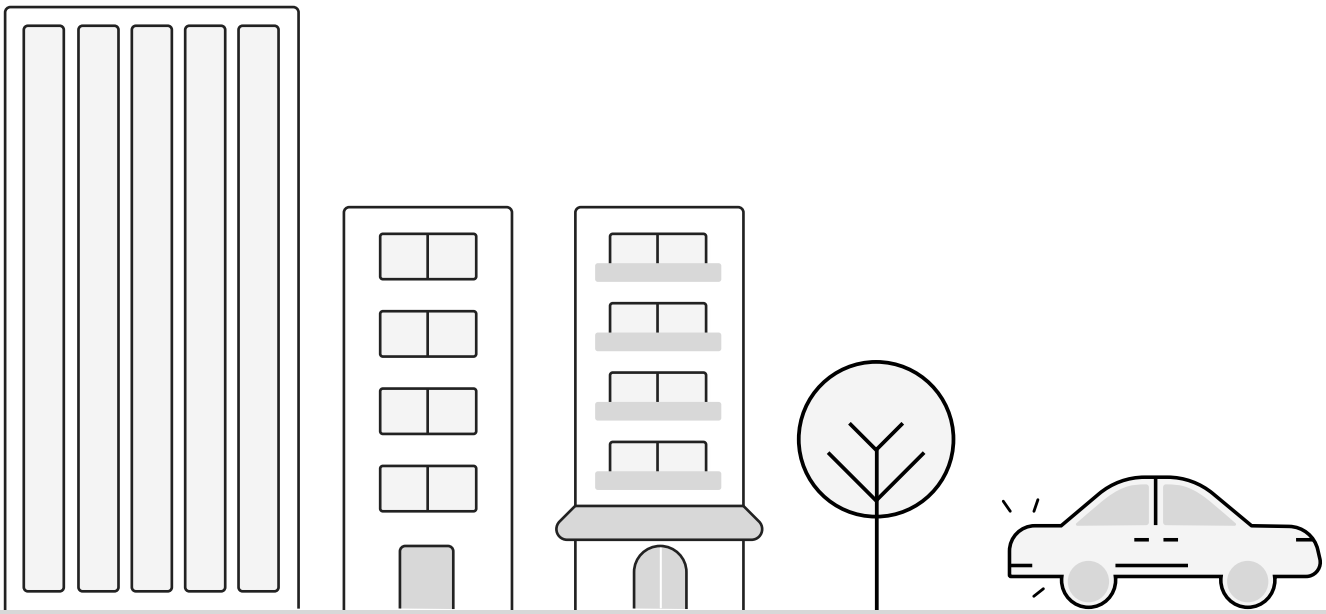
HELLAS DIRECT
RETHINK INSURANCE

PRELIMINARY SFCR
Solvency and Financial Condition Report

Year ended 31 December 2019



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

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

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

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

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

Please see below our initial impact analysis:

Business Continuity Planning / Operational Continuity

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

Impact on insurance production, reserving and investment portfolio

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

Impact on business plans and the Company's solvency position

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

Balance Sheet

S.02.01

S.02.01.02
Balance sheet

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

Liabilities

Technical provisions – non-life	**R0510**	15,087,488
Technical provisions – non-life (excluding health)	**R0520**	15,087,488
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	14,442,425
Risk margin	**R0550**	645,063
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	3,318,531
Payables (trade, not insurance)	**R0840**	0
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	3,195,546
Total liabilities	**R0900**	21,601,565
Excess of assets over liabilities	**R1000**	8,031,077

Own Funds

S.23.01

S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,281,738	1,281,738			
Share premium account related to ordinary share capital	R0030	22,245,204	22,245,204			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-15,495,867	-15,495,867			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	8,031,076	8,031,076			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	8,031,076	8,031,076			
Total available own funds to meet the MCR	R0510	8,031,076	8,031,076			
Total eligible own funds to meet the SCR	R0540	8,031,076	8,031,076			
Total eligible own funds to meet the MCR	R0550	8,031,076	8,031,076			
SCR	R0580	5,260,721				
MCR	R0600	3,700,000				
Ratio of Eligible own funds to SCR	R0620	152.66%				
Ratio of Eligible own funds to MCR	R0640	217.06%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	8,031,076
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	23,526,942
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	-15,495,867
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

Solvency Capital Requirement - For undertakings on Standard Formula

S.23.01

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	322,571		
Counterparty default risk	R0020	2,478,807		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	2,705,558		
Diversification	R0060	-912,233		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	4,594,703		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	666,018
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	5,260,721
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	5,260,721
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

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