in order to guide the Company's business activities, thereby promoting compliance with all relevant laws and regulations.

The risk management activity involves an effective risk management framework including identification, measurement, monitoring, management and reporting of risks to which the business could be exposed. Effective risk management also includes a risk governance process. The key risks monitored include (re)insurance risk, market risk, credit risk, liquidity risk and operational risk.

The most material risk that the Company is subject to is (re)insurance risk arising from reinsurance obligations. This includes the risk that the premium incomes are insufficient to compensate future claims, the risk that the reserves are inadequate to cover the settlement costs incurred from past claim events and catastrophe risk arising from extreme or exceptional events. The pricing team, which are independent from the underwriting team, assess the expected profitability and key areas of uncertainties of new and renewing business using best practice pricing techniques within the actuarial control environment including procedures, documentations, referral criteria and peer reviews. This reduces the risk of mis-pricing. The reserves are subject to a reserving process which is led by the Reserving Actuary and also involves input from the Head of Claims, and the Head of Actuarial Function. The reserving process is overseen by the Reserving Committee. This process aims to ensure that the reserves based on best estimate ultimate loss ratios are adequate for each treaty. The Solvency II reserves are signed off by the Head of Actuarial Function, who is independent from the Company, in the form of an Actuarial Opinion on Technical Provisions. The catastrophe risk is managed according to the size and complexity of the business underwritten and mitigated through continuous monitoring of exposures, holding adequate capital and the usage of reinsurance protection.

The Company's market risk is related to the portfolio of financial instruments held by the Company. These are subject to minimum credit limits and specific limits for each asset class. The Board of Directors has adopted a prudent approach to market risk within its investment strategy. The investment policy sets out limits for assets liability matching and sensitivity limits on equity, interest rate and spread risk. The credit risk is related to the exposures with cedants, retrocessionaires and the asset portfolio within the shareholders' funds. These are monitored and mitigated through strict credit limits. The limits in relation to market risk, liquidity and credit risk are monitored on a monthly basis.

FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk is monitored, managed and controlled through the risk register process. Each department has their own individual risk register. The risk registers are now in a 4-year testing cycle and are reviewed an updated by the Compliance and Risk function annually. The Compliance function as the second line of defence has responsibility for oversight and monitoring of the risk register framework.

The Company is governed by the regulatory requirements of the Central Bank of Ireland and these involve certain requirements regarding the valuation of the Company's assets and liabilities and solvency capital requirements. The regulatory risks faced by the Company in relation to possible changes in the future regulatory framework are monitored by the Head of Compliance, who reports directly to the Board on any updates or developments in this area.

The Company's Own Risk and Solvency Assessment (ORSA) is a key element of the risk framework, which highlights the link between business strategy, capital management and risk management. The Risk Committee and the Board of Directors play a key role in the ORSA Process. As part of the ORSA, evaluation of the Company's future solvency needs based on business plan for the next five years are conducted, along with a wide range of scenario analyses and stress tests performed on the material risks to assess the vulnerabilities of the balance sheet and the business plan. The Emerging and Strategic Risk Register is a key driver in determining the scenarios used in the ORSA and the scenarios are approved by the Risk Committee.

The Board of Directors has approved a Risk Appetite Statement, which outlines the Board's appetite for each risk class and in relation to the overall business. The Risk Appetite Statement includes specific tolerances for each risk class. The specific tolerances for each class are measured against capital absorption limits within the standard formula of the Solvency Capital Requirement under the Solvency II regime. The risk framework also includes a Risk Register which outlines the individual risks associated with each business unit and in relation to the Company as a whole.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team and the finance department take on an important oversight role in this regard. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. The Company has developed a framework for identifying the risks that each business sector, and the Company as a whole, is exposed to and their impact on economic capital. This process is risk based and uses Individual Capital Assessment principles to manage capital requirements and to ensure the financial strength and capital adequacy to support the Company strategy and to meet the requirements of counterparties, regulator and rating agency. The principal risks from our general insurance business arise from inaccurate pricing; fluctuations in the timing, frequency and severity of claims compared to our expectations; inadequate reinsurance protection; and inadequate reserving. In addition, the Company is exposed to financial risks arising from the investments that it holds. These risks are discussed in the section of this report dealing with financial risk management. Our underwriting and reinsurance strategies are approved by the Board and communicated clearly throughout the business through policy statements and guidelines.

Additional disclosure of risk management is presented in notes 28 to 29 of the financial statements.

GOING CONCERN

In the section above, on the Review of the Development of the Business, detail is provided of a decision of the Board, made on 20 March 2023, to cease underwriting of new active reinsurance business and to commence a process of merger by absorption with its parent, UnipolSai Assicurazioni S.p.A. Implementation of the merger is entirely dependent on receipt of regulatory and court approvals in Ireland, as is the timing of such merger, even if approvals are achieved. As a result of these uncertainties, the directors have considered the potential run-off scenarios and considered the sensitivity to the timing of any transfer on the run-off and have considered if the Company has adequate resources to allow for an orderly run-off on the business and, specifically whether the Company has sufficient capital and liquidity to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue. Having made such enquiries and considering the solvency capital position of the Company at the year-end and the run-off scenarios, the Directors have a reasonable expectation that the Company has sufficient resources to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue. As a result, the Directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements.

DIVIDENDS AND RETENTION

No dividend has been paid during the financial year ended 31 December 2022 (2021: €0). No dividend has been proposed for distribution.

DIRECTORS

The directors, who served at any time during the financial year except as noted, are set out below:
E. San Pietro (Italian) - Chairman
M.G.V, Sordoni (Italian) - CEO (resigned 23rd January 2023)
L. Zaccherini (Italian)
R. Commons – INED
S. Hughes - INED

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

None of the Directors or the Secretary had any interest in the share capital or debentures of the Company or any group Company at 31 December 2022 and at 31 December 2021 or at the date of appointment greater than 1% of voting interests.

POST BALANCE SHEET EVENTS

On 6 February 2023 a series of strong earthquakes occurred in the Turkish Syrian border region, resulting in significant casualties and severe damage to property in both countries. The Company has several treaties with Turkish cedants which have earthquake exposure and, while it is too early to have any credible estimate of losses, indications are that the Company's estimated losses are in the region of €20m.

In early 2023 the Company has decided to no longer underwrite active reinsurance business and will be merged by absorption into its parent UnipolSai Assicurazioni S.p.A. More details are included in note 30.

STATEMENT IN RELATION TO AUDIT INFORMATION

The directors in office at the date of this report have each confirmed that:

- As far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTOR'S COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations.

The directors confirm that they have:

- Drawn up a compliance policy statement setting out the Company's policies respecting compliance by the Company with its relevant obligations.

- Put in place appropriate arrangement setting out the Company's policies respecting compliance with the Company's relevant obligations.
- Conducted regular reviews of the arrangements and structures, referred to above.

During 2022, there was a breach of Corporate Governance requirements for Insurance Undertaking, 2015 and Central Bank of Ireland was notified regarding this breach. This breach was ratified subsequently by the Company.

AUDIT COMMITTEE

It is noted that the Company has an established Audit Committee.

ACCOUNTING RECORDS

To ensure that proper accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the Company's registered office at The Watermarque, Ringsend Road, Dublin 4 D04 K7N3.

CORPORATE GOVERNANCE CODE

The Company is subject to "The Corporate Governance Code for Credit Institutions and Insurance Undertakings" but is not deemed to be a "major institution" under the terms of the code.

TRANSACTIONS INVOLVING DIRECTORS

There were no contracts or arrangements of any significance in relation to the business of the Company in which the directors had any interests, as defined by the Companies Act, 2014, at any time during the financial year ended 31 December 2022 (2021: €nil). However, M.G.V. Sordoni (CEO), E. San Pietro (Chairman) and L. Zaccherini have shares in Unipol Gruppo.

POLITICAL DONATIONS

The Company did not make any political donations during the financial year (2021: €0).

AUDITORS

The auditors appointed on 10 November 2021, Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Seamus Hughes — Director – Seamus Hughes

Director – Enrico San Pietro

20th March 2023

UNIPOLRE DAC

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts ("relevant financial reporting framework"). Under Irish law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:

Seamus Hughes ______________________ Director – Seamus Hughes

______________________ Director – Enrico San Pietro

20th March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIPOLRE DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UnipolRe DAC ('the Company') for the year ended 31 December 2022, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 'Insurance Contracts'* issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2022 and of its loss for the year then ended;

- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 'Insurance contracts'; and

- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to Note 1 of the financial statements, which describes the effects of the Company's post year end decision to go into run-off and to merge into its parent - UnipolSai Assicurazioni S.p.A by way of merger by absorption which is subject to regulatory and High Court approvals. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment for the going concern period, which covers a period of more than 12 months from the date of approval of the financial statements.

- We assessed the appropriateness of the approach used by management when performing their going concern assessment. We have assessed the assumptions used by the Company in the forecasts, including the potential impact of COVID-19 on the business.

Conclusions relating to going concern (continued)

- We reviewed the company's solvency position and the surplus over its regulatory capital requirements.

- We reviewed the Company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Provision for claims incurred but not reported - non-life (including risk of management override of controls) **(2022: €245 million)** **2021: €259 million)** Refer to accounting policies (note 1) note 17 in the financial statements. One of the most significant financial statement risks, the Provision for claims incurred but not reported (IBNR), is inherently complex, uncertain and subjective by nature. It requires significant judgment and therefore are more susceptible to fraud or error than other financial statement balances. Accordingly, there are risks around actuarial methods and assumptions and data quality and granularity of analyses. Specifically, there is a risk that: • Actuarial methods and assumptions (i.e., inflation and discount rates) may be inappropriate or too optimistic or/and management adjustments to actuarially calculated IBNR can be used in order to impact profitability; • Data quality and granularity of analyses (i.e., claims data, premiums data) to evaluate loss reserves may be inadequate, or errors may exist in the compilation and use of this data; and • The COVID BI reserves are not appropriate due to uncertainty surrounding the settlement of ongoing litigation.	To obtain sufficient audit evidence to conclude on the appropriateness of valuation of claims outstanding, we performed the following procedures: 1. Held discussions with management and performed a walkthrough of the reserving process to understand the process and methodology adopted for the valuation of claims outstanding (IBNR); 2. Tested the completeness, accuracy and granularity of data utilised by actuaries in estimating loss reserves; 3. With the assistance of our actuarial team members, examined the report produced by the Company's actuary with respect to the Company's booked outstanding claims and IBNR; 4. Reviewed the reasonableness of management's methodologies and assumptions as well as the adequacy of loss reserves. Our procedures included a mix of independent re-projections, methodology and assumptions reviews as well as analytical reviews; 5. Reviewed management documentation on margin for uncertainity and evaluated the consistency and appropriateness of the adjustments made to the actuarial best estimates to arrive at the recorded management's best estimate; 6. Reviewed minutes of meetings of the Risk Committee and discussed relevant scenario analysis with management; 7. Reviewed correspondences with the Central Bank of Ireland; 8. Obtained independent confirmation and reviewed latest advice provided by the lawyers appointed by UnipolRe on a sample basis relating to COVID-19 BI claims; we also reviewed subsequent developments under COVID-19 BI claims after year end to assess the adequacy of the provisions made.	We completed our planned audit procedures with no material exceptions to report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Existence and valuation of financial investments **(2022: €811 million)** **2021: €855 million)** Refer to accounting policies (note 1) note 11 and 28(a) in the financial statements. **Existence** Risk that the Company is not the rightful owner of the investments or that recorded investments do not exist. **Valuation** The Company's financial investments are mainly made up of level 1 instruments which have been designated as lower risk due to the presence of observable market data on which the valuations are based. We focus on verifying that such assets are correctly classified and that accurate market data has been used in their valuation. The Company has investments in Level 3 which are valued at discounted cash flow method. This valuation has been determined using inputs and assumptions that are influenced by judgement. Considering the materiality of these assets in the financial statements, in addition to the significant audit time and effort required to test this area, we have determined this to be a key area of audit focus.	As part of our audit approach, we: 1. Updated our understanding of the related processes and controls operated at the Company and service organisation; 2. Assessed the design effectiveness of controls over reconciliation of the Company's records to those of the custodian or brokers including controls over valuation; 3. To test existence, we performed the following audit procedures at year-end: a. Gained comfort on the existence and ownership of the 100% of the investments through independent confirmations from custodians and brokers; and b. Tested material unsettled trades at year end by vouching to post year-end statements on a sample basis. 4. To test valuation, we performed the following audit procedures at year-end: a. Repriced 100% of Level 1 and Leve 2 investments using independent pricing sources, remaining alter for any stale prices; b. Updated our understanding of the process for valuing the level 3 investments and performed an independent recalculation of the fair value; and c. Assessed the appropriateness of classification of the Company's fair value hierarchy. 5. All AFS and investments carried at amortised cost were tested for impairment at year end.	We completed our planned audit procedures with no material exceptions to report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIPOLRE DAC (continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €7,191,508 (2021: €9,864,130), which is 2% (2021: 2%) of shareholders' equity. We believe that shareholders' equity reflects the interests of the key stakeholders of the Company as financial stability and solvency through capital are key performance metrics used by the Company.

During the course of our audit, we reassessed initial materiality and using the year-end figures to reflect the final shareholders' equity balance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 50%) of our planning materiality, namely €5,393,631 (2021: €4,932,065). We have set performance materiality at this percentage to take into account the nature of the industry in which the Company operates.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €359,575 (2021: €493,207), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIPOLRE DAC (continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedures will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts', the Irish Companies Act 2014 and the European Union (Insurance and Reinsurance) Regulations 2015.

- We understood how UnipolRe DAC is complying with those frameworks by through discussion with management and the Audit Committee of their knowledge or awareness of any non-compliance or potential non-compliance with laws or regulations affecting the financial statements. We corroborated our enquiries through our review of board minutes, Audit Committee minutes and correspondence with regulatory bodies

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, through enquiries of local management and the Audit Committee, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIPOLRE DAC (continued)

Explanation to what extent the audit was considered capable detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of board and Audit Committee minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations and a review of regulatory correspondence.

- The Company operates in the insurance industry, which is a highly regulated environment. As such, the Audit Engagement Partner reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts, where appropriate.

- We have obtained an understanding of the relevant regulations and the potential impact on the Company and, in assessing the control environment, we have considered the compliance by the Company with these regulations as part of our audit procedures, which included a review of correspondence with the regulator, the Central Bank of Ireland.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 10 November 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ahmer Khan
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 05 May 2023

UNIPOLRE DAC

INCOME STATEMENT
TECHNICAL ACCOUNT – NON-LIFE INSURANCE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2022 €'000	2021 €'000
Gross premiums written	2	192,416	254,569
Outward reinsurance premiums		(11,283)	(17,289)
Change in gross provision for unearned premiums and in the gross provision for unexpired risks	2	(1,571)	(11,604)
Change in the provision for unearned premiums, reinsurers' share		(2,470)	(1,691)
Earned premiums, net of reinsurance		**177,092**	**223,985**
Allocated investment return transferred from non-technical account		4,320	4,371
Other technical income		2,097	4,115
Total technical income		**183,509**	**232,471**
Claims paid, gross amount	2	148,970	90,393
Claims paid, reinsurers' share		(19,658)	(3,599)
Change in the provision for claims, gross amount	2	48,669	180,294
Change in the provision for claims, reinsurers' share		19,627	(24,575)
Claims incurred, net of reinsurance		**197,608**	**242,513**
Net operating expenses	3	36,421	44,125
Other technical charges, net of reinsurance	2	1,491	4,809
Total technical charges		**235,520**	**291,447**
Balance on the technical account – non-life insurance business		**(52,011)**	**(58,976)**

UNIPOLRE DAC

INCOME STATEMENT
TECHNICAL ACCOUNT - LIFE ASSURANCE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	2022 €'000	2021 €'000
Gross premiums written	2	248	262
Change in gross provision for unearned premiums	2	(1)	(1)
Earned premiums, net of reinsurance		**247**	**261**
Allocated investment return transferred from non-technical account		9	12
Total technical income		**256**	**273**
Claims paid, gross amount	2	76	113
Change in the provision for claims, gross amount	2	(460)	150
Claims incurred, net of reinsurance		**(384)**	**263**
Net operating expenses	3	82	85
Total technical charges		**(302)**	**348**
Balance on the technical account - life assurance business		**558**	**(75)**

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	2022 €'000	2021 €'000
Balance on the technical account - non-life insurance business		(52,011)	(58,976)
Balance on the technical account - life assurance business		558	(75)
Investment income	5	32,511	33,210
Investment charges	6	(26,317)	(26,001)
		(45,259)	**(51,842)**
Allocated investment return transferred to the non-life insurance technical account		(4,320)	(4,371)
Allocated investment return transferred to the life insurance technical account		(9)	(12)
Other charges		88	559
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	**(49,500)**	**(55,666)**
Taxation (charge)/credit on (loss) profit on ordinary activities	9	-	-
Deferred tax	9	(7,984)	6,958
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(57,484)**	**(48,708)**

The accompanying notes form an integral part of the financial statements.

UNIPOLRE DAC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 €'000	2021 €'000
LOSS FOR THE FINANCIAL YEAR	**(57,484)**	**(48,708)**
Movement in unrealised gains and losses arising on revaluation of available for sale securities	(77,336)	(18,449)
Tax relating to components of other comprehensive income	1,189	2,306
OTHER COMPREHENSIVE LOSS	(76,147)	(16,143)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	**(133,631)**	**(64,851)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 €'000	2021 €'000
ASSETS			
INTANGIBLE ASSETS			
Software	13	**74**	**187**
INVESTMENTS			
Investments in group undertakings and participating interests	10	5,131	5,131
Other financial investments	11	811,462	855,479
Deposits with ceding undertakings		121,122	112,924
		937,715	**973,534**
REINSURERS' SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premiums	16	7,676	10,146
Claims outstanding non-life	17	83,850	103,477
		91,526	**113,623**
DEBTORS			
Debtors arising out of reinsurance operations	12	166,168	119,383
Deferred tax assets	9	-	6,731
Other debtors (including tax)	12	311	746
		166,479	**126,860**
OTHER ASSETS			
Tangible fixed assets	13	120	182
Cash and bank		28,255	97,028
		28,375	**97,210**
PREPAYMENTS AND ACCRUED INCOME			
Other prepayments and accrued income		4	72
		4	**72**
Deferred acquisition cost		12,735	13,102
TOTAL ASSETS		**1,236,908**	**1,324,588**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

	Notes	2022 €'000	2021 €'000
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital presented as equity	14	375,635	375,635
Other reserves	15	26,487	26,487
Reserve for Available for Sales securities		(67,826)	8,321
Profit and loss account		25,280	82,764
		359,576	**493,207**
TECHNICAL PROVISIONS			
Provision for unearned premiums	16	96,171	100,155
Claims outstanding non-life	17	717,602	693,922
Claims outstanding life	17	1,142	1,602
		814,915	**795,679**
DEPOSITS RECEIVED FROM REINSURERS		**9,102**	**9,057**
CREDITORS			
Creditors arising out of reinsurance operations		51,235	22,314
Other creditors excluding tax and social welfare	18	2,080	4,331
		53,315	**26,645**
Deferred tax liability		-	-
TOTAL LIABILITIES		**1,236,908**	**1,324,588**

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 20th March 2023 and authorised for issue on 20th March 2023. They were signed on its behalf by:

Seamus Hughes

Director – Seamus Hughes

Director – Enrico San Pietro

20th March 2023

UNIPOLRE DAC

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Reserve for Available for Sale Securities	Other reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2022	375,635	8,321	26,487	82,764	493,207
Issue of share capital	-	-	-	-	-
Loss for the financial year	-	-	-	(57,484)	(57,484)
Other comprehensive loss	-	(76,147)	-	-	(76,147)
At 31 December 2022	**375,635**	**(67,826)**	**26,487**	**25,280**	**359,576**

2021

	Called up share capital	Reserve for Available for Sale Securities	Other reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2021	300,635	24,464	26,487	131,472	483,058
Issue of share capital	75,000	-	-	-	75,000
Loss for the financial year	-	-	-	(48,708)	(48,708)
Other comprehensive loss	-	(16,143)	-	-	(16,143)
At 31 December 2021	**375,635**	**8,321**	**26,487**	**82,764**	**493,207**

1. ACCOUNTING POLICIES

COMPANY INFORMATION

UnipolRe DAC ("the Company") is a composite professional reinsurance company, wholly owned by UnipolSai Assicurazioni S.p.A. writing life and non-life proportional and non-proportional reinsurance business. It is regulated by the Central Bank of Ireland. The Company's registration number is 290539 and its registered address is the Watermarque, Ringsend Road, Dublin 4, D04K7N3, Ireland.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Companies Act 2014, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts. The financial statements have been prepared on the going concern basis.

On 20 March 2023, the Board has decided to cease underwriting of new active reinsurance business and to commence a process of merger by absorption with its parent, UnipolSai Assicurazioni S.p.A. Implementation of the merger is entirely dependent on receipt of regulatory and court approvals in Ireland, as is the timing of such merger, even if approvals are achieved. As a result of these uncertainties, the directors have considered the potential run-off scenarios and considered the sensitivity to the timing of any transfer on the run-off and have considered if the Company has adequate resources to allow for an orderly run-off on the business and, specifically whether the company has sufficient capital and liquidity to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.
Having made such enquiries and considering the solvency capital position of the company at the year-end and the run-off scenarios, the Directors have a reasonable expectation that the company has sufficient resources to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue. As a result, the Directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements.

The Company continues to monitor the impacts of Covid-19. The impact of Covid-19 on the Company's claims reserves has been discussed under Critical Judgements and Estimates under Note 1 of the Financial Statements.

The financial statements are prepared in accordance with the applicable accounting standards under the historical cost conversion, except for investments, which have been measured at fair value and amortised cost depending on the class of investment to comply with the accounting standards issued by the Financial Reporting Council.

A summary of the significant accounting policies is set out below:

PREMIUMS AND CLAIMS ACCOUNTING

The accrual basis of accounting has been applied to all classes of business.

1. ACCOUNTING POLICIES (CONTINUED)

Reinsurance

The Company accepts reinsurance risk in the normal course of business for life assurance and non-life insurance contracts where applicable. Premiums and claims on accepted reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Technical provisions are liabilities that represent balances due to cedant companies. For amounts payable that are estimates, they are estimated in a manner consistent with the related reinsurance contract.

The Company retrocedes insurance risk in the normal course of business for all its businesses. Reinsurance assets represent balances due from retrocessionaires. Amounts recoverable from retrocessionaires include estimates, that are calculated in a manner consistent with the outstanding claims provision or settled claims associated with the retrocessionaires' policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the retrocessionaires. The impairment loss is recorded in the income statement.
Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Premiums written and outward reinsurance
Premiums written relate to business incepted during the financial year, together with any difference between booked premiums for prior financial years and those previously reported. Outward reinsurance premiums are accounted for on the same basis as the gross premiums written.

Unearned premiums
Unearned premiums represent the proportions of the premiums written in the financial year that relate to financial years of risk subsequent to the statement of financial position date. For all business written prior to 2015: for all classes of business except the bond line of business, unearned premiums are calculated on a pro-rata basis. For the bond unearned premium calculation, the premium is spread over 6 financial years according to the earnings pattern used by the cedant companies. For all business written 2015 and post: unearned premiums are calculated on a pro-rata basis.

Reinstatement premium
When the payment of a loss makes the reinstatement premium fall due, the reinstatement premium is simultaneously taken to the technical account and recorded through gross premiums written. For the retrocessionaires' share of the reinstatement premiums a corresponding cost is taken to the technical account and recorded through outward reinsurance premiums.
Where notified outstanding loss reserves exceed the level of claims which would give rise to a reinstatement premium, a reinstatement premium asset is recognised and included in debtors arising out of reinsurance operations.
A corresponding liability is set up in creditors arising out of reinsurance operations for the retrocessionaires' share of reinstatement premiums.
Movements in the asset and liability are taken to the technical account as other technical income or other technical charges as appropriate.

1. ACCOUNTING POLICIES (CONTINUED)

Unexpired risks provision

Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the provision for unearned premiums ('UPR') and unexpired risks provision. The expected claims are calculated based on information available at 31 December 2022.

Unexpired risks surpluses and deficits are offset where business classes are managed together, and a provision is made if an aggregate deficit arises. The unexpired risks provision is included within 'Provision for unearned premiums'.

Outstanding claims

Provision is made for the estimated cost of all claims notified but not settled at the date of the statement of financial position and for the estimated cost of claims incurred but not reported. Reinsurance claims are accounted for on the same basis as gross claims.

The provisions for claims outstanding, and claims incurred but not reported ("IBNR"), have been based on a detailed consideration of the risks by management and directors of the Company, who consider the provisions adequate. The level of provisioning has been set on the basis of the information, which is currently available, including potential outstanding loss advices, experience of development of similar claims and expected claims settlement expenses. Whilst the directors consider that the provision levels are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in material adjustments to the amounts provided. Any differences between original claims provisions and subsequent re-estimates or settlements are reflected in the underwriting results of the financial year in which claims have been reviewed by the Company.

Technical provisions are included at values calculated by the Company's actuaries and reviewed and validated by the senior management and the Board of Directors of the Company. The method and assumptions for the calculation of the technical provisions required in respect of claims which had been incurred but not reported to the Company by the end of the financial year have been calculated by the Company's actuaries and reviewed by the senior management of the Company.

Acquisition cost

Acquisition costs include all commissions arising from the conclusion of reinsurance treaties with cedant companies and are calculated on a calendar year basis. Deferred acquisition costs are calculated on the same basis as unearned premiums. Reinsurance commissions include all commissions arising from the conclusion of retrocession treaties and are calculated on a calendar year basis.
Deferred acquisition costs are included as an asset in the Statement of Financial Position.
Impairment reviews are carried out annually through an adequacy test that checks the sufficiency of the UPR net of DAC for the year to meet future settlement obligations related to the unexpired period or risk.

1. ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investment valuation

The Company adopted IAS 39 for Investment valuation. Listed investments classified as AFS are included in the statement of financial position at Market value. Investments classified as HTM or L&R are held at amortised cost.

Investments in subsidiary undertakings engaged in reinsurance are stated at cost less provision for any permanent diminution in value.

Investment income and charges
Investment income includes dividends, interest, amount for amortised cost and gains on the realisation of investments. Investment charges include losses on the realisation of investments and investment expenses. Investment transactions are recorded on an accruals basis.
Interest income on debt securities and other fixed income securities is recognised using the effective interest method. Dividends are included in investment income from ex-dividend date.

Investment gains and losses
Realised gains and losses and any impairments are taken to the Income Statement. Unrealised gains and losses related to available for sale (AFS) assets are presented in the Statement of Comprehensive Income. The cumulative unrealised gains and losses is included in a separate AFS reserve within equity in the Statement of Financial position and a deferred tax liability/asset is recognised in relation to these cumulative unrealised gains and losses.

Allocated investment return
An allocation of investment return from the non-technical account to the non-life and life technical accounts are made on the basis of the actual investment returns related to the non-life and life technical accounts.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets different than financial

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the statement of financial position date. Revenues and costs are translated at the exchange rates ruling at the date of the transactions.

Profits and losses arising from foreign currency translations are included in the income statement.

The Company's functional and presentation currency is the euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands ('000).

TAXATION

Corporation tax is provided on taxable profits at the current rates applicable to the Company's activities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more or the right to pay less tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

BAD DEBT PROVISION

Bad debt provision is related to the old run-off business. The Company reviews the status of the reinsurance receivables periodically and based on the information received by the Credit Control Department makes estimates affecting the value of such receivables shown in the financial statements. Key factors on these estimations are the credit rating of the counterparty and/or the possibility of entering into litigation.

DEPRECIATION

Depreciation has been provided on all tangible fixed assets at a rate calculated to write off the cost less estimated residual value based on prices at the date of acquisition of each asset over its expected useful life as follows:

Computer Equipment	3 years
Office Equipment	4 years

1. ACCOUNTING POLICIES (CONTINUED)

Amortisation on all intangible fixed assets is calculated at rate to write off the cost less estimated residual value based on prices at the date of acquisition of each asset over its expected useful life as follows:

Software	3 years

PENSION COSTS

The cost of providing retirement pensions and related benefits to staff is by way of a defined contribution scheme and is charged to the income statement as incurred.

CRITICAL JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, In the opinion of the directors, the only accounting estimate and judgement made in the course of preparing these financial statements which is difficult, subjective or complex to a degree that would warrant its description as critical is the estimate of the ultimate liability arising from claims made under reinsurance contracts. Detailed disclosures available in note 29.

The Company's actuaries apply conventional statistical or actuarial models in order to determine the ultimate liability of claims. Such critical accounting estimates are of significance to insurance reserves, deferred acquisition costs and Unearned premium reserve. Other estimates relate to the determination of fair value for financial assets and liabilities and deferred taxes.

There are several areas of the Company's reserve portfolio where there are a wide range of possible outcomes, and considerable judgement has been exercised in setting reserves at year-end. The main areas of judgements and estimates that the Company has looked at in 2022 relate to Covid-19 BI claims, high-inflationary economic environment and Ogden discount rate.
The outcome of disputed Covid19 Business Interruption claims will depend on the results of future arbitration proceedings which are difficult to predict with very limited relevant benchmark information on which to base expectations. The Company has relied heavily on the advice of its legal representatives in setting reserves in this area. The company is holding provisions of €39.9m for these disputed claims (2021: €34.2m)
The high-inflationary environment in 2022 has increased the cost of reported claims, especially for property claims. For liability claims, due to the longer delay in claims reporting, the impact of inflation is expected to emerge over the next two years. The Company has relied on cashflow modelling, incorporating estimates of future claims inflation, to estimate the impact of this future inflation and provide for it in the companies reserves. The inputs to this model are uncertain, particularly the macro-economic inputs which rely on, inter alia, the invasion of Ukraine and how long it will continue.
At year-end 2022, the Company has €241m of UK Motor excess of loss reserves (2021: €203m), which are impacted by the Ogden discount rate used by the UK Courts for determining lump sum bodily injury damages. The Ogden rate is scheduled for review in 2024. Given the rising interest rates in 2022, it looks more likely that the rate will be increased in 2024, which would subsequently reduce the Company's claims outstanding. The Company has prudently set reserves on the basis that the rate will not change from the current value of -0.25%.

1. ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED FINANCIAL STATEMENTS

The Company is a subsidiary undertaking of a holding Company established under the laws of a member state of the European Union. The Company is therefore exempt from the requirement to prepare consolidated financial statements and consequently these financial statements deal with the results of the Company as a single entity.

2. ANALYSIS OF LIFE AND NON- LIFE GROSS PREMIUMS WRITTEN, GROSS PREMIUMS EARNED, GROSS CLAIMS INCURRED AND GROSS ACQUISTION COSTS:

	Reinsurance Total 2022	Reinsurance Total 2021
	€'000	€'000
Gross premiums written	192,664	254,831
Gross premiums earned	191,092	243,226
Gross claims incurred	(197,255)	(270,950)
Gross acquisition costs	(29,880)	(35,536)
Other technical charges, net of reinsurance	(1,491)	(4,809)
Total technical result	(37,534)	(68,069)

All business is written in Ireland relating to risks situated outside of Ireland, mainly in France, UK, Greece, Israel, Italy and Turkey. Gross premiums written relating to risks situated inside the European Union amount to €22m (2021: €62m). Gross premiums written relating to risks situated outside the European Union amount to €171m (2021: €193m) and includes UK.

3. NET OPERATING EXPENSES

	2022	2021
	€'000	€'000
Non-life reinsurance		
Acquisition costs	29,805	35,458
Change in deferred acquisition costs	(220)	1,374
Administrative expenses	9,445	9,893
Income from Management services	(924)	(924)
Retrocession commission income	(1,685)	(1,676)
	36,421	**44,125**
Life reinsurance		
Acquisition costs	75	78
Change in deferred acquisition costs	-	-
Administrative expenses	8	8
Income from Management services	(1)	(1)
	82	**85**

The Company has entered into contracts to provide reinsurance related consultancy and management services to UnipolSai Group Companies with annual renewals to occur thereafter. For the financial year ended 31 December 2022, the Company earned €925,000 (2021: €925,000) under this contract. The change in deferred acquisition costs during the year represents the movement in the cumulative deferred acquisition costs balance at the year end.

4. EMPLOYEES

The average number of persons employed by the Company during the financial year was 43 (2021: 44) and the costs are analysed as follows:

	2022	2021
	€'000	€'000
The staff costs comprise:		
Salaries	2,936	3,697
Social welfare costs	339	401
Pension costs	337	506
	3,612	**4,604**

5. INVESTMENT INCOME

	2022 €'000	2021 €'000
Dividend	-	1
Bank interest	9	-
Income / (charge) from deposits with ceding undertakings	372	325
Income / (charge) from other financial investments	8,230	6,374
Foreign exchange gain	23,900	26,510
	32,511	**33,210**

6. INVESTMENT CHARGES

	2022 €'000	2020 €'000
Investment management expenses	832	841
Foreign exchange loss	24,069	25,129
Loss on the realisation of investments	1,416	31
	26,317	**26,001**

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2022 €'000	2021 €'000
The Loss on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
For services as directors	80	83
Audit fee		
-Audit of Company's financial statements	119	113
-Other assurance services	66	68
Depreciation and amortisation	238	291
Operating lease rentals	460	461

8. DIRECTORS' REMUNERATION

Emoluments of Directors amounted to €80,000 (2021: €83,000).
During 2022, Directors did not receive any amount related to gains on exercise of share options or benefits under long-term incentive schemes or contributions to retirement benefits scheme or compensation for loss of office or other termination payments (2021: nil).
The executive director is remunerated by Group and no recharges of this cost to UnipolRe apply. No Irish tax liability arises.

9. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2022	2021
	€'000	€'000
Loss on ordinary activities before taxation	(49,500)	(55,666)
Factors affecting the tax charge for the financial year:		
Irish corporation tax at 12.5%	(6,188)	(6,958)
Deferred Tax at 12.5% (2021: 12.5%)	-	-
Reversal of Deferred Tax at 12.5% (2021: 12.5%)	(14,172)	-
Deferred Tax (charge)/credit for the financial year	(14,172)	-
Tax (charge)/credit for the financial year	(7,984)	6,958

In March 2023, the Company ceased underwriting active reinsurance business and commenced a process to be merged by absorption into its parent UnipolSai Assicurazioni S.p.A. In anticipation of this merger by absorption, taking also into account:

- the existence of significant tax losses at the date of reporting which is strong evidence that there may not be other future taxable profits against which the losses will be relieved, and;
- the relevant tax rules that do not allow the transfer of any reportable tax losses still existing at the date of the incorporation of UnipolRe in UnipolSai from Irish to Italian tax perimeter,
- the recoverability of potential tax assets does not fulfil the likelihood requirement, and the balance of deferred tax assets and liability have been therefore written to zero.

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	€'000	€'000
Unrealised gains on investments	-	(1,273)
Unused tax on losses	-	8,004
Deferred tax asset/(liability)	-	6,731

9. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

An analysis of the movement in net deferred tax is as follows:

	2022 €'000	2021 €'000
At 1 January net asset/(liability)	6,731	(3,580)
Charge for current year	6,188	6,958
Reversal of deferred tax (charge) / credit to profit and loss account	(14,172)	-
Other adjustments	64	1,047
Deferred tax (charged) / credit to other comprehensive income	-	2,306
Reversal of deferred tax (charged) / credit to other comprehensive income	1,189	-
At 31 December net asset/(liability)	-	6,731

10. INVESTMENT IN GROUP UNDERTAKINGS AND PARTICIPATING INTERESTS

	2022 €'000	2021 €'000
Shares in group undertakings		
DDOR RE (valued at cost)	5,131	5,131
DDOR RE (valued at Net Realisable Value)	5,503	5,675
Profit or loss in group undertakings DDOR RE	28	141

The Net Realisable Value of the investment in DDOR RE is determined based on the Net Equity value of the Company.

Investments in group undertakings is as follows:

Company Name	Holding	Activity	Registered Office
DDOR Re Joint Stock Reinsurance Company	100% (49,999 shares)	Reinsurance	Bul, Mihajla Pupina 21000 Novi Sad Republic of Serbia

None of the shares of the above group undertakings are listed on a recognised stock exchange. In the opinion of the directors, the shares in the Company's group undertakings are worth at least the amount at which they are stated in the statement of financial position.

11. OTHER FINANCIAL INVESTMENTS

The portfolio investments are made up of investments accounted for at market value and investments accounted for at amortised cost.

	2022	2021	Historical Cost 2022	Historical Cost 2021
	€'000	€'000	€'000	€'000
Debt securities and other fixed income securities at market value	787,886	828,682	851,756	815,308
	787,886	**828,682**	**851,756**	**815,308**

	2022	2021	Historical Cost 2022	Historical Cost 2021
	€'000	€'000	€'000	€'000
Debt securities and other fixed income securities at Amortised cost	23,576	26,797	23,436	26,662
	23,576	**26,797**	**23,436**	**26,662**
Total financial investments	**811,462**	**855,479**	**875,192**	**841,970**

An analysis of the movement in the investment value is as follows:

	Debt securities and other fixed income securities at market value €'000	Debt securities and other fixed income securities at Amortised Cost €'000
Balance at 1 January 2022	828,682	26,797
Purchases and subscriptions	190,293	0
Sales and redemptions	(136,561)	(3,234)
Fair Value adjustment	(77,336)	
Accrued interest	93	4
Amortization	(1,768)	9
Carrying value adjustment due to Index change on floating rate investments	874	
Adjustment due to currency conversion	(16,391)	
Balance at 31 December 2022	**787,886**	**23,576**

11. OTHER FINANCIAL INVESTMENTS (continued)

	Debt securities and other fixed income securities at market value €'000	Debt securities and other fixed income securities at Amortised Cost €'000
Balance at 1 January 2021	732,423	29,726
Purchases and subscriptions	214,413	-
Sales and redemptions	(116,718)	(2,932)
Fair Value adjustment	(17,350)	-
Accrued interest	(73)	(6)
Amortization	(2,598)	9
Carrying value adjustment due to Index change on floating rate investments	210	
Adjustment due to currency conversion	18,375	
Balance at 31 December 2021	**828,682**	**26,797**

Please refer to note 28(a) for basis of valuation and fair value hierarchy.

Changes in fair value are recognised in the other comprehensive income for Available for sale securities.

12. DEBTORS

DEBTORS ARISING OUT OF REINSURANCE OPERATIONS	2022	2021
	€'000	€'000
Due from group companies	-	-
Due from third parties	166,168	**119,383**
	166,168	119,383

Debtors due from non-group companies are net of a bad debts provision of €900,000 (2021 €900,000).

OTHER DEBTORS	2022	2021
	€'000	€'000
Due from group companies for reinsurance services	-	462
Other debtors	300	264
Taxation:		
Current corporation tax receivable	11	20
	311	**746**

13. INTANGIBLE AND TANGIBLE FIXED ASSETS

INTANGIBLE FIXED ASSETS

	Software €'000	Total €'000
Cost		
At 1 January 2022	1,785	1,785
Additions	12	12
At 31 December 2022	1,797	1,797
Accumulated Amortisation		
At 1 January 2022	1,598	1,598
Charge for financial year	125	125
At 31 December 2022	1,723	1,723
Net Book Value		
At 31 December 2021	187	187
At 31 December 2022	74	74

	Software €'000	Total €'000
Cost		
At 1 January 2021	1,730	1,730
Additions	55	55
At 31 December 2021	1,785	1,785
Accumulated Amortisation		
At 1 January 2021	1,427	1,427
Charge for financial year	171	171
At 31 December 2021	1,598	1,598
Net Book Value		
At 31 December 2020	303	303
At 31 December 2021	187	187

Intangible assets refer mainly to software licenses and directly attributable costs of the technical accounting software SAP FS(RI/CD)

13. INTANGIBLE AND TANGIBLE FIXED ASSETS (CONTINUED)

TANGIBLE FIXED ASSETS

	Computer Equipment	Office Equipment	Total
	€'000	€'000	€'000
Cost			
At 1 January 2022	706	424	1,130
Additions	34	17	51
At 31 December 2022	740	441	1,181
Depreciation			
At 1 January 2022	529	419	948
Charge for financial year	107	6	113
At 31 December 2022	636	425	1,061
Net Book Value			
At 31 December 2021	177	5	182
At 31 December 2022	104	16	120

	Computer Equipment	Office Equipment	Total
	€'000	€'000	€'000
Cost			
At 1 January 2021	564	424	988
Additions	142	-	142
At 31 December 2021	706	424	1,130
Depreciation			
At 1 January 2021	416	412	828
Charge for financial year	113	7	120
At 31 December 2021	529	419	948
Net Book Value			
At 31 December 2020	148	12	160
At 31 December 2021	177	5	182

14. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	2022 €'000	2021 €'000
Authorised:		
376,250,000 Ordinary shares of €1 each (2021: 376,250,000 of €1 each)	376,250	376,250
Allotted, called up and fully paid		
375,635,000 Ordinary shares of €1 each (2021: 375,635,000 of €1 each)	375,635	375,635

15. OTHER RESERVES

	2022 €'000	2021 €'000
Capital contribution received	26,484	26,484
Capital conversion reserve fund	3	3
	26,487	**26,487**

On 9 August 2002, Fondiaria Nederlands B. V (currently UnipolSai Nederland BV) made a capital contribution to UnipolRe DAC.

The capital contribution reserve fund arose on the conversion of the share capital of the Company to Euro.

16. PROVISION FOR UNEARNED PREMIUMS

2022

	Gross €'000	Reinsurance €'000	Net €'000
Opening provision	100,155	10,146	90,009
Movement in year (*)	(3,984)	(2,470)	(1,514)
Closing provision	**96,171**	**7,676**	**88,495**

2021

	Gross €'000	Reinsurance €'000	Net €'000
Opening provision	82,615	11,809	70,806
Movement in year (*)	17,540	(1,663)	19,203
Closing provision	**100,155**	**10,146**	**90,009**

*Change in the gross provision for unearned premium on the income statement – technical account amounting to €1,572,491(2021: €11,605,140) includes a decrease of an amount relating to premium portfolio movements of €775,000 (2021: increase €1,193,000) and an increase of an amount relating to FX loss on unearned premium reserves of €4,781,000 (2021: decrease €4,741,000 due to FX gain).

Change in the reinsurers' share of the provision for unearned premium on the income statement – technical account amounting to €2,470,000 (2021: €1,691,000) includes nil amount relating to FX gain/loss on unearned premium reserves (2021: increase €26,000 due to FX loss). No amount relating to premium portfolio movements has been accounted for at year ended 2022 (2021: nil).

17. CLAIMS OUTSTANDING

2022

	Gross €'000	Reinsurance €'000	Net €'000
Notified outstanding claims	473,530	73,268	369,196
Provision for claims incurred but not reported	245,214	10,582	265,698
	718,744	**83,850**	**634,894**

2021

	Gross €'000	Reinsurance €'000	Net €'000
Notified outstanding claims	435,713	93,062	342,651
Provision for claims incurred but not reported	259,811	10,415	249,396
	695,524	**103,477**	**592,047**

CHANGE IN THE TECHNICAL PROVISION:

2022

	Provision for claims incurred but not reported €'000	Notified outstanding claims €'000	Total €'000
Gross opening provision	259,811	435,713	695,524
Movement in year (*)	(14,597)	37,817	23,220
Closing provision	**245,214**	**473,530**	**718,744**
Opening reinsurance	10,415	93,062	103,477
Movement in year	167	(19,794)	(19,627)
Closing reinsurance	**10,582**	**73,268**	**83,850**
Net balance	**234,632**	**400,262**	**634,894**

17. CLAIMS OUTSTANDING (CONTINUED)

CHANGE IN THE TECHNICAL PROVISION: (CONTINUED)

2021

	Provision for claims incurred but not reported	Notified outstanding claims	Total
	€'000	€'000	€'000
Gross opening provision	202,786	290,404	493,190
Movement in year (*)	57,025	145,309	202,334
Closing provision	**259,811**	**435,713**	**695,524**
Opening reinsurance	10,414	68,488	78,902
Movement in year	1	24,574	24,575
Closing reinsurance	**10,415**	**93,062**	**103,477**
Net balance	**249,396**	**342,651**	**592,047**

*Change in the gross provision for claims on the income statement - technical account amounting to €48,209,000 (2021: €180,445,000) includes an increase of an amount relating to portfolio movements of €5,282,000 (2021: decrease of €661,000) and an increase of an amount relating to FX gain on provision for claim reserves of €19,706,000 (2021: decrease €21,228,000 due to FX gain).

Change in the reinsurers' share of the provision for claims on income statement – technical account amounts to €19,627,000 (2021: €24,575,000).

18. OTHER CREDITORS INCLUDING TAX AND SOCIAL WELFARE

	2022	2021
	€'000	€'000
Other creditors:		
Group undertakings	900	649
Third parties	1,051	3,562
Taxation (Note 19)	129	120
	2,080	**4,331**

19. TAXATION CREDITORS

	2022	2021
	€'000	€'000
Included in other creditors are the following taxation liabilities:		
Corporation tax	-	-
PAYE/PRSI	129	120
Withholding tax	-	-
	129	**120**

20. PENSION COSTS

The Company operates a defined contribution scheme within the meaning of the Pensions Act, 1990, for all employees.

During the financial year the amount contributed to this arrangement was €337,000 (2021: €506,000). No amounts outstanding are owed to the scheme at the statement of financial position date (2021: €nil).

21. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2022 (2021: €nil).

22. OPERATING LEASE COMMITMENTS

Operating lease commitments

Future commitment exists under non-cancellable operating leases as follows:

	2022	**2021**
	Land and Buildings	**Land and Buildings**
Expiring:	€'000	€'000
not later than one year	349	465
between one and five years	-	349
more than five years	-	-
	349	**814**

The lease contract is on a break-up clause on 30th September 2023. Lease payments due since the 1st of January 2023 include €25,385 of yearly service charges for the following years.

23. CLAIMS DEVELOPMENT

(a) Prior Year Claims Development

2022

	Gross €'000	**Reinsurance** €'000	**Net** €'000
Loss provision at the beginning of the financial year for outstanding claims incurred in previous financial years	695,524	(103,477)	592,047
Less: Payments made during the financial year on amounts of claims incurred in previous financial years	143,491	(19,658)	123,833
Loss provision at the end of the financial year for such outstanding claims	647,699	(83,850)	563,849
Income Statement impact of prior year claims	**(95,666)**	**31**	**(95,635)**

2021

	Gross €'000	**Reinsurance** €'000	**Net** €'000
Loss provision at the beginning of the financial year for outstanding claims incurred in previous financial years	493,190	(78,902)	414,288
Less: Payments made during the financial year on amounts of claims incurred in previous financial years	78,069	(3,599)	74,470
Loss provision at the end of the financial year for such outstanding claims	477,171	(73,477)	403,694
Income Statement impact of prior year claims	**(62,050)**	**(1,826)**	**(63,876)**

23. CLAIMS DEVELOPMENT (CONTINUED)

(b) Loss Development Table - Gross (non-life and life) values expressed in Euro thousands.

Gross Cumulative claim payments	**Prior year**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
At end of UY		(13,967)	(5,014)	(6,912)	(5,792)	(12,437)	(5,554)	
One year later		(25,674)	(35,728)	(43,390)	(39,692)	(95,907)		
Two years later		(33,762)	(48,109)	(68,611)	(58,583)			
Three years later		(36,859)	(57,747)	(83,928)				
Four years later		(41,205)	(68,589)					
Five years later		(44,973)						
Estimate of Gross ultimate claims								
At end of UY		48,001	77,228	131,824	122,489	230,790	76,600	
One year later		77,190	151,479	176,500	173,263	320,042		
Two years later		83,305	144,476	184,631	199,878			
Three years later		76,249	150,257	177,678				
Four years later		75,759	140,103					
Five years later		71,751						
Estimate of gross ultimate claims		71,751	140,103	177,678	199,878	320,042	76,600	
Cumulative payments		(44,973)	(68,589)	(83,928)	(58,583)	(95,907)	(5,554)	
Present value recognised in the statement of financial position	90,228	26,778	71,514	93,749	141,296	224,134	71,046	718,744
Of which effect of foreign exchange movements						19,706		19,706

In 2022 gross claim payments related to underwriting years prior to 2017 are €11.2m.

23. CLAIMS DEVELOPMENT (CONTINUED)

(b) Loss Development Table - Net (non-life and life) values expressed in Euro thousands.

Net Cumulative claim payments	**Prior year**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
At end of UY		(13,967)	(5,014)	(6,912)	(5,792)	(12,437)	(5,554)	
One year later		(25,674)	(35,728)	(43,390)	(39,692)	(83,971)		
Two years later		(33,762)	(48,109)	(68,611)	(58,583)			
Three years later		(36,859)	(57,747)	(83,928)				
Four years later		(41,205)	(68,589)					
Five years later		(44,973)						
Estimate of net ultimate claims								
At end of UY		48,001	77,228	131,824	122,489	200,790	76,600	
One year later		77.190	151,479	176,500	173,263	290,042		
Two years later		83.305	144,476	184,631	199,878			
Three years later		76.249	150,257	177,678				
Four years later		75,759	140,103					
Five years later		71,751						
Estimate of net ultimate claims		71,751	140,103	177,678	199,878	290,042	76,600	
Cumulative payments		(44,973)	(68,589)	(83,928)	(58,583)	(83,971)	(5,554)	
Present value recognised in the statement of financial position	24,441	26,778	71,514	93,749	141,296	206,070	71,046	634,894
Of which effect of foreign exchange movements						19,706		19,706

In 2022 net claim payments related to underwriting years prior to 2017 are €3.5m.

24. RELATED PARTY TRANSACTIONS

The Company undertakes transactions with other group undertakings. As the Company is a wholly owned subsidiary of UnipolSai Assicurazioni S.p.A., the disclosure of such transactions is not required under FRS102: Section 33, "Related Party Disclosures".

The Company also entered into transactions during the financial year with related companies that are not 100% owned by the UnipolSai Assicurazioni S.p.A, group. The following companies are considered as related parties: BIM Vita (50%), Incontra Assicurazioni (51%) and SIAT (94.69%).
Below is the impact on the income statement of the above mentioned transactions.

Key Management Personnel of the Company are the directors of the Company. The remuneration paid to the directors of the Company is disclosed under Note 8 to Financial Statements.

Income statement of related party transactions

	2022	2021
	€'000	€'000
Gross written premium	188	219
Losses paid	-	3
Change in the provision for claims reserve	-	11
Change in local statutory provision	(196)	(116)
Change in the provision for premium reserve	(174)	(187)
	(181)	**(70)**

25. PARTICULARS OF BUSINESS

2022	Bond	Miscellaneous	Fire	Motor	TP	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross written premium	6,883	532	17,265	139,661	3,912	24,163	192,416
Gross earned premium	6,492	511	16,797	139,653	3,247	24,145	190,845
Gross claims incurred	3,933	(4,731)	(26,212)	(134,463)	(2,530)	(33,636)	(197,639)
Gross acquisition costs	(1,949)	(30)	(5,016)	(18,793)	(846)	(2,951)	(29,585)
Other technical items	-	(39)	53	-	1	(1,506)	(1,491)
Gross technical result	8,476	(4,289)	(14,378)	(13,603)	(128)	(13,948)	(37,870)
Retrocession balance	(6,429)	4,601	(3,681)	(4,165)	(81)	(185)	(9,940)
Net technical result	**2,047**	**312**	**(18,059)**	**(17,768)**	**(209)**	**(14,133)**	**(47,810)**
Allocation investments income and general expenses non-life							(4,201)
Total technical accounts non-life business							(52,011)
Net assets allocated	19,128	(249)	(60,069)	(434,637)	(21,507)	(83,107)	(580,441)
Net assets unallocated	-	-	-	-	-	-	940,017
Capital and Reserves	**19,128**	**(249)**	**(60,069)**	**(434,637)**	**(21,507)**	**(83,107)**	**359,576**

2021	Bond	Miscellaneous	Fire	Motor	TP	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross written premium	6,704	155	14,345	155,791	2,701	74,873	254,569
Gross earned premium	7,209	1,222	14,150	141,885	3,909	74,589	242,965
Gross claims incurred	(99)	(675)	(33,955)	(105,123)	(805)	(130,030)	(270,687)
Gross acquisition costs	(1,870)	(107)	(5,411)	(20,609)	(997)	(7,838)	(36,832)
Other technical items	(394)	-	(165)	-	(11)	4,685	4,115
Gross technical result	4,846	440	(25,381)	16,153	2,096	(58,594)	(60,439)
Retrocession balance	(2,630)	(433)	16,825	(5,463)	(1,541)	(695)	6,063
Net technical result	**2,216**	**7**	**(8,556)**	**10,690**	**555**	**(59,289)**	**(54,376)**
Allocation investments income and general expenses non-life							(4,600)
Total technical accounts non-life business							(58,976)
Net assets allocated	1,254	(667)	(39,635)	(372,085)	(20,870)	(138,342)	(570,345)
Net assets unallocated	-	-	-	-	-	-	1,063,552
Capital and Reserves	**1,254**	**(667)**	**(39,635)**	**(372,085)**	**(20,870)**	**(138,342)**	**493,207**

26. STATEMENT OF CASH FLOW

The Company has taken advantage of the disclosure exemption in FRS 102 on the requirement of Section 7 Statement of Cash Flow and paragraph 3.17(d) as it is a wholly owned subsidiary whose holding Company prepares a consolidated statement of cash flows.

27. ULTIMATE HOLDING UNDERTAKING

The immediate holding undertaking is UnipolSai Nederland BV (ex Fondiaria Nederlands B,V,), a Company incorporated in the Netherlands.

At 31 December 2022, the directors consider Unipol Gruppo S.p.A. to be the ultimate Holding Company, which is also the holding Company of the largest group in which the results of the Company are consolidated. The holding Company of the smallest group in which the results of the Company are consolidated is UnipolSai Assicurazioni S.p.A. Copies of the consolidated accounts of Unipol Gruppo S.p.A. are publicly available from the Company secretary. Unipol Gruppo S.p.A. Via Stalingrado 45, 40128 Bologna, Italy. Copies of the consolidated accounts of UnipolSai Assicurazioni S.p.A. are available to the public from the Company secretary. UnipolSai Assicurazioni S.p.A.,Via Stalingrado 45, 40128 Bologna, Italy.

28. FINANCIAL RISK MANAGEMENT

The Company is subject to financial risks including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company monitors and manages the financial risks relating to its operations through internal risk reports which monitor the sensitivities of the portfolio against rises or falls in spread risk, equity risk and interest rate risk. These are measured against set limits within the investment policy approved by the Board of Directors. These risks are also monitored through risk tolerances to measure the capital absorption of the risks within the relevant SCR module within the Solvency II Standard Formula. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The main method of mitigating these risks is set limits for each asset class within the investment policy and sensitivity limits as described above. The Company may also seek to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

28(a) Fair Value

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases, management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.
The table below summarises the methods to calculate the fair value for the different macro categories of financial instruments.

		Mark to Market	Mark to Model and other
Financial Instruments	Bonds	CBBT contributor - Bloomberg Other contributor - Bloomberg	Mark to Model Counterparty valuation
	Listed shares and investments, ETFs	Reference market	
	Unlisted shares and investments		DCF DDM Multiples
	Listed derivatives	Reference market	
	OTC derivatives		Mark to Model

With reference to shares, listed investments, ETFs and listed derivatives, the Mark to Market valuation corresponds to the official valuation price of the market. For bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:
- the primary source is the Composite Bloomberg Bond Trader price provided by Bloomberg;
- where the price referred to the previous point is unavailable, an internal scoring model is used, which makes it possible to select liquid and active contributors on the basis of pre-defined parameters.

The Company uses valuation methods (Mark to Model) in line with the methods generally used by the market.

28. FINANCIAL RISK MANAGEMENT

28(a) Fair Value (continued)

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Company has minimal exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

The table below shows financial assets and liabilities (as disclosed in notes 11) grouped into the level in the fair value hierarchy into which each fair value measurement is categorized. The movement year on year on investment level 3 is due to partial reimbursements of the bond falling in this category. Such a security consists in an ABS note with an S&P rating of A, backed by an Italian bank institution and which is guaranteed by the Italian government.

2022

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Debt Securities at fair value	782,089	-	-	782,089
Deb Securities at amortised cost	-	-	29,373	29,373
	782,089	**-**	**29,373**	**811,462**

2021

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Debt Securities at fair value	822,729	-	-	822,729
Debt Securities at amortised cost	-	-	32,750	32,750
	822,729	**-**	**32,750**	**855,479**

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(b) Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Company in managing its market risk is to ensure risk is managed in line with the Company's risk appetite and the limits set out in its investment policy.

The Company has established policies and procedures in order to manage market risk and methods to measure it.

There were no changes in the Company's market risk policies in the financial year 2022 nor to the objectives and processes for managing market risk.

i) Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance contract liabilities. As a result, foreign exchange risk arises from other recognised assets and liabilities denominated in other currencies. Where a currency mismatch arises, the Company seeks to take an asset exposure to limit the mismatch as much as possible.

Carrying amounts of the Company's foreign currency denominated assets and liabilities:

	CAD 2022 €'000	CAD 2021 €'000	ILS 2022 €'000	ILS 2021 €'000	TRY 2022 €'000	TRY 2021 €'000	GBP 2022 €'000	GBP 2021 €'000	USD 2022 €'000	USD 2021 €'000	CHF 2022 €'000	CHF 2021 €'000
Assets	273	88	89,039	94,375	4,487	2,467	398,834	366,680	14,179	12,731	6,493	8,660
Liabilities	3,501	4,630	92,489	99,266	9,392	6,214	411,067	342,064	8,712	7,905	1,765	8,089
	(3,228)	**(4,542)**	**(3,450)**	**(4,891)**	**(4,905)**	**(3,747)**	**(12,233)**	**24,616**	**5,467**	**4,826**	**4,728**	**571**

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(b) Market Risk (continued)

The following table details the Company's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies, excluding the tax effect. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged. Balances in other currencies were not considered because of negligible amount.

	CAD 2022 €'000	**CAD 2021** €'000	**ILS 2022** €'000	**ILS 2021** €'000	**TRY 2022** €'000	**TRY 2021** €'000	**GBP 2022** €'000	**GBP 2021** €'000	**USD 2022** €'000	**USD 2021** €'000	**CHF 2022** €'000	**CHF 2021** €'000
10% increase												
Profit for the year	323	454	345	489	491	375	1,224	(2,462)	(547)	(483)	(473)	(57)
Shareholders' equity	323	454	345	489	491	375	1,224	(2,462)	(547)	(483)	(473)	(57)
10% decrease												
Profit for the year	(323)	(454)	(345)	(489)	(491)	(375)	(1,224)	2,462	547	483	473	57
Shareholders' equity	(323)	(454)	(345)	(489)	(491)	(375)	(1,224)	2,462	547	483	473	57

ii) Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it invests in long term debt at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Financial Assets	**2022**	**2021**
	€'000	€'000
Fixed rate	761,575	784,044
Floating rate	49,886	71,436
Not subject to interest rate risk	5,131	5,131
	816,592	860,611

The Company does not have any financial liability.
The sensitivity analyses below have been determined based on the exposure to interest rates for all financial instruments included in the Company's portfolio, excluding the tax effect. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(b) Market Risk (continued)

	2022 €'000	2021 €'000
0.5% increase		
Profit or loss for the year		
Shareholders' equity	(11,660)	(16,862)
0.5% decrease		
Profit or loss for the year		
Shareholders' equity	11,660	16,862

28(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio and reinsurance programme.

The objective of the Company in managing its credit risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it. There were no changes in the financial year in the Company's objectives, policies and processes for managing credit risk.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate its counterparties and reinsurers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Furthermore, in certain instances, the Company receives deposits from its reinsurers which it holds under the terms of the reinsurance agreements.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(c) Credit Risk (continued)

Receivables consist of a large number of counterparties, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties except for intra-group's exposures. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets and reinsurance assets recorded in the financial statements, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Company monitors the credit risk in relation to its investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by the Company on a monthly basis. The following table shows aggregated credit risk exposure for assets with external credit ratings.

The majority of debt securities are investment grade and the Company has very limited exposure to debt securities with an S&P rating lower than A-. Reinsurance assets are reinsurers' share of outstanding claims and IBNR and reinsurance receivables. They are allocated below on the basis of ratings for claims paying ability. Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

The following table shows aggregated credit risk exposure for assets with external credit ratings.

	Neither past due nor impaired 2022 €'000	Past due up to 90 days 2022 €'000	Past due more than 90 days 2022 €'000	Past due and impaired 2022 €'000	Gross Total 2022 €'000	Carrying Amount 2022 €'000
Financial Instruments	816,593	-	-	-	816,593	816,593
Cash at Bank	28,255	-	-	-	28,255	28,255
Other Debtors and Accrued Income	315	-	-	-	315	315
Insurance assets	348,993	24,440	5,383	900	379,716	378,816
	1,194,156	**24,440**	**5,383**	**900**	**1,224,879**	**1,223,979**

The above disclosure does not include amounts related to tangible and intangible fixed assets, deferred tax assets and bad debt provision as is disclosed on the Statement of Financial Position.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(c) Credit Risk (continued)

	Neither past due nor impaired 2021	Past due up to 90 days 2021	Past due more than 90 days 2021	Past due and impaired 2021	Gross Total 2021	Carrying Amount 2021
	€'000	€'000	€'000	€'000	€'000	€'000
Financial Instruments	860,610	-	-	-	860,610	860,610
Cash at Bank	97,028	-	-	-	97,028	97,028
Other Debtors and Accrued Income	818	-	-	-	818	818
Insurance assets	321,192	5,385	19,353	900	346,830	345,930
	1,279,648	**5,385**	**19,353**	**900**	**1,305,286**	**1,304,386**

	SP rating AAA 2022	SP rating AA- and AA+ 2022	SP rating A- and A+ 2022	SP rating BBB- and BBB+ 2022	SP rating lower than BBB- 2022	Not Rated 2022	TOTAL 2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial Instruments	96,946	441,269	174,735	90,672	7,840	5,131	816,593
Cash Banks	-	14,422	12,094	1,736	-	3	28,255
Other Debtors and Accrued Income	-	-	-	-	-	315	315
Loans and receivables	-	-	-	-	-	-	-
Insurance assets	-	37,661	66,202	344	-	275,509	379,716
	96,946	**493,352**	**253,031**	**92,752**	**7,840**	**280,958**	**1,224,879**

The above disclosure does not include amounts related to tangible (2022: €0.1m 2021: €0.2m) and intangible fixed assets (2022: €0.1m, 2021: €0.2m), deferred tax assets (2022: nil, 2021: €6.7m) and bad debt provision (2022: €0.9m, 2021: €0.9m) as is disclosed on the Statement of Financial Position.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(c) Credit Risk (continued)

	SP rating AAA 2021	SP rating AA- and AA+ 2021	SP rating A- and A+ 2021	SP rating BBB- and BBB+ 2021	SP rating lower than BBB- 2021	Not Rated 2021	TOTAL 2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial Instruments	114,365	397,405	224,403	116,094	3,212	5,131	860,610
Cash Banks	-	33,070	63,955	-	-	3	97,028
Other Debtors and Accrued Income	-	141	-	-	-	677	818
Loans and receivables	-	-	-	-	-	-	-
Insurance assets	-	57,052	74,309	3,559	-	211,910	346,830
	114,365	**487,668**	**362,667**	**119,653**	**3,212**	**217,721**	**1,305,286**

28 (d)Liquidity risk management

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims liabilities. In practice, most of the Company's assets are marketable securities which could be converted into cash when required.

There were no changes in the financial year in the Company's objectives, policies and processes for managing liquidity risk.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. The table includes both interest and principal cash flows.

The expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities has been calculated using the historical pattern of claims reserves rather than the contractual terms.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(d) Liquidity Risk (continued)

	Less than 1 year 2022 €'000	1-3 years 2022 €'000	3-5 years 2022 €'000	5+ years 2022 €'000	Total 2022 €'000
Creditors arising out of reinsurance operations	14,756	15,883	9,632	10,964	51,235
Technical Provisions	234,695	252,624	153,204	174,392	814,915
Deposits received from Retrocessionaires	2,621	2,822	1,711	1,948	9,102
Trade and other liabilities	2,080	-	-	-	2,080
	254,153	**271,328**	**164,547**	**187,304**	**877,332**

	Less than 1 year 2021 €'000	1-3 years 2021 €'000	3-5 years 2021 €'000	5+ years 2021 €'000	Total 2021 €'000
Creditors arising out of reinsurance operations	6,359	7,096	3,927	4,931	22,314
Technical Provisions	226,769	253,026	140,040	175,845	795,679
Deposits received from Retrocessionaires	2,581	2,880	1,594	2,002	9,057
Trade and other liabilities	4,331	-	-	-	4,331
	240,040	**263,002**	**145,561**	**182,778**	**831,381**

The following tables detail the Company's expected maturity for its non-derivative assets. The tables below have been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

The expected maturity profile of the Company's undiscounted insurance assets has been calculated using the historical pattern of claims reserves rather than the contractual terms.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(d) Liquidity Risk (continued)

	Less than 1 year 2022	1-3 years 2022	3-5 years 2022	5+ years 2022	Total 2022
	€'000	€'000	€'000	€'000	€'000
Financial Instruments	206,760	258,840	151,489	199,504	816,593
Cash at Banks	28,255	-	-	-	28,255
Other Debtors and Accrued Income	315	-	-	-	315
Insurance assets	109,099	117,433	71,217	81,067	378,816
	344,429	**376,273**	**222,706**	**280,571**	**1,223,979**

	Less than 1 year 2021	1-3 years 2021	3-5 years 2021	5+ years 2021	Total 2021
	€'000	€'000	€'000	€'000	€'000
Financial Instruments	74,122	281,882	225,833	278,773	860,610
Cash at Banks	97,028	-	-	-	97,028
Other Debtors and Accrued Income	818	-	-	-	818
Insurance assets	98,590	110,006	60,884	76,451	345,930
	270,558	**391,888**	**286,716**	**355,223**	**1,304,386**

The above disclosure, does not include amounts related to tangible and intangible fixed assets and bad debt provision as is disclosed on the face of the Statement of Financial Position

Although the Company has access to financing facilities, the Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(e) Capital management

The Company's regulatory capital requirements are determined in accordance with the Solvency II Directive 2009/138/EC and Statutory Instrument 485 of 2015 and the Commission Delegated Regulations EU 2015/35.

The capital statement sets out the financial strength of the Company and provides and analysis of the disposition and constraints over the availability of capital to meet risks and regulatory requirements. The capital statement also provides a reconciliation of shareholders' funds to regulatory capital.

	2022
	€'000
Total shareholders' funds at year end	359,576
Adjustments to regulatory basis:	
on technical provision	37,572
Investment in group undertaking	98
Investment in Loan & Receivable	(1,113)
Tangible and Intangible assets	(81)
Deferred tax asset/liability	-
Excess of assets over liabilities - unaudited	**396,052**
Other adjustment (if any)	-
Total available own funds to meet SCR	**396,052**
SCR	**276,034**

	2021
	€'000
Total shareholders' funds at year end	493,207
Adjustments to regulatory basis:	
on technical provision	(28,665)
Investment in group undertaking	542
Investment in L&R	962
Tangible and Intangible assets	(198)
Deferred tax asset/liability	3,419
Excess of assets over liabilities - unaudited	**469,267**
Other adjustment (if any)	-
Total available own funds to meet SCR	**469,267**
SCR	**279,696**

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28(e) Capital management (continued)

The Solvency II regime has been effective from 1 January 2016 and establishes a new set of EU (wide capital requirements, risk management and disclosure standards, The Company is required to meet a Solvency Capital Requirement (SCR) which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12-month time horizon. The Company calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile.

The total Solvency Capital Requirement for the Company is €276.0 million (2021: €279.7 million) while the total Eligible Own Funds Available to meet the Solvency Capital Requirement amount to €396.1 million (2021: €469.3 million) as such the solvency capital requirement coverage is 143% (2021: 168%).

The Company has complied with the solvency requirements in accordance with the Solvency II Directive 2009/138/EC and Statutory Instrument 485 of 2015 and the Commission Delegated Regulations EU 2015/35.

Regulatory valuation and admissibility restrictions are calculated on best estimates basis for the purposes of determining Own Funds to cover Solvency Capital Requirements as prescribed by the Statutory Instrument 485 of 2015.

Each item that encompasses Own Funds shall be classified in accordance with applicable legislation. Under Solvency II assets fall within Tiers I, II or III and assets which fall within Tiers II and III must meet the limits to match the SCR and the MCR as set out in the Regulations. The Company's overall aim is to maintain its Own Funds within Tier I of the Regulations, however, some of the items may fall within Tier II and III. Where this is the case, the Company ensures it has the correct match between the Tiers to meet its SCR and MCR requirements.

UnipolRe maintains an efficient capital structure made up of equity shareholders' funds, consistent with the Company's risk profile and the regulatory and market requirements of its business. The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to meet its capital management objectives within its capital management policy approved by the Board of Directors;
- to satisfy the requirements of its cedants, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth; and
- to manage exposures to movement in exchange rates.

The main source of additional capital available to the Company, if required, is additional capital provided by the Company's holding Company. The Company manages as capital all items that are eligible to be treated as capital for regulatory purposes.

29. INSURANCE RISK MANAGEMENT

The Company accepts insurance risk through its reinsurance treaties where it assumes the risk of loss from cedants that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting guidelines and reinsurance strategy within an overall risk management framework. Pricing is carried out by an independent pricing and modelling actuarial team who are independent from the underwriting function. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Retrocession strategy is analysed and purchased if necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Retrocession policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the SCR Module under the Standard Formula in Solvency II to which the Company is exposed.

Concentration

The Company writes property, liability and motor risks primarily over a twelve month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e., high severity, low frequency events) as well as from a large concentration of UK Non-Proportional motor. A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities:

	Gross 2022 €'000	Gross 2021 €'000	Reinsurance 2022 €'000	Reinsurance 2021 €'000	Net 2022 €'000	Net 2021 €'000
UK	356,155	284,339	-	(2,093)	356,155	282,246
EU (excl.UK) and CH	267,147	306,196	(83,712)	(85,567)	183,297	220,629
US	-	-	-	(202)	-	(202)
Turkey	9,908	7,704	-	-	9,908	7,704
Israel	79,793	83,402	-	-	79,793	83,402
Other	4,599	12,281	(138)	(15,615)	4,599	(3,334)
	717,602	**693,922**	**(83,850)**	**(103,477)**	**633,752**	**590,445**

In 2022, the amounts related to reinsurance from UK and US are very small and are included in the Other category.

29. INSURANCE RISK MANAGEMENT (CONTINUED)

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities:

	Gross 2022 €'000	Gross 2021 €'000	Reinsurance 2022 €'000	Reinsurance 2021 €'000	Net 2022 €'000	Net 2021 €'000
Motor third party liability	455,439	389,704	(15)	(7,901)	455,424	381,803
Bond	47,945	55,292	(46,854)	(52,463)	1,091	2,829
Fire and other damage to property	88,858	77,629	(24,964)	(30,689)	63,894	46,940
Third (party liability	26,866	19,990	(11,270)	(3,775)	15,596	16,215
Other	98,494	151,307	(747)	(8,649)	97,747	142,658
	717,602	**693,922**	**(83,850)**	**(103,477)**	**633,752**	**590,445**

Since the change in business profile as professional reinsurer from 2015 onward, the lines of business written have been mostly Motor third party liability and Fire and other damage to property. The changes in composition in liabilities from 2021 to 2022 relates to the inflationary adjustments to property line and motor business and the strengthening of reserves on Motor third party liability UK treaties.

Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios.

The key methods used by the Company for estimating liabilities are:
- chain ladder;
- expected loss ratio;
- benchmarking; and
- Bornhuetter-Ferguson,

The Company considers that the liability for non-life insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

Some results of sensitivity testing are set out below, showing the impact on profit before tax and shareholders' equity gross and net of reinsurance due to change in loss and commission ratio. For each sensitivity the impact of a change in a single factor is shown, with other assumptions unchanged.

29. INSURANCE RISK MANAGEMENT (CONTINUED)

	Pre-tax profit 2022 €'000	Pre-tax profit 2021 €'000
5% increase in loss ratio		
Gross	(8,868)	(12,514)
Net	(8,867)	(11,212)
5% decrease in loss ratio		
Gross	8,868	12,514
Net	8,867	11,212
5% increase in commission ratio		
Gross	(9,401)	(11,746)
Net	(8,867)	(11,212)
5% decrease in commission ratio		
Gross	9,401	11,746
Net	8,867	11,212

30. POST BALANCE SHEET EVENTS

In early 2023 the Company has decided to no longer underwrite active reinsurance business and will be merged by absorption into its parent UnipolSai Assicurazioni S.p.A. All assets and liabilities, and all relevant contracts will be transferred to UnipolSAI S.p.A which will manage the existing insurance contracts.
Every right and obligation of the absorbed Company shall be transferred to the parent entity. As a consequence, no amount will be paid by UnipolSai to UnipolRe.

The initial recognition of UnipolRe assets and liabilities in UnipolSai accounts would be performed at the same value assumed for Italian tax purposes (i.e., aligned to fair value) which would reasonably be not different to the carrying amount as reported in UnipolRe separate financial statements prepared on a going concern basis.
Once the merger will be authorised and enacted (expected by end of 2023), UnipolRe will cease to exist as a separate insurance undertaking, no winding up or liquidation will be enacted.

On 6 February 2023 a series of strong earthquakes occurred in the Turkish Syrian border region, resulting in significant casualties and severe damage to property in both countries. The Company has several treaties with Turkish cedants which have earthquake exposure and, while it is too early to have any credible estimate of losses, indications are that the Company's estimated losses are in the region of €20m.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on the 20th March 2023.