Solvency and Financial Condition Report

(for the financial year ended 31 December 2016)

Telefónica Insurance S.A.

Version updated October 2017

INDEX

SUMMARY

The new regulatory regime for Insurance and Reinsurance undertakings in the European Union, known as Solvency II, came into force with effect from 1 January 2016. This new legal framework is defined on the Directives 2009/138/EC and 2014/51/EU and its corresponding Delegated Acts and related regulation and its transposition into national law.

The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is subject to public disclosure. This document is the first version of the Solvency and Financial Condition Report ("SFCR") that is required to be published by Telefónica Insurance S.A. (hereafter "Telefónica Insurance" or 'the Company'). This document is available to general public on the Company's website.

For insurance companies regulated by the Commisariat Aux Assurances of Luxembourg, the Solvency and Financial Condition Report is produced in accordance with Article 82 of the " Loi du 7 Decembre 2015 sur le Secteur des Assurances", Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35 and the EIOPA guidelines on reporting and public disclosure (B05-15- 109).

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

The ultimate Administrative Body that has the responsibility for all of these matters is the Company's Board of Directors. The Board of Directors of Telefónica Insurance has set up various executive and supervisory bodies and control functions to ensure full compliance with the requirements of Solvency II legal framework

The Company's financial year runs to 31 December each year and it reports its results in Euros.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

Telefonica Insurance S.A., was constituted in Luxembourg in December 15th 2004 as a public liability company and registered at the "Registre de Commerce et des Sociétés de Luxembourg" at section B, with number 105162.

The object of the company is to undertake insurance and reinsurance operations for all type of risk excluded Life Insurance. Telefónica Insurance S.A. is authorized and regulated by the Commisariat Aux Assurances domiciled at 7 boulevard Joseph II à Luxembourg L-1840.

The company's Head Office is domiciled at 23, Avenue Monterey L-2163. Telefónica Insurance passports activities and operates in Spain, UK and Germany through to its branches located at,

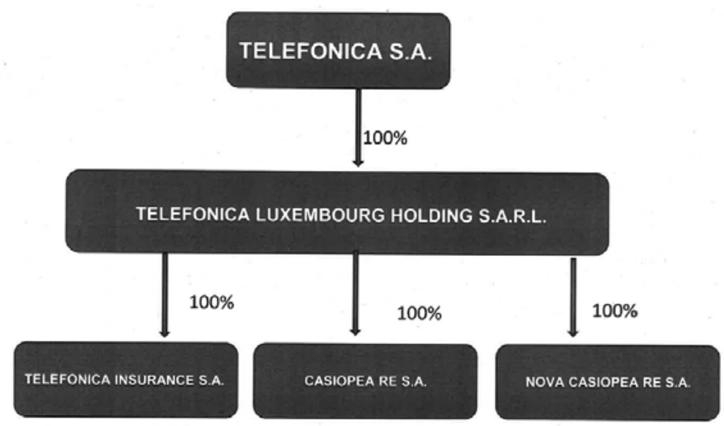
- United Kingdom: Telefónica Insurance S.A. UK Branch 260 Bath Road, Slough, Berks SL1 4DX Registred in UK No. FC029774: BR014757. The Company is regulated by the Financial Conduct Authority for the conduct of business in the UK. FCA referenc number 430933.
- Germany: Telefónica Insurance S.A. Direktion für Deutschland. Georg-Brauchle-Ring 23-25 80992 München. HRB Nr. 198 107. The Company is regulated by the BaFin for the conduct of business in Germany.
- Spain: Telefónica Seguros Sucural en España. Distrito Telefónica Ronda de la Comunicación s/n 28050 Madrid. The Company is regulated by the Dirección General de Seguros for the conduct of business in Spain. Nº Registro: E0206

The company is as well authorized to operate form Luxembourg in the European Union under the provision of freedom of services.

The appointed auditor of the company is Ernst & Young S.A. domiciled 35E avenue John F. Kennedy, Luxembourg L-1855. The annual accounts of Telefónica Insurance are included in the financial statements accounts of Telefónica S.A., the parent company of Telefónica Group, domiciled at Gran Vía 28, 28013 Madrid, Spain.

Telefónica Insurance makes part of Telefónica Group, a diversified telecommunications group which provides a comprehensive range of digital services through one of the world largest and most modern telecommunications networks, focused on providing telecommunications services with presence principally in Europe and Latin America.

The shareholding structure of the company is described on the following graph,



Telefónica Insurance S.A. commits to offer innovative insurance policies, linked to telecommunication and digital services provided by Telefónica Group. The company is specialized in device insurance, holding over 2 million mobile phones and tablets insured in Europe. The company also participates in Telefónica Group Risk Management, underwriting insurance policies to cover Group subsidiaries domiciled in the European Union.

Telefonica Insurance business principles aim to set, encourage and sustain high standards of corporate responsibility in everything the company does across its operations, including promoting and ensuring good product standards. Telefonica Insurance believes that this not only makes business sense, it also has the potential to place the customer at the core, aiming to deliver services and solutions that achieve their utmost satisfaction and contributes to sustainable development.

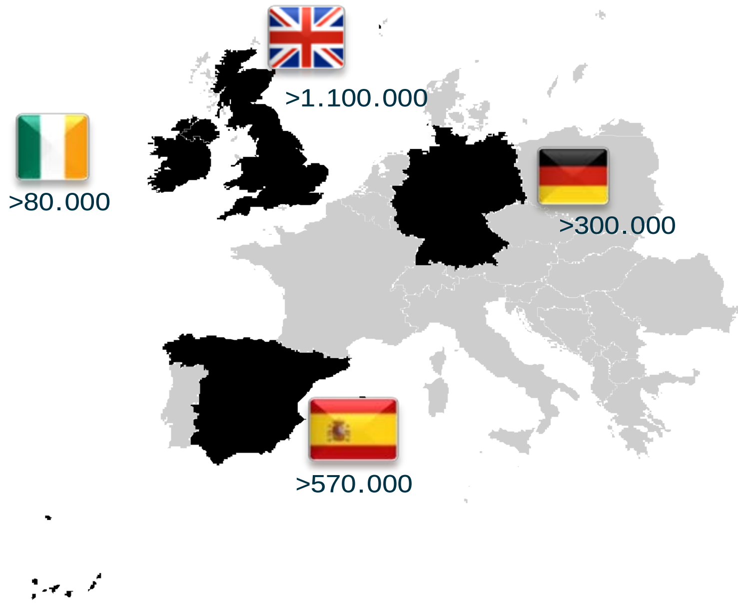
Telefónica Insurance has a series of general principles based on: honesty, integrity, trust and respect for the law that defines the way in which the company undertakes its activities and its relations. Telefónica Insurance strongly respects and supports the principles of the UN Universal Declaration of Human Rights, as well as the declarations of the International Labor Organization, and we do not tolerate, either directly or indirectly, any type of child labor, forced labor, threats, coercion, abuse, violence or intimidation in its work environment.

A.2 UNDERWRITING PERFORMANCE

Telefónica Insurance main line of business is the device insurance defined as an insurance product that covers certain insured events arising in relation to mobile phones and tablets. Device insurance provides coverage against some kind of damage (loss, theft, physical damage, etc.) of mobile phones. It commonly covers eventualities that are not already covered by the guarantee of the mobile phone device. The company predominantly sells MPI products through Telefónica Group mobile phone operators.

In 2016, the company developed satisfactorily its underwiting activities. The number of clients increased to reach by 31st December 2016 over 2.1 million insurance policies.

For the purpose of illustration, the graph below shows the geographical distribution of the device insurance policies across Europe



The volume of premiums issued by the Company reached 174.25 million euros, which represents a slight decrease in comparison with the previous financial year essentially due to the depreciation of Pound against the Euro. The following table presents the breakdown of Gross Written Premiums per country

Gross Written Premiums	EUR
Germany	26.937.394
Spain	44.900.184
Ireland	4.041.778
United Kingdom	98.372.062
Total	174.251.418
	==========

For purpose of comparison the table below shows the same information for the financial year ended December 31st 2015,

Gross premiums written	*EUR*
Germany	28.961.573
Spain	42.574.716
Ireland	6.724.360
Slovakia	(3.891)
Czech Republic	2.240
UK	104.537.369
Total	182.796.367
	=========

The table below shows the allocation of the activity of insurance of the company by group of branches. It is worth to mention that over 98% of the Gross Written Premiums concentrates on the Miscellaneous Financial Losses (M.F.L.) branch and within the Handset Insurance line of business.

	Motor	Other	Fire	M.F.L.	Total
	EUR	EUR	EUR	EUR	EUR
Gross Written Premiums	70.376	2.382.881	111.635	171.686.526	174.251.418
Gross Premium Earned	250.445	1.607.961	110.543	174.404.001	176.372.950
Gross Claims Incurred	377.889	1.869.124	812.757	86.162.965	89.222.735
Gross Operating Expenses	284.335	327.820	47.163	83.167.112	83.826.430
Reinsurance's balance	---	1.083.280	(585.312)	(3.236.687)	(2.738.719)

For purpose of comparison the table below shos the same information for the financial year ended December 31st 2015,

	Motor	Other	Fire	M.F.L.	Total
	EUR	EUR	EUR	EUR	EUR
Gross premiums written	471.272	392.894	272.521	181.659.680	182.796.367
Gross premiums earned	765.837	536.851	2.094.001	176.044.705	179.441.394
Gross claims incurred	791.392	392.978	3.037.195	84.655.116	88.876.681
Gross operating expenses	349.990	480.241	463.637	84.321.207	85.615.075
Reinsurance's balance	---	170.013	(3.492.033)	(2.648.679)	(5.970.699)

The balance on the technical account for non-life insurance amounted to Eur 394,391. The Loss Ratio reached 48,74% leading to a Combined Ratio of 99,8%.

A.3 INVESTMENT PERFORMANCE

2016 was influenced by central bank decisions and the outcome of political consultations in two great events: Brexit and Donald Trump's victory in the US elections. During the first quarter, European Central Bank took the decision to decrease the interest rate tol 0% in the Euro Zone and increase the monthly purchases, under the asset purchase programme, until 80 billion. Both measures affected the fixed income market with negative performances in the short and medium term in government and private bonds. Europe continued with an expansive monetary policy. On the other side of the Atlantic, the Federal Reserve waited until December to increase the interest rate for the second time in the last ten years. Central banks, whose efforts were already pushing the limits of monetary policy, continued to play an important role in the financial markets.

Regarding the equity market, 2016 was a year filled with unexpected developments, and volatility was present in many occasions during this year. At the beginning of the first quarter, the economic slowdown in

China, decreasing oil prices and hesitations about the global financial situation in the developed economies, affected negatively the stock markets of the world. However, since the end of February, the equity market improved due to economic stabilization in the Euro Zone. In June, Brexit caused a strong increase in volatility; the depreciation of the euro and the pound, provoked a diversion of the money towards quality assets. Last quarter of the year was marked by Donald Trump's unexpected victory in the US elections. Another relevant factor was the depreciation of the Euro against the Dollar. In spite of this, the equity market had a positive return during this year in the Euro Zone (Eurostoxx 50 +0,7%) and the global markets (MSCI World had a return of about 7%).

Regarding Telefónica Insurance portfolio, beginning from the second half of the year, the company reduced its investments in fixed income and the equity market, overweighting money markets and short term bonds. This measure contributed to reduce the volatility and increase the liquidity in the portfolio.

Assets included under the item "Investments" are valued according to the following accounting principles,

Nature of investments	*Method of evaluation*
Deposits with ceding undertakings	Nominal value
Shares and other variable income securities and units in unit trusts	Lower between cost and market value
Debt securities and other fixed income securities	Amortization of agios and disagios

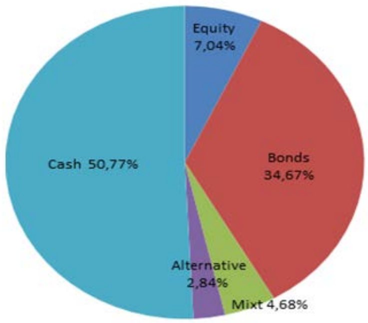
Debt securities and other fixed-income securities are recorded at acquisition cost. Where the acquisition cost exceeds the amount repayable at maturity the difference is charged to the profit and loss account in instalments over the period remaining until repayment. Where the acquisition cost is lower than the amount repayable at maturity the difference is released to the profit and loss account in instalments over the period remaining until repayment.

The result of the Investment portfolio of the company reached Eur 45,897 as of December 31st 2016 before general expenses allocation and including the exchange rate differences. Breakdown for income and expenses is shown on the table below,

	2016	**2015**
Investment income		
Income from other investments	2.483.556	1.468.582
Value re-adjustments on investments	189.376	88.000
Gain on the realisation of investments	321.211	552.887
	2.994.143	2.109.469
Investment charges		
Investment management charges, including interest	(2.720.627)	(1.692.113)
Value adjustments on investments	(49.236)	(189.376)
Losses on the realization of investments	(441.495)	(294.101)
	(3.211.358)	(2.175.590)

The graph and table below shows the composition and valuation of the Investment Portfolio as of December 31st 2016.

Portfolio by type of asset



	Accounting Value €	Market Value €
Funds	**14 096 967**	**14 370 792**
Bonds	8 398 932	8 457 668
Equity	2 652 526	2 858 942
Mixt Funds	1 906 997	1 899 915
Alternative Products	1 138 512	1 154 268
Shares	**0**	**0**
Corporate Bonds	**2 650 026**	**2 577 447**
Government Bonds	**3 167 500**	**3 049 900**
Cash accounts and deposits	**20 710 151**	**20 621 980**
TOTAL INVESTMENT PORTFOLIO	**40 624 645**	**40 620 119**

A.4 PERFORMANCE OF OTHER ACTIVITIES

No other activity was registered in 2016.

A.5 ANY OTHER INFORMATION

Other than as noted above, no other events occurred in 2016 which had a material impact on the business or performance

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Introduction

The objective of the Governance system is to ensure a healthy and prudent management. Its two guiding principles are effectiveness and proportionality under an Internal Control structure that ensures compliance with the regulations, the efficiency and effectiveness of operations and the availability and reliability of the financial and non-financial information. In order to achieve this, with reasonable safety, the following objectives are: Strategic; Control, monitoring; Operating; Information and communication and Compliance.

The Governance system of the Company is aligned with the European Insurance and Occupational Pensions Authority (“EIOPA”) Guidelines.

Management and administration of the company

Telefónica Insurance has an organizational and operational structure which aims at supporting the strategic objectives and operations of the undertaking. The structure is formed by the supervisory, management and administration bodies of the company which are described below,

The General Shareholders meeting is the highest deliberative body of the Company, through which the corporate will is expressed and the shareholders exercise their right to participate in the Company's decision-making

The shareholders acting at the General Shareholders' Meeting have the power to deliberate upon and adopt resolutions on all such matters as legal provisions and the By-Laws reserve for decision thereat, and, in general, on all matters which fall within the scope of powers assigned by law to the shareholders and are submitted at the General Shareholders' Meeting at the behest of the Board of Directors and of the shareholders themselves, in such instances and in such manner as are provided in the law and the By-Laws

The Board of Directors is, as set forth in the Act and the Articles of Association, the highest Body of administration and representation of the Company. It thus being empowered to perform, within the scope covered by the corporate object defined in the Articles of Association, any acts or legal transactions of administration and disposal, by any juridical title, except for this reserved by the Act or the Articles of Association to the exclusive competence of the General Meeting of Shareholders. The powers reserved by the Law or the By-Laws exclusively to the Board of Directors, or any other powers required for the responsible exercise of its basic supervisory and controlling duties, may not be delegated. Specifically, the Board of Directors of the company approves the general policies and strategies of the Company, particularly:

- Strategic plans, management objectives and annual budget.
- Definition of the structure of the Group of Companies.
- Investment Policy
- Underwriting Plan
- Product Management Policy
- Corporate governance policy.

The Board of Directors organizes the execution of the policies and strategies of the Company, through the following bodies,

- The Executive Committee takes all relevant decisions pursuing the execution of the strategic plan of the company
- The Investment Committee is responsible for the management of the investment portfolio in compliance with the Investment Policy of the company
- The Governance Board is in charge of the overall governance of the company

This organization provides the Board of Directors greater operatively and efficiency in performing its duties, providing it the necessary support through the work it carries out and guaranteeing the appropriate segregation of duties and responsibilities.

The Executive Committee takes all relevant decisions pursuing the execution of the strategic plan of the company. The executives Committee meets monthly and is formed by

- Two members of the board
- The Authorized Manager
- The Head of Business Developments and Operations department
- The Head of Financial department
- The Head of Legal Affairs, secretary of the board of directors

The Investment Committee is responsible for the management of the investment portfolio in compliance with the Investment Policy of the company

- Two members of the board
- The Authorized Manager
- The Head of Financial department

The Investment Committee meets quarterly. The Committee is responsible for the execution of the investment policy of the company. Among its functions is in charge of defining,

- The quantitative limits on assets and exposures, including off-balance sheet exposures, that need to be established to ensure the company complies with security, quality, liquidity, profitability and availability of its portfolio;
- The link between market risk and other risks in adverse scenarios;
- The liquidity risk management;
- The assessment of non-routine investment activities;
- The implementation and monitoring of control processes of the investment strategy of the company, either on regulated financial market or with complex products.

The Governance Board is in charge of the overall governance of the company and makes sure that the undertaking has a set of policies and procedures in place required by the Solvency II Directive. The Governance Board is formed by,

- Two members of the board
- The Authorized Manager
- The Head of Financial department
- The Head of Legal Affairs, secretary of the board of directors

The governance board is responsible to assess the appropriate implementation of the key functions defined by the Solvency II Directive. The GB meets whenever it deems it advisable or appropriate to ensure a punctual follow-up of Solvency II Pillar 2 related matters, and in any case at least once a year. The functions and responsibilities are defined as follows,

* General governance requirements

  - Interact with the senior management, the functional committees in place, the key functions of the undertaking by proactively asking information and challenging them when necessary.
  - Assess the potential impact of changes in group structure on the entity and adjust the company in timely manner (when necessary)
  - Gather adequate knowledge of the group structure, the links between the various entities and the business model in order to take appropriate decisions
  - Involve at least two persons who effectively run the undertaking in the decision making process
  - Appropriately document the decisions taken at the level of the GB and how information from the risk management system has been taken into account in this process
  - Discuss and approve the internal review of the system of governance
  - Make sure that the undertaking has a set of policies and procedures in place required by the Solvency II Directive

* Fit and proper.

  Assure that the company has fit and proper procedures in place to asses the persons that effectively run the undertaking, key functions (including the key functions that have been outsourced) and the members of the GB

* Risk management

  Bear the ultimate responsibility for ensuring the effectiveness of the risk management system, setting the undertaking's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies

* Own fund requirements

  Monitor the medium-term capital plan

* Internal control,

  Include the results and conclusions of the monitoring and reporting mechanisms of the internal control system in the decision making process

* Internal audit,

  Review the annual internal audit report and take appropriate action to remedy the identified shortcomings. Refrain from influencing the internal audit function in order not to impair their independence and impartiality

* Actuarial Function,

  Review the annual actuarial report and take appropriate action to remedy the identified deficiencies

* ORSA,

  Take actively part in the development and maintenance of the ORSA model. Take into account the results and conclusions of the ORSA model in the decision making process.

The Authorized Manager The representation of the company is granted by the Authorized Manager (Dirigeant Agréé). The Board of Directors has entrusted the Dirigeant Agréé the powers of representation and management to the extension established on the

Organizational chart Telefónica Insurance keeps an updated organizational chart at all the times. Following the requirements of Solvency II, this chart identifies the key functions and represents the responsibility of each area in relation with risk management and internal control system.

Documentation of decisions taken at the level of the Supervisory, Administration and Management bodies

Telefónica Insurance appropriately documents the decisions taken at the level of the Governance Board of the company and how information from the risk management system has been taken into account.

Internal review of the system of governance

Telefónica Insurance determines the scope and frequency of the internal reviews of the system of governance taking into account specificities of the entities (nature, scale, business complexity) at individual and at group level. The scope, findings and conclusions of the review is properly documented and reported to the Governance Board. Suitable feedback loops are necessary to ensure follow-up actions are undertaken and recorded.

Policies

Telefónica Insurance aligns all policies required as part of the system of governance with each other and with its business strategy. Each policy should at least set out:

- The goals pursued by the policy;
- The tasks to be performed and the person or role responsible for them;
- The processes and reporting procedures to be applied;
- The obligation of the relevant organizational units to inform the risk management, internal audit and the compliance and actuarial functions of any facts relevant for the performance of their duties.

The policies cover the key functions. Telefónica Insurance also addresses the position of these functions within the undertaking, their rights and power.

Key functions of the governance system

It corresponds to the operational structure of the governance system of identification processes that involve significant risks, their assessment and the establishment of way they have to run, including the responsibilities and information flows, with ensure adequate monitoring and control of them.

The basic functions of the governance system of Telefónica Insurance are:

- Risk management function;
- Compliance function;
- Internal audit function;
- Actuarial function.

Remuneration Policy

Telefónica Insurance remuneration policy is defined at Group level through the Telefónica Group compensation policies and procedures which ensures:

Remuneration arrangements with service providers do not encourage risk-taking that is excessive in view of the undertaking's risk management strategy;
Remuneration awards do not threaten the undertaking's ability to maintain an adequate capital base.

Telefónica Group ensures that the composition of the remuneration committee enables it to exercise a competent and independent judgment on the remuneration policy and its oversight.

B.2 FIT AND PROPER REQUIREMENTS

Telefónica Insurance S.A. has the procedures in place which ensure that individuals who effectively run the company or have other key functions (not limited to the four key functions mentioned in the Solvency II Directive), including members of the Board of Directors and all the executive and management bodies comply with the fit and proper requirements defined by Law.

The company takes account of the respective duties allocated to individual persons to ensure appropriate diversity of qualifications, knowledge and relevant experience so that the undertaking is managed and overseen in a professional manner. In short, fitness relates to professional competence.

Telefónica Insurance ensures that the members of the Board of Directors and the members of the executive and management bodies collectively possess qualification, experience and knowledge about at least the subjects below in order to be able to provide for sound and prudent management of the business:

- Insurance and financial markets
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework requirements

When assessing whether an individual is 'proper', the company runs an assessment of that person's honesty and financial soundness based on relevant evidence regarding their character, personal behavior and business conduct including any criminal, financial and supervisory aspects regardless of jurisdiction. The proper requirement is phrased as a person being of good repute and integrity.

Telefónica Insurance keeps an updated register on the compliance with the fit and proper requirements which includes relevant records of all members of the board and the executive and management of the company. The register is regularly reviewed by the Governance Board who reports the status of the review to the Board of Directors.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

Telefónica Risk Management system is aligned with the principles defined on the Risk Management System of Telefónica Group. The Group Risk Management Framework is aligned with best practice in Internal Control (COSO1 II Report and Draft BS311002 Code of Practice for Risk Management) and develops Telefónica Group Business Principles regarding risk management. Furthermore, Good Corporate Governance recommendations regarding Risk Management have been taken into account. Telefónica S.A. and its operating businesses must have a process for the early identification, management and reporting of risks, with management accountability for risk identification and management in their business areas.

The risk management framework of Telefónica Insurance includes:

- The strategic decisions and policies on risk management
- The company's risk appetite and overall risk tolerance limits defined by the Governance Board
- The identification, measurement, management, monitoring and reporting of risks

The Governance Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the undertaking's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies, making sure that they are consistent with the company's structure, size and specificities. It also has to guarantee that the specific operations, which are material, and associated risks are covered. Finally, it should safeguard that an integrated, consistent and efficient risk management is put in place.

Telefónica Insurance has a process for the early identification, management & reporting of risks, with management accountability for risk identification and management in their business areas.

Risks are inherent in all business and company activities. The goal of this Policy is to manage risks in the most efficient way, always supporting and facilitating the achievement of the objectives of the company.

Effective risk management is not only a key component of the internal control system. It also supports and complements the achievement of business objectives and underpins the organizations commitment to shareholders and customers.

Telefónica Insurance has in place a risk management procedure, which contains the following elements:

- Risk categories and methods to measure the risks
- Outline of how the company will manage each risk category
- Risk tolerance limits within all risk categories in line with the company's risk appetite
- Reinsurance and other risk mitigation techniques
- Description of the connection with the solvency needs assessment (based on the company's ORSA)
- The content and frequency of regular stress tests
- Heat maps
- Annual reporting process
- Specific treatment of materialized risks

The Risk Management Procedure main output is the Risk Map of the company, which is updated at least once per year and reviewed and ratified by the Governance Board and the Board of Directors.

Own Risk Solvency Assessment

In accordance with Luxembourg Insurance Act "Loi 7/12/2015 sur le secteur des assurance" transposing Solvency 2 directive, Telefónica Insurance properly assesses own short and long term risks and the amount of funds necessary to cover them. This assessment, defined as ORSA (Own Risk Solvency Assessment) is approved by the management, administration and supervisory bodies of the company and reported to the regulator. The ORSA can be defined as "the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks a (re)insurance undertaking faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times."

The ORSA provides a prospective view (typically 3- to 5-years horizon, aligned with Business Plan) of the adequacy of its own funds to cover all risks it is or might be exposed to. It is updated every year (or in case of significant change in the business). The results of the ORSA and the underlying assumptions are documented in a specific report. The analysis covers the overall risk profile of the local entity (i.e. both those subject to SCR such as underwriting or market and any other relevant risk such as strategic reputation or liquidity). The ORSA is approved by the Board of Directors.

The 2016 ORSA in Telefónica Insurance presented a Central Scenario based on the Strategic Business Plan of the Company for the period 2017-2019. This Cental Scenario is shocked on three different stress scenarios whose assumptions are described below,

Scenario 1, Reinsurer's credit is downgraded from AA to BB
Scenario 2, Overall risk net retention is reduced from 50% to 25%
Scenario 3, UK business enters in run-off. Average premiums decrease of 25% for the period

B.4 INTERNAL CONTROL SYSTEM

In line with the regulatory framework of Telefónica Group, Telefonica Insurance has implemented the internal control system which applies the following main principles,

- The application of Business Principles of the Telefónica Group.
- The application of General Controls: control environment, risk evaluation, information
- and communication, monitoring…
- The application of Specific Controls by Business Cycle: reviewed the processes impacting the financial information in view of compliance with the requirements of Section 404 of the Sarbanes-Oxley Act.

Within the policies and procedures of the Company the Internal Control System of the company establishes a control check point mechanism. Most significant check points cover the following aspects:

- Decision-making in the company.
- Payments made by the company to third parties, customers or employees.
- The reporting process variations in the company.
- Customer billing, group companies or third parties who cause damages or damage to the company.
- Conducting financial transactions.
- Situations of unfair competition and control in order to avoid irregular activities

As a relevant part of the Internal Control, the Company has set up the compliance function. Its primary mission is to ensure that the Company, in the development of its activities, respects and complies with the relevant legislation and regulations of the countries where it operates and to warn for the risk of normative weakness.

The scope of the Compliance Function of Telefónica Insurance is the following:

- Identify regulations and assess their impact on processes and procedures of the Company in the countries where it operates
- Advise al the bodies of the Company and guarantee compliance with laws, regulations, administrative dispositions and internal rues that have an effect on the development of the Company in the countries where it operates
- Identify, evaluate and assess the risk of non-compliance
- Assess the adequacy and efficiency of the organizational measures taken to mitigate the risk of failure and propose necessary changes to improve the risk review
- Monitor and evaluate the impact(s) of policy evolutions or changes in the legal environments on the Company in the countries where it operates
- Advise in launching new products or processes
- Prepare an annual report to the Board of Directors, which includes the result of the periodic reports required by sectorial legislation and summarizes the legal changes that have taken place in the countries where the Company operates

The Compliance prepares annually a report including a control check lists outlining the periodic reports required by general and sectorial legislation. The report is presented to the Governance Board and approved ultimately by the Board of Directors

B.5 INTERNAL AUDIT FUNCTION

Telefónica Insurance outsources the internal audit function to Telefónica Group Corporate Audit.

Telefónica, S.A. has a modern conception of internal audit, it conceived as the body advises management on finding the best way to achieve greater efficiency by improving the policies, methods, processes and procedures organization, Internal Audit must act independently and without authority hierarchical or functional on the audited units

"Statute of the Corporate Internal Audit Function" defined "... shall appear on the organizational structure as a body under the General Secretariat hierarchically and functionally to the Audit and Control Committee of Directors, who shall report the results of their work. You will not have any hierarchical or functional link with the audited units …"

The priority objective of Internal Audit will be to facilitate support to the Board of Directors and the Directorate in their responsibilities related to the assurance of governance, risk management and the internal control system of the Group and of its Companies. Internal Control consists of all those processes that reasonably guarantee:

- The compliance with laws, regulations and internal norms,
- The reliability of the information,
- The efficacy and efficiency of operations,
- The integrity of the company's assets.

Every year the Audit and Control Committee will approve a Work Plan for the Corporate Internal Audit Directorate, considering the strategy of the Telefónica Group as a digital telco. This will include, among others, the following responsibilities:

- Develop an annual internal audit work plan for the Telefónica Group that takes into consideration new businesses and the evolution of the Digital area, using an adequate methodology based on risks assessment, in order to define the priorities of the internal audit activity.
- Periodic review of the different functions and Companies of the Group in order to ensure that the internal regulations and procedures (of management, of the organization and of quality) approved by the Directorate are being complied with, and that the said functions are being performed in aneffective and efficient manner.
- Verification and analysis of the correction of accounting and operating Internal Control Systems.
- Review of the controls designed for the protection of the Group companies' assets.
- Identification of the problems and opportunities for improvement in the course of the operational audit reviews performed.
- Verification of the existence of adequate controls in the information systems.
- Review of observance of internal corporate governance regulations and the Code of Ethics of the Group.
- Perform consulting services required by the Directorate and included in the function of internal auditing activity, in accordance with "International Standards for the Professional Practice of Internal Auditing".
- And, at any time, and within the scope of internal auditing functions, those other timely matters/investigations of interest to the Board of Directors or to the Directorate: legal compliance, reports and demands (lawsuits, thefts, etc.), attending to the whistleblowing channel, analysis of vendors, clients, problems with fraud, etc.

The internal auditing activity will comply with the "International Standards for the Professional Practice of Internal Auditing", as well as its Code of Ethics. For this reason, internal auditors, additionally to their Company's Code of Ethics, will also observe the principles and rules of conduct which are compulsory to internal auditors, being these: Integrity, Objectivity, Confidentiality, and Diligence.

When auditing Telefónica Insurance S.A., the internal audit department will pay special attention to the policies and procedures listed in the Solvency II Directive and alignment of the Company in general with this Directive.In this respect the Internal Audit function monitors the following aspects.

Internal audit Pillar 1
The Internal Audit function assesses the design and effectiveness of the existing controls in the process of obtaining quantitative elements that are part of Pillar I: balance sheet, Solvency Capital Requirements and Minimum Capital Requirements.

Internal audit Pillar 2
The Internal Audit function evaluates the following aspects of the governance system:

Decision-making process and organizational structure
Flow of information and communication between the different levels of the company
Written policies on risk management, internal control, outsourcing, and any other policy required by the Solvency II Directive
Means to verify compliance with the objectives of the governance system; and means to identify and evaluate emerging risks
Verification of the existence of adequate controls in information systems, review of existing measures and ensure continuity and regularity in the performance of the activities of the company
Identification of problems and opportunities for improvement while conducting the internal audit of the governance system
Assessment of the risk management system and the existing procedures in the company to ensure compliance with the applicable regulations
Monitoring internal control systems to ensure the quality of the data used in important processes of the company

Internal audit Pillar 3
The Internal Audit function monitors compliance with reporting obligations to the competent Supervisory Authority and the publication of the annual report on solvency and the financial condition of the company , as well as quantitative models if applicable.

A first complete internal audit of the company will be carried out in 2017

Control and Audit Committee

Pursuant to article 52 of the modified law of July 23rd, 2016 of the audit profession, the Board of Managers of the sole shareholder of Telefónica Insruance, Telefónica Luxembourg Holding S.à.r.l. set up on December 16th 2017 an Audit and Control Committee which will also act on behalf of the subsidiaries of the Company that is to say: CASIOPEA RE, NOVA CASIOPEA RE and TELEFONICA INSURANCE.

The primary duty of the Audit and Control Committee shall be to support the Board of Directors in its supervisory duties, in accordance with the provisions of law and the internal policies of Telefónica Group.

As regards the subsidiaries of the Company, that are deemed to be PIE (Public Interest Entities), which is the case of Telefónica Insurance S.A. as defined by applicable law, it will perform all duties of the Audit Committee at any time contemplated by applicable law.

B.6 ACTUARIAL FUNCTION

The actuarial team of Telefónica Insurance is in charge of the execution of the Actuarial Function of the Company. In this regard, the actuarial team,

- Coordinates / oversees the calculation of the pricing of products (according our previous experience in similar lines of business. The actuarial team checks if the premiums cover the risk)
- Coordinates / oversees the calculation of technical provisions (assess the uncertainty associated with estimates);
- Assesses the sufficiency and quality of the data used in the calculation of technical provisions (assess whether the information technology systems used sufficiently support the actuarial and statistical procedures);
- Compares best estimates against experience (review the quality of past best estimates and use the insights gained from this assessment to improve the quality of current calculations);
- Calculates the Solvency II capital requirements. The actuarial report and the MCR (Minimum Capital Requirement) are calculated on Solvency II basis;
- Provides support with the ORSA: perform base case projections of Profit & Losses, balance sheet and Solvency II ratio, as well as applying stress scenarios to those projections; the ORSA contains both a qualitative as well as a quantitative part.
- Provides its opinion on the underwriting policy and the reinsurance arrangements of Telefónica Insurance, to take into consideration the interrelations with the technical provisions.

The company outsources part of the works described to independent authorized actuarial consultants. For the calculation of SCR and MCR Telefónica engages the services of Aquila Risk Solutions S.A. The company engages the services of Area XXI S.A. to support the works on the calculation of pricing of products.

The actuarial team reports at least annually to the Governance Board.

B.7 OUTSOURCING

Telefonica Insurance outsources some operational activities in relation with the distribution and administration of the mobile phone insurance. Most relevant outsourced functions are,

Selling
Billing
Policy Administration
Customer relationship
Claims handling and fulfillment

This outsourcing pursues to offer the best service to its customer and it is based upon the principle of selecting the best-in-class partner. The nature of its operations and the business model of the company highly recommend this structure,

The activities subject to outsourcing correspond to the commercial business undertaken by the company on different territories of the European Union. In this context, the company engages partners established and with a record proof of high-quality service and expertise on the functions at stake.

Telefónica Insurance follows a procedure for the selection of all its business partners. This procedure is framed on the corporate regulation of Telefónica Group in outsourcing to third parties.

The procedure establishes among other relevant aspects the following requirements mandatory for the business partners,

- Operational risk management standard
- Business continuity plans
- Service level
- Once the tender-process for the selection of partner is completed the business partner is contractually subject to the service obligations summarized on two basic aspects,
- Compliance with service level established on the SLA ("service level agreements") including the formal periodic reporting to Telefónica Insurance. These services comprise the measurement and reporting of the "Customer satisfaction".
- Compliance with the legal and regulatory framework, including the consumer protection, personal data privacy and professional secrecy, and open-books policy to the supervision of the competent authority
- The business partner, during the exercise of its services, is periodically subject to verification surveys and audits on Information Technology Systems, Operations and Procedures.

When choosing the service provider, The Company ensures that,

- a detailed examination is performed to ensure that the potential service provider has the ability, the capacity and any authorization required by law to deliver the required functions or activities satisfactorily, taking into account the company's objectives and needs;
- the service provider has adopted all means to ensure that no explicit or potential conflict of interests jeopardize the fulfilment of the needs of the outsourcing company;
- a written agreement is entered into between the insurance or reinsurance company and the service provider which clearly defines the respective rights and obligations of the company and the service provider;
- the general terms and conditions of the outsourcing agreement are clearly explained to the company's administrative, management or supervisory body and authorized by them;
- the outsourcing does not entail the breaching of any law in particular with regard to rules on data protection;
- the service provider is subject to the same provisions on the safety and confidentiality of information relating to the ompany or to its policyholders or beneficiaries that are applicable to company.

The company carries out periodically audits on third party providers. In 2016, the following audits were carried out,

Country	Product	Service	Company	Date
U.K.	O2 Insure	Claims fulfillment	Brighstar	4/6 October
Germany	O2Handy-Versicherung	Customer service	Teleperformance	28/29 June
Spain	Seguro Móvil	Claims fulfillment	Regenersis	27/28 April
Spain	Seguro Móvil	Customer service	Marsh	4/6 April

Telefonica Insurance outsources to the Telefonica Group, certain functions, which according to the Corporate Governance System of the Group are centralized on the corporate services. As mentioned in prior sections of this document, this function is Internal Audit.

B.8 ANY OTHER INFORMATION

Other than as noted above, no other information has a relevant impact on the system of governance.

C. RISK PROFILE

C.1 UNDERWRITING RISK

Underwriting risk is the risk of making losses on the activity of insurance either in assessing the risks it provides policies for or in quantifying claims that occur. Telefónica Insurance defines the following elements on underwriting and reserving risk management:

- The types and characteristics of the insurance business, such as the type of insurance risk the undertaking is ready to accept;
- How the adequacy of premium income to cover expected claims and expenses is to be ensured;
- The identification of the risks arising from the undertaking's insurance obligations,
- How, in the process of designing a new insurance product and the premium calculation, the undertaking takes account of the constraints related to investments;
- How, in the process of designing a new insurance product and the premium calculation, the undertaking takes account of reinsurance or other risk mitigation techniques.

Risk measures

The underwriting risks are identified in the Risk Register of the Company under Chapter 5 "Risk of underwriting and development of new products". The risks were measured by the Risk Map reporting of the company. According to the tolerance threshold defined by the company these risks were categorized as,

- Likelihood, Very Possible (30% - 50%)
- Severity, Medium (3.5 million Euros)

According to the provision of stated on the Commission Delegated Regulation (EU) 2015/35,Annex XII Groups of obligations and risk factors for the sub-module for other non-life catastrophe risk, the device insurance is not exposed to Catastrophe Risks

Risk concentrations

The scale and scope of the main line of business of Telefónica Insurance , handset insurance main line of business (with insurance written in Ireland and out of 3 overseas branches in Spain, Germany and United Kingdom) results in quite relevant diversification of underwriting risks, due to the independence of the risks insured, mobile phones.

Risk mitigation

The main element of mitigation for the underwriting risk of the company is the purchase of reinsurance. Telefónica Insurance cedes significant underwriting risks through proportional reinsurance treaties. Average risk ceded amounts to 47% in 2016. The level of this reinsurance cover is reviewed and approved annually.

Additional mitigation items are, Pricing guidelines which ensure accurate and consistent setting of premiums across the company and the review and assessment of reserving and regular reviews by management of the underwriting results by line of business, with actions taken on growing or reducing the businesses based on the performance.

Sensitivities

The main sensitivities for underwriting risks as at December 31, 2016 were defined and assessed within the ORSA analysis. The following elements were shocked,

Reduction/Increase of the overall risk net retention
Business on the UK enters in Run-Off

C.2 MARKET RISK

Market risk can be defined as the potential loss of economic capital arising from adverse financial market movements. This risk arises from the assets and financial liabilities whose values are subject to such movements This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As defined on the legal framework of Solvency II the market risk is divided on the following submodule The main risk elements of the market risk as defined on Solvency II legal framework are,

- Interest rates
  This risks measures the sensitive to a change in interest rate, of the term structure of interest rates. Assets submitted to this scenario are bonds, the part of reinsurers in technical provisions as well as the debtors linked or not to reinsurance operations.

- Equities
  The risk measured is that market prices for equities and real estate will move adversely resulting in unexpected losses. Exposure to these risks arises from holdings of common stocks and equity unit trusts and from direct holdings in property, as well as investments in listed property companies and property funds

- Property
  The risk measured is that market prices for real estate will move adversely resulting in unexpected losses. Exposure to these risks arises from direct holdings in property, as well as investments in listed property companies and property funds

- Credit Risk
  This risk is analyzed under Section C.3 Credit Risk

- Currency exchange rates
  The currency exchange risk is the financial risk of an investment's value changing due to the changes in currency exchange rates.

- Concentration
  The concentration risk foresees the allocation of a capital risk to cover either a lack of diversification of assets or a significant exposure to Default risk of one or more counterparties.

Risk measures

The market risks are identified in the Risk Register of the Company under Chapter 13 “Equity risks” Chapter 18 “Interest rates risks” and Chapter 17 “Credit Risk” The risks were measured by the Risk Map reporting of the company. According to the tolerance threshold defined by the company these risks were categorized as,

- Equity Risk
- Likelihood, Possible (11% - 30%)
- Severity, Low (0,8 million Euros)
- Interest Rate Risk
- Likelihood, Possible (11% - 30%)
- Severity, Very Low (0,15 million Euros)

The Company is not exposed to Property risk.

Risk concentrations

There were no material risk concentrations at December 31, 2016.The largest value individual holdings are cash at Banks at BGL BNP Paribas and Sociétè General Bank & Trust.

Risk mitigation

The main elements of mitigation for the market risk are set up on the Investment Policy of the company, which states among others the following constraints and limitations.

- Market Risk Limit

  The market risk implicit in the Investment Policy must not exceed, ex ante, a VaR of 10% per annum with a confidence level of 95%. This level may rise to 12% bearing in mind tactical positions and the active management of the portfolio.

In compliance with article 114 of the Insurance Law and the related CAA regulation, the Investment Policy of the Company ise governed by the general investment principle of the prudent person. The Investment Policy ensures the security, quality, liquidity and profitability of the investment portfolio. The Strategic Asset Allocation defined on the investment policy includes limits on exposures to each type of asset classes. The Investment Committee is responsible for the execution of the investment policy of the company. The Investment Committee meets quarterly to monitor the investment portfolio of the company. The Investment department produces monthly reports to follow up the performance and the compliance with the quantitative limits on assets and exposures, of the portfolio.

The company enters into a forward exchange rate contract with the Group to cover the exposure currency exchange rates

Sensitivities

Market risk sensitivities may include macro and micro economic trends, political framework, environmental factors and a wide range of other factors. The Investment Committee follows-up and monitors market sensitivities by the bias of the reports produced by the Telefónica Group Capital Markets and Economic studies departments and the financial institutions which provide services to the company

C.3 CREDIT RISK

Credit risk is defined in Solvency II under a twofold approach, spread risk and counterparty default risk. The spread risk represents a change in the volatility of credit spreads over the risk-free rate interest rate term structure. The counterparty risk is defined as the potential loss of economic capital arising from counterparties failing to fulfill their financial obligations. Financial assets exposed to counterparty are classified in two groups.

1) Reinsurance assets

The exposures to this risk are balances due under existing reinsurance contracts. Such contracts have been entered in accordance with the reinsurance strategy.

The counterparties are reinsurance companies and the risk measured is that these counterparties would default on their obligations. The potential loss of value due to rating migration risk is also measured; this is the potential reduction in the value of reinsurance assets if counterparties were downgraded.

2) Receivables due from policyholders, agents and intermediaries, and other insurance companies
The exposures are premiums due from counterparties and amounts due on insurance arrangements and other contractual obligations. The counterparties are policyholders, brokers, intermediaries and other insurance companies and the risk measured is that the counterparties would default on their obligations.

Risk measures

The credit spread risks are identified in the Risk Register of the Company under Chapter 17 "Credit Risk" The risks were measured by the Risk Map reporting of the company. According to the tolerance threshold defined by the company these risks were categorized as,

- Credit Risk
- Likelihood, Possible (11% - 30%)
- Severity, Very Low (0,21 million Euros)

Risk concentrations

The company observes the provision of Article 11 of the Règlement grand-ducal du 14 décembre 1994, with respect to the limits in which the financial assets are eligible for the representation of the technical provisions.

Risk mitigation

The main elements of mitigation for the credit risk are set up on the Investment Policy of the company, which states ng others following constraints and limitations.

- Credit risk Concentration Limits

  Corporate Issuers: 5% per issuer. Financial Issuers: 10% per issuer. Sovereign Issuers: 15% per issuer. AAA issuers without limit.

In compliance with article 114 of the Insurance Law and the related CAA regulation, the Investment Policy of the Company ise governed by the general investment principle of the prudent person. The Investment Policy ensures the security, quality, liquidity and profitability of the investment portfolio. The Strategic Asset Allocation defined on the investment policy includes limits on exposures to each type of asset classes. The Investment Committee is responsible for the execution of the investment policy of the company. The Investment Committee meets quarterly to monitor the investment portfolio of the company. The Investment department produces monthly reports to follow up the performance and the compliance with the quantitative limits on assets and exposures, of the portfolio.

Sensitivities
The main sensitivities for credit risks as at December 31, 2016 were defined and assessed within the ORSA analysis. The ORSA shocked the following element; Main Company's Reinsurer's credit is downgraded from AA to BB.

C.4 LIQUIDITY RISK

Liquidity risk is defined as the risk of insufficient liquid financial resources being available to meet financial obligations of the company.

The company defines the following elements on liquidity risk management:

- The process to determine the level of mismatch between the cash inflows and the cash outflows of both assets and liabilities, including expected cash flows of direct insurance and reinsurance such as claims, lapses or surrenders
- The consideration of total liquidity needs in the short and medium term including an appropriate liquidity buffer to guard against a liquidity shortfall
- The consideration of the level and monitoring of liquid assets, including a quantification of potential costs or financial losses arising from an enforced realization
- The identification and assessment of the cost of alternative financing tools
- The consideration of the effect on the liquidity situation of expected new business

Risk measures

Liquidity risk has not been identified as a material risk in the Risk Register of the Company and therefore it has not been measured by the Risk Map reporting of the company.

The company uses general indicators to measure the liquidity risk, mainly,

- The cash-flow position is monitored and reported monthly to the Management of the Company and to the Group Financial Office
- Minimum cash available threshold
- Credit Risk analysis of the Financial Institutions where cash and financial assets are held
- The cycle of premium collection and claims and expenses disbursement is regularly monitored

Risk mitigation

The Investment policy of the company states liquidity as one of the Investment Principles of the company. “Investment management must maintain the necessary liquidity levels to be able to make payments even in extremely tense financial markets”

Sensitivities

There is no exposure to mass surrenders or other such liquidity stresses.

C.5 OPERATIONAL RISK

The operational risk is defined as the potential loss of economic capital resulting from inadequate or failed internal processes or systems, failure of personnel, or impact from external events such as failures in outsourcing arrangements, changes in legislation or tax laws, or external fraud including cyber-attacks.

The company defines the following elements on operational risk management:

- The identification and quantification of the operational risks it is or might be exposed to and assessment of the way to mitigate them
- The activities and internal processes for managing operational risks, including the IT system supporting them
- The risk tolerance limits with respect to the undertaking's main operational risk areas

Telefónica puts in place processes to identify, analyze and report on operational risk events. For this purpose, a process for collecting and monitoring operational risk incidents and resolutions follow-up will be developed.

Risk measures

Operational risks are identified in the Risk Register of the Company under chapter 4 "Dependency on supply-chain", chapter 6 "Quality of Data", chapter 9 "Lack of resources" chapter 12 "Procedures and organizational risks" chapter 14 "IT systems risks" and chapter 15 "Invoice handling risks"

The risks were measured by the Risk Map reporting of the company. According to the tolerance threshold defined by the company these risks were categorized as,

- Chapter 14, Chapter 15
- Likelihood, Possible (11% - 30%)
- Severity, Low
- Chapter 12, Chapter6, Chapter 9
- Likelihood, Possible (11% - 30%)
- Severity, Medium
- Chapter 4,
- Likelihood, Probable (51% - 80%)
- Severity, Medium

Risk mitigation

The Risk Management function of the company monitors and reports the mitigation actions for operational risks. Among different mitigations elements are, business continuity plans, insurance, SLA and KPI's definitions and on outsourced services etc.

C.6 OTHER MATERIAL RISKS

There are no any other material risks identified.

C.7 ANY OTHER INFORMATION

There is no any other relevant information in this section.

D. VALUATION FOR SOLVENCY PURPOSES

As set out in Article 75 of Directive 2009/138/EC, Telefonica Insurance applies an economic, market-consistent approach to the valuation of assets and liabilities for the purpose of solvency. As a general principle, assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction; Liabilities are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. The tables below present the balance sheet of Telefónica Insurance under the valuation rules of Solvency II.

Assets	Goodwill			
	Deferred acquisition costs			
	Intangible assets			
	Deferred tax assets			1.469.974,69
	Pension benefit surplus			
	Property, plant & equipment held for own use			66.800,18
	Investments (other than assets held for index-linked and unit-linked contracts)			20.140.006,53
		Property (other than for own use)		
		Holdings in related undertakings, including participations		
		Equities		
			Equities - listed	
			Equities - unlisted	
		Bonds		5.747.573,33
			Government Bonds	3.101.297,26
			Corporate Bonds	2.646.276,07
			Structured notes	
			Collateralised securities	
		Collective Investments Undertakings		14.370.792,00
		Derivatives		
		Deposits other than cash equivalents		21.641,20
		Other investments		
	Assets held for index-linked and unit-linked contracts			
	Loans and mortgages			
		Loans on policies		
		Loans and mortgages to individuals		
		Other loans and mortgages		
	Reinsurance recoverables from:			23.265.652,20
		Non-life and health similar to non-life		23.265.652,20
			Non-life excluding health	23.265.652,20
			Health similar to non-life	
		Life and health similar to life, excluding health and index-linked and unit-linked		
			Health similar to life	
			Life excluding health and index-linked and unit-linked	
		Life index-linked and unit-linked		
	Deposits to cedants			97.000,00
	Insurance and intermediaries receivables			35.778.911,00
	Reinsurance receivables			1.611.336,44
	Receivables (trade, not insurance)			490.534,63
	Own shares (held directly)			
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			
	Cash and cash equivalents			20.621.979,96
	Any other assets, not elsewhere shown			
	Total assets			103.542.195,63

Liabilities	**Technical provisions – non-life**			32.144.702,10
		Technical provisions – non-life (excluding health)		32.144.702,10
			Technical provisions calculated as a whole	
			Best Estimate	31.627.893,31
			Risk margin	516.808,79
		Technical provisions - health (similar to non-life)		0,00
			Technical provisions calculated as a whole	
			Best Estimate	
			Risk margin	
	Technical provisions - life (excluding index-linked and unit-linked)			0,00
		Technical provisions - health (similar to life)		0,00
			Technical provisions calculated as a whole	
			Best Estimate	0,00
			Risk margin	0,00
		Technical provisions – life (excluding health and index-linked and unit-linked)		0,00
			Technical provisions calculated as a whole	
			Best Estimate	
			Risk margin	
	Technical provisions – index-linked and unit-linked			0,00
		Technical provisions calculated as a whole		
		Best Estimate		
		Risk margin		
	Other technical provisions			
	Contingent liabilities			
	Provisions other than technical provisions			1.236.825,79
	Pension benefit obligations			
	Deposits from reinsurers			
	Deferred tax liabilities			
	Derivatives			
	Debts owed to credit institutions			
	Financial liabilities other than debts owed to credit institutions			
	Insurance & intermediaries payables			14.794.040,71
	Reinsurance payables			19.822.953,88
	Payables (trade, not insurance)			5.177.916,58
	Subordinated liabilities			
		Subordinated liabilities not in Basic Own Funds		
		Subordinated liabilities in Basic Own Funds		
	Any other liabilities, not elsewhere shown			
	Total liabilities			73.176.439,06

D.1 ASSETS

Intangible assets: Intangible assets are valued at zero.

Property, land and equipment: Property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment in value,

Financial assets: Financial assets are measured at fair value. The price of a financial instrument quoted on an active market is used to determine the fair value of a financial asset

Reinsurance share in technical provisions: The calculation is consistent with valuation of technical provisions with deduction of expected losses due to default

Deferred acquisition costs: Deferred acquisition costs are valued at zero.

Deferred tax liabilities (assets): As the economic balance sheet already recognizes unrealized gains (losses), the corresponding tax (credit) is also recognized.

A detailed valuation per post is shown below,

- Collective Investments Undertakings:

  The accounting value, under LUX-GAAP norms, for this portfolio amounts to 14.049.532 EUR.

  This value is equal to the minimum between the acquisition value and the historical lowest value.

  The valuation under Solvency 2 is based on the market value at the closing date provided by the portfolio managers. The solvency valuation for this portfolio amounts to 14.370.792 EUR.

- Bonds portfolio:

  The accounting value, under LUX-GAAP norms, for this portfolio amounts to 5.613.676 EUR:

  3.042.803 EUR in Government Bonds;

  2.570.873 EUR in Corporate Bonds.

  The accounting value is equal to the minimum between the acquisition value and the historical lowest value. While the valuation under Solvency 2 is based on the market value at the closing date provided by the portfolio managers. In addition, we included, under the Solvency 2 norms valuation, the accrued interests.

  Thus, the economic value for the bonds portfolio, under Solvency 2 norms, amounts to 5.747.573 EUR:

  3.101.297 EUR in Government Bonds;

2.646.276 EUR in Corporate Bonds.

- Cash deposits to cedants:

  The accounting value, under LUX-GAAP norms, for this deposits amounts to 97.000 EUR.

  The solvency valuation is the same as the accounting valuation, i.e. 97.000 EUR.

- Deposits other than cash equivalents:

  The accounting value, under LUX-GAAP norms, for deposits other than cash equivalents amounts to 21.641 EUR. The solvency valuation is the same as the accounting valuation, i.e. 21.641 EUR.

- Debtors arising out of direct insurance operations:

  The debts arising out of direct insurance operations amounts to 35.778.911 EUR in the financial statements. The solvency valuation is the same as the accounting valuation, i.e. 35.778.911 EUR.

- Debtors arising out of reinsurance operations:

  The debts arising out of reinsurance operations amount to 1.606.470 EUR in the financial statements. We have considered the payment of those debts within a year and discounted the previous value to one year for the solvency valuation. The discounted debts equal 1.611.336 EUR.

- Other debtors:

  The other debts are mainly fiscal debts. The solvency valuation is the same as the accounting one, i.e. a value of 490.535 EUR.

- Cash at bank:

  The cash at bank amounts to 20.621.980 EUR in the financial statement. The solvency valuation is the same as the accounting valuation, i.e. 20.621.980 EUR.

- Tangible assets and stocks:

  The solvency valuation of this asset is the same as the accounting one, i.e. a value of 66.800 EUR.

- Intangible assets:

  The accounting value, under LUX-GAAP norms, for these assets amounts to 350.704 EUR.

  These assets are not valued under Solvency 2 norms.

- Deferred tax asset:

The deferred tax asset results from the establishment of the economic accounts under solvency 2 and amounts to 1.469.975 EUR. This asset doesn't exist under LUX-GAAP norms.

D.2 TECHNICAL PROVISIONS

Technical Provisions are calculated separately among claims and premiums provisions and segmented by line of business:

- Property Damage and Business Interruption affiliated to the line of business "Fire and other damage to property insurance";
- General liability (professional liability) affiliated to the line of business "General liability insurance";
- Reputation risk affiliated to the line of business "Miscellaneous financial loss";
- Handset affiliated to the line of business "Miscellaneous financial loss";
- Accidents, Corps VTA affiliated to the line of business "Other motor insurance",
- The assistance risk for the motor vehicle affiliated to the line of business "Assistance";
- Motor vehicle liability affiliated to the line of business "Motor vehicle liability insurance".

Telefonica reinsures a part of these risks mostly to the following reinsurers: Chubb, Casiopea Re.

- **Gross Best estimate of claims provisions :**

The gross claims provisions in the financial statement of Telefonica as at 12/31/2016 are the following:

	RBNS	IBNR
Motor vehicle liability insurance	321.465	
Assistance	38.975	
Other motor insurance	20.886	
Fire and other damage to property insurance	598.578	1.176.594
General liability insurance	1.696.465	1.294.059
Miscellaneous financial loss	1.017.129	

The gross claims provisions equal 6.164.151 EUR.

For evaluating the corresponding Best estimate, we have used the following settlement patterns:

	N+1	N+2	N+3	N+4	N+5
Motor vehicle liability insurance	100%				
Assistance	100%				
Other motor insurance	100%				
Fire and other damage to property insurance	58%	28%	4%	7%	3%
General liability insurance	100%				
Miscellaneous financial loss	100%				

The cash-flows were discounted following the Risk-Free Interest Rate from EIOPA for EUR currency.

In all, the gross Best estimate of claims provisions amounts to 6.235.284 EUR.

- **Gross Best estimate of premium provisions:**

For calculating the Best Estimate of gross premiums provisions, we have only determined the claims resulting from the non-earned premiums. The loss-ratios used are the following:

	Loss-ratio
Motor vehicle liability insurance	73%
Assistance	25%
Other motor insurance	25%
Fire and other damage to property insurance	60%
General liability insurance	35%
Miscellaneous financial loss	94%

The cash-flows were discounted following the Risk-Free Interest Rate from EIOPA for EUR currency.

In all, the gross Best estimate of premium provisions amounts to 25.392.609 EUR.

- **Risk margin:**

The risk margin for the whole portfolio of insurance and reinsurance obligations amounts to 516.809 EUR.

- **In summary:**

The gross Best estimate of technical provisions amounts to 32.144.702 EUR:
  - Best estimate of premium provisions: 25.392.609 EUR;
  - Best estimate of claims provisions: 6.235.284 EUR;
  - Risk margin: 516.809 EUR.

- **Best estimate of the part of reinsurers in the premium provisions**

The reinsurance share of unearned premiums in the statutory accounts of Telefonica as at 12/31/2016 is:

	Unearned premiums
Fire and other damage to property insurance	25.860
Miscellaneous financial loss - Handset	19.283.333
Miscellaneous financial loss - Reputation Risk	236.521

In all, the part of reinsurers in the provision for unearned premiums equals 19.545.713 EUR.

For evaluating the corresponding Best estimate, we have only determined the claims resulting from those unearned premiums. The loss-ratios used are:

	Loss-ratio
Fire and other damage to property insurance	60%

Miscellaneous financial loss - Handset	94%
Miscellaneous financial loss - Reputation Risk	97%

The cash-flows were discounted following the Risk-Free Interest Rate from EIOPA for EUR currency.

We have also taken into account the adjustments of expected losses due to default of a counterparty referred to in Article 81 of Directive 2009/138/EC. The values of these adjustments as at 12/31/2016 are:

	Adjustments
Fire and other damage to property insurance	4
Miscellaneous financial loss	1028

The Best estimate of premiums provision recoverable from reinsurance amounts to 18.448.931 EUR.

- **Best estimate of the part of reinsurers in the claims provisions**

The claims provisions recoverable from reinsurance in the financial statement of Telefonica as at 12/31/2016 are:

	RBNS	IBNR
Fire and other damage to property insurance	568.649	1.117.765
General liability insurance	1.611.641	1.229.356
Miscellaneous financial loss	228.214	

The claims provisions recoverable from reinsurance equals 4.755.625 EUR.

For determining the corresponding Best estimate, we have used the following settlement patterns:

	N+1	N+2	N+3	N+4	N+5
Fire and other damage to property insurance	58%	28%	4%	7%	3%
General liability insurance	100%				
Miscellaneous financial loss	100%				

We have also taken into account the adjustments of expected losses due to default of a counterparty referred to in Article 81 of Directive 2009/138/EC. The values of these adjustments as at 12/31/2016 are:

	Adjustments
Fire and other damage to property insurance	434
General liability insurance	713
Miscellaneous financial loss	13

The cash-flows were discounted following the Risk-Free Interest Rate from EIOPA for EUR currency.

In all, the Best estimate of claims provisions recoverable from reinsurance amounts to 4.816.721 EUR.

- **In summary:**

The best estimate of technical provisions recoverable from reinsurance amounts to 23.265.652 EUR:

- o Best estimate of premium provisions recoverable from reinsurance: 18.448.931 EUR;
- o Best estimate of claims provisions recoverable from reinsurance: 4.816.721 EUR.

D.3 OTHER LIABILITIES

The main remaining liability categories are the following:

- Other provisions for taxation;
- Other statutory and regulatory provisions;
- Creditors arising out of insurance operations;
- Creditors arising out of reinsurance operations;
- Other creditors.

- **Other provisions for taxation:**

The solvency valuation of this provision is the same as the accounting one, i.e. a value of 874.465 EUR.

- **Other statutory and regulatory provisions:**

The solvency valuation of this provision is the same as the accounting one, i.e. a value of 362.360 EUR.

- **Creditors arising out of insurance operations:**

The credits arising out of insurance operations amount to 14.794.041 EUR in the financial statements. The solvency valuation is the same as the accounting valuation, i.e. an amount of 14.794.041 EUR.

- **Creditors arising out of reinsurance operations:**

The credits arising out of reinsurance operations amount to 19.763.089 EUR in the statutory accounts. We have considered the payment of those credits within a year and discounted the previous value to one year for the solvency valuation. The discounted credits equal 19.822.954 EUR.

- **Other creditors:**

The other credits are mainly fiscal debts. The solvency valuation is the same as the accounting one, i.e. a value of 5.177.917 EUR.

D.4 ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

The Company is a single shareholder entity whose shares are fully paid up. It has no debt financing nor does it have any plans to raise debt or issue new shares in the short or medium term.

The company ensures that own fund items, both at issue and subsequently, are classified according to the regulation 15/03 of the CAA of 7 December of 2015 and ensure before issuance of any own fund items that it can satisfy the criteria for the appropriate tier on a continuous basis.

The company monitors and reviews the structure of own funds taking into consideration,

- any planned capital issuance;
- the maturity of own fund items, incorporating both the contractual maturity and any earlier opportunity to repay or redeem, relating to the undertaking's own fund items;
- the result of the projections made in the ORSA;
- how any issuance, redemption or repayment, or other variation in the valuation of own funds items affects the application of the limits on tiers;
- how applying the distribution policy will affect own funds;

The distribution of net result of the year will be determined by a simple majority vote at the general shareholders' meeting, typically, but not necessarily, based on the recommendation of the board of directors. The distribution of the net result will be in compliance with the applicable law, which states that at least 5% of net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net profits again must be allocated toward the reserve. The legal reserve is not available for distribution.

The amount and payment of dividends and other distribution will be determined in the best interest of the Company and its ultimate shareholders. In any case, the amount of dividends will not represent a reduction of the level of eligible own funds below the target solvency ratios defined by the Board of Directors

The company presents the following amount and payment of dividends and other distribution will be determined in the best interest of the

Eligible Own Funds

The classification of funds is done in according to their capacity to absorb losses:

- Tier 1 means permanently available to fully absorb losses in case of winding up and on a going concern basis,
- Tier 2 relates absorb losses in the case of a winding-up of the undertaking (not on a going concern basis),
- Tier 3 relates to own funds which do not have the characteristics of the first two tiers.

The table on the following page shows the composition of the Eligible Own Funds of the company as of December 31st 2017,

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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)	8.250.000,00	8.250.000,00			
Share premium account related to ordinary share capital	12.525.000,00	12.525.000,00			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings					
Subordinated mutual member accounts					
Surplus funds					
Preference shares					
Share premium account related to preference shares					
Reconciliation reserve	8.120.781,88	8.120.781,88			
Subordinated liabilities					
An amount equal to the value of net deferred tax assets	1.469.974,69				1.469.974,69
Other own fund items approved by the supervisory authority as basic own funds not specified above					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Deductions					
Deductions for participations in financial and credit institutions					
Total basic own funds after deductions		28.895.781,88	0,00	0,00	1.469.974,69
Ancilliary Own Funds					
Unpaid and uncalled ordinary share capital callable on demand	30.365.756,57				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
Unpaid and uncalled preference shares callable on demand					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
Other ancillary own funds					
Available and eligible own funds					
Total available own funds to meet the SCR		28.895.781,88	0,00	0,00	1.469.974,69
Total available own funds to meet the MCR	30.365.756,57	28.895.781,88	0,00	0,00	
Total eligible own funds to meet the SCR	28.895.781,88	28.895.781,88	0,00	0,00	1.469.974,69
Total eligible own funds to meet the MCR	30.365.756,57	28.895.781,88	0,00	0,00	

E.2 SOLVENCY CAPITAL REQUIREMENTS AND MINIMUM CAPITAL REQUIREMENT

Here is the summary of the SCR/MCR results at December 2016:

Total available own funds to meet the SCR	30.365.756,57
Total available own funds to meet the MCR	28.895.781,88
Total eligible own funds to meet the SCR	30.365.756,57
Total eligible own funds to meet the MCR	28.895.781,88
SCR	41.402.940,69
MCR	11.487.035,61
Ratio of Eligible own funds to SCR	73,34%
Ratio of Eligible own funds to MCR	251,55%

The SCR, which represents the required capital guaranteeing the solvency of the insurer in a one year framework with a probability of ruin of 0,5%,is estimated at 41.403 k€, the SCR ratio is then 73,34%; the MCR is evaluated at 11.157 k€., the MCR ratio is 251,55%. Breakdown per type of risk is shown below,

S.25.01.01.01 Basic Solvency Capital Requirement		**Sheets**	Z Axis:	
		Article 112	No	
		Net solvency capital requirement	**Gross solvency capital requirement**	**Allocation from adjustments due to RFF and Matching adjustments portfolios**
		C0030	*C0040*	*C0050*
Market risk	*R0010*	7.688.004,80	7.688.004,80	
Counterparty default risk	*R0020*	5.295.213,23	5.295.213,23	
Life underwriting risk	*R0030*	0,00	0,00	
Health underwriting risk	*R0040*	0,00	0,00	
Non-life underwriting risk	*R0050*	30.322.231,46	30.322.231,46	
Diversification	*R0060*	-7.193.697,31	-7.193.697,31	
Intangible asset risk	*R0070*			
Basic Solvency Capital Requirement	*R0100*	36.111.752,18	36.111.752,18	

1.1. Market risks

The market risks are evaluated at 7.688.004€. Details per su-module are shown below,

1.1.1. Interest Rate risk. 756,59 €

1.1.2. Equity risk, 6.835.140,27 €

1.1.3. Property risk. The company is not exposed to property risk

1.1.4. Currency risk, 1.713.310,32 €

1.1.5. Spread risk, 97.303,89 €

1.1.6. Concentration risk, 1.580.866,44

1.2. Underwriting risk Non-Life and Health

The Underwriting risk Non-Life and Health are evaluated at 30.322.231, 46 €. Details per su-module are shown below,

1.2.1. Premium & Reserve Risk 29.912.428,48

1.2.2. Lapse risk. The company is not exposed to Lapse Risk

1.2.3. Catastrophe Risk 1.500.000

1.3. Default risk

The Default risk is evaluated at 5.295.213,23

1.4. Operational risk

The Operational risk is evaluated at 5.291.188,51

1.5. Diversification

The adjustment for Diversification is evaluated at -7.193.697,31

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company does not use

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company does not apply any internal model.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

The Company applied for the transitional measures, as stated in article 319 of the Insurance Act. (loi du 7 décembre 2015 sur le secteur des assurances). These transitional measures allow the Regulatory Authority to grant an insurance company, which is compliant with the Solvency I Capital Requirements at 31 December 2015 but not compliant with the Solvency II Capital Requirements at 1 January 2016, a delay of two years to build up its capital to the Solvency II capital requirements.

As of December 31st 2016 Telefónica Insurance is compliance with Solvency I Capital Requirements, presenting a solvency cover ratio of 222,57%

F. ANNEXES QRT PUBLIC

S.02.01.02					Solvency II value
					C0010
Assets	Goodwill			R0010	
	Deferred acquisition costs			R0020	
	Intangible assets			R0030	
	Deferred tax assets			R0040	1 469 974,69
	Pension benefit surplus			R0050	
	Property, plant & equipment held for own use			R0060	66 800,18
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	20 140 006,53
		Property (other than for own use)		R0080	
		Holdings in related undertakings, including participations		R0090	
		Equities		R0100	
			Equities - listed	R0110	
			Equities - unlisted	R0120	
		Bonds		R0130	5 747 573,33
			Government Bonds	R0140	3 101 297,26
			Corporate Bonds	R0150	2 646 276,07
			Structured notes	R0160	
			Collateralised securities	R0170	
		Collective Investments Undertakings		R0180	14 370 792,00
		Derivatives		R0190	
		Deposits other than cash equivalents		R0200	21 641,20
		Other investments		R0210	
	Assets held for index-linked and unit-linked contracts			R0220	
	Loans and mortgages			R0230	
		Loans on policies		R0240	
		Loans and mortgages to individuals		R0250	
		Other loans and mortgages		R0260	
	Reinsurance recoverables from:			R0270	23 265 652,20
		Non-life and health similar to non-life		R0280	23 265 652,20
			Non-life excluding health	R0290	23 265 652,20
			Health similar to non-life	R0300	
		Life and health similar to life, excluding health and index-linked and unit-linked		R0310	
			Health similar to life	R0320	
			Life excluding health and index-linked and unit-linked	R0330	
		Life index-linked and unit-linked		R0340	
	Deposits to cedants			R0350	96 999,99
	Insurance and intermediaries receivables			R0360	35 778 911,00
	Reinsurance receivables			R0370	1 611 336,44
	Receivables (trade, not insurance)			R0380	490 534,63
	Own shares (held directly)			R0390	
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	
	Cash and cash equivalents			R0410	20 621 979,96
	Any other assets, not elsewhere shown			R0420	
	Total assets			R0500	103 542 195,62

Liabilities	Technical provisions – non-life			R0510	32 144 702,10
		Technical provisions – non-life (excluding health)		R0520	32 144 702,10
			Technical provisions calculated as a whole	R0530	
			Best Estimate	R0540	31 627 893,31
			Risk margin	R0550	516 808,79
		Technical provisions - health (similar to non-life)		R0560	0,00
			Technical provisions calculated as a whole	R0570	
			Best Estimate	R0580	
			Risk margin	R0590	
	Technical provisions - life (excluding index-linked and unit-linked)			R0600	0,00
		Technical provisions - health (similar to life)		R0610	0,00
			Technical provisions calculated as a whole	R0620	
			Best Estimate	R0630	0,00
			Risk margin	R0640	0,00
		Technical provisions – life (excluding health and index-		R0650	0,00
			Technical provisions calculated as a whole	R0660	
			Best Estimate	R0670	
			Risk margin	R0680	
	Technical provisions – index-linked and unit-linked			R0690	0,00
		Technical provisions calculated as a whole		R0700	
		Best Estimate		R0710	
		Risk margin		R0720	
	Other technical provisions			R0730	
	Contingent liabilities			R0740	
	Provisions other than technical provisions			R0750	1 236 825,79
	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	14 794 040,71
	Reinsurance payables			R0830	19 822 953,88
	Payables (trade, not insurance)			R0840	5 177 916,58
	Subordinated liabilities			R0850	
		Subordinated liabilities not in Basic Own Funds		R0860	
		Subordinated liabilities in Basic Own Funds		R0870	
	Any other liabilities, not elsewhere shown			R0880	
	Total liabilities			R0900	73 176 439,06
Excess of assets over liabilities				R1000	30 365 756,56

S.05.01.02			Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
			Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
			C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written	Gross - Direct Business	R0110				54 702,76	15 673,21		111 635,08				34 406,30	174 035 001,20
	Gross - Proportional reinsurance accepted	R0120												
	Gross - Non-proportional reinsurance accepted	R0130												
	Reinsurers' share	R0140							106 053,33					92 218 650,47
	Net	R0200				54 702,76	15 673,21		5 581,75				34 406,30	81 816 350,73
Premiums earned	Gross - Direct Business	R0210				194 669,42	55 775,88		110 543,06	13 974,86			122 440,89	175 875 546,35
	Gross - Proportional reinsurance accepted	R0220												
	Gross - Non-proportional reinsurance accepted	R0230												
	Reinsurers' share	R0240				0,00	0,00		105 015,91	13 974,86			0,00	87 159 759,53
	Net	R0300				194 669,42	55 775,88		5 527,15	0,00			122 440,89	88 715 786,82
Claims incurred	Gross - Direct Business	R0310				50 386,97	3 273,74		-515 523,19	1 145 997,63			6 109,04	86 818 674,24
	Gross - Proportional reinsurance accepted	R0320												
	Gross - Non-proportional reinsurance accepted	R0330												
	Reinsurers' share	R0340				0,00	0,00		-489 747,03	1 093 932,32			0,00	46 913 494,44
	Net	R0400				50 386,97	3 273,74		-25 776,16	52 065,31			6 109,04	39 905 179,80
Changes in other technical provisions	Gross - Direct Business	R0410				0,00	0,00		0,00	0,00			0,00	0,00
	Gross - Proportional reinsurance accepted	R0420				0,00	0,00		0,00	0,00			0,00	0,00
	Gross - Non- proportional reinsurance accepted	R0430												
	Reinsurers' share	R0440				0,00	0,00		0,00	0,00			0,00	0,00
	Net	R0500				0,00	0,00		0,00	0,00			0,00	0,00
Expenses incurred		R0550				401 881,53	115 145,46		-5 487,91	-158,59			252 770,80	57 129 071,92
Other expenses		R1200												
Total expenses		R1300												

	Health	Casualty	Marine, aviation, transport	Property	Total
	Line of Business for: accepted non-proportional reinsurance				
	C0130	C0140	C0150	C0160	C0200
R0110					174 251 418,55
R0120					0,00
R0130					0,00
R0140					92 324 703,80
R0200					81 926 714,75
R0210					176 372 950,46
R0220					0,00
R0230					0,00
R0240					87 278 750,30
R0300					89 094 200,16
R0310					87 508 918,43
R0320					0,00
R0330					0,00
R0340					47 517 679,73
R0400					39 991 238,70
R0410					0,00
R0420					0,00
R0430					0,00
R0440					0,00
R0500					0,00
R0550					57 893 223,21
R1200					0,00
R1300					57 893 223,21

S.17.01.01.01 Non-Life Technical Provisions

						Direct business and accepted proportional reinsurance						
						Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance
						C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole					R0010							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole					R0050							
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross - Total		R0060				35 740,49	3 464,54		16 828,97
				Gross - direct business	R0070				35 740,49	3 464,54		16 828,97
				Gross - accepted proportional reinsurance	R0080				0,00	0,00		0,00
				Gross - accepted non-proportional reinsurance	R0090							
			Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default		R0100				0,00	0,00		15 987,52
				Recoverables from reinsurance (except SPV and	R0110				0,00	0,00		15 987,52
				Recoverables from SPV before adjustment for expected losses	R0120				0,00	0,00		0,00
				Recoverables from Finite Reinsurance before adjustment for expected losses	R0130				0,00	0,00		0,00
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to		R0140				0,00	0,00		15 983,52
			Net Best Estimate of Premium Provisions		R0150				35 740,49	3 464,54		845,45
		Claims provisions	Gross - Total		R0160				322 438,94	20 949,50		1 828 439,12
				Gross - direct business	R0170				322 438,94	20 949,50		1 828 439,12
				Gross - accepted proportional reinsurance	R0180				0,00	0,00		0,00
				Gross - accepted non-proportional reinsurance	R0190							
			Total recoverable from reinsurance/SPV and Finite Re		R0200				0,00	0,00		1 735 693,18
				Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210				0,00	0,00		1 735 693,18
				Recoverables from SPV before adjustment for	R0220				0,00	0,00		0,00
				Recoverables from Finite Reinsurance before	R0230				0,00	0,00		0,00
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to		R0240				0,00	0,00		1 735 259,26
			Net Best Estimate of Claims Provisions		R0250				322 438,94	20 949,50		93 179,86
		Total Best estimate - gross			R0260				358 179,43	24 414,04		1 845 268,09
		Total Best estimate - net			R0270				358 179,43	24 414,04		94 025,31
	Risk margin				R0280				5 852,75	398,93		30 152,21
Technical provisions - total	Technical provisions - total				R0320				364 032,18	24 812,97		1 875 420,30
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				R0330				0,00	0,00		1 751 242,78
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total				R0340				364 032,18	24 812,97		124 177,52

Direct business and accepted proportional reinsurance					accepted non-proportional reinsurance				Total Non-Life obligation
General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
									0,00
									0,00
0,00			22 479,64	25 314 095,71					25 392 609,35
0,00			22 479,64	25 314 095,71					25 392 609,35
0,00			0,00	0,00					0,00
									0,00
0,00			0,00	18 434 027,84					18 450 015,36
0,00			0,00	18 434 027,84					18 450 015,36
0,00			0,00	0,00					0,00
0,00			0,00	0,00					0,00
0,00			0,00	18 432 947,56					18 448 931,08
0,00			22 479,64	6 881 148,15					6 943 678,27
3 003 240,21			39 093,26	1 021 122,93					6 235 283,96
3 003 240,21			39 093,26	1 021 122,93					6 235 283,96
0,00			0,00	0,00					0,00
									0,00
2 853 078,20			0,00	229 109,81					4 817 881,19
2 853 078,20			0,00	229 109,81					4 817 881,19
0,00			0,00	0,00					0,00
0,00			0,00	0,00					0,00
2 852 364,93			0,00	229 096,93					4 816 721,12
150 875,28			39 093,26	792 026,00					1 418 562,84
3 003 240,21			61 572,90	26 335 218,64					31 627 893,31
150 875,28			61 572,90	7 673 174,15					8 362 241,11
49 073,80			1 006,12	430 324,98					516 808,79
3 052 314,01			62 579,02	26 765 543,62					32 144 702,10
2 852 364,93			0,00	18 662 044,49					23 265 652,20
199 949,08			62 579,02	8 103 499,13					8 879 049,90

S.25.01.01		Article 112	No	
		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	7 688 004,80	7 688 004,80	
Counterparty default risk	R0020	5 295 213,23	5 295 213,23	
Life underwriting risk	R0030	0,00	0,00	
Health underwriting risk	R0040	0,00	0,00	
Non-life underwriting risk	R0050	30 322 231,46	30 322 231,46	
Diversification	R0060	-7 193 697,31	-7 193 697,31	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	36 111 752,18	36 111 752,18	

			C0100
Adjustment due to RFF/MAP nSCR aggregation		R0120	
Operational risk		R0130	5 291 188,51
Loss-absorbing capacity of technical provisions		R0140	
Loss-absorbing capacity of deferred taxes		R0150	0,00
Capital requirement for business operated in accordance with Art. 4 of Directive		R0160	
Solvency Capital Requirement excluding capital add-on		R0200	41 402 940,69
Capital add-on already set		R0210	
Solvency capital requirement		R0220	41 402 940,69
Other information on SCR	Capital requirement	R0400	
	Total amount of Notional	R0410	
	Total amount of Notional	R0420	
	Total amount of Notional	R0430	
	Diversification effects due	R0440	
	Method used to calculate	R0450	
	Net future discretionary	R0460	

S.28.01.01		MCR components
		C0010
MCRNL Result	R0010	261 944,26

S.28.01.01		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	358 179,43	54 706,82
Other motor insurance and proportional reinsurance	R0060	24 414,04	15 664,95
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080	94 025,31	5 581,75
General liability insurance and proportional reinsurance	R0090	150 875,28	
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120	61 572,90	34 410,50
Miscellaneous financial loss insurance and proportional reinsurance	R0130	7 673 174,15	81 816 350,73
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

		C0070
Linear MCR	R0300	11 486 573,41
SCR	R0310	41 402 940,69
MCR cap	R0320	18 631 323,31
MCR floor	R0330	10 350 735,17
Combined MCR	R0340	11 487 035,61
Absolute floor of the MCR	R0350	3 700 000,00
Minimum Capital Requirement	R0400	11 486 573,41