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2022

Solvency and Financial Condition Report

TABLE OF CONTENTS

SUMMARY	6		
A. BUSINESS AND PERFORMANCE	11		
A.1 Assets	12		
A.1.1 Information on the company	12		
A.1.2 Significant events	13		
A.2 Underwriting results	13		
A.2.1 Substantial geographic areas and business areas	17		
A.3 Investment results	17		
A.3.1 Overall results of investments and its components	17		
A.3.2 Securitization investments	20		
A.3.3 Equity investment strategy	20		
A.4 Other business results	21		
A.4.1 Significant leasing contracts	22		
A.5 Other information	22		
B. SYSTEM OF GOVERNANCE	25		
B.1 General information about the Governance System	26		
B.1.1 Structure of the governance system	26		
B.1.2 Roles and responsibilities of the key functions	31		
B.1.3 Communication flows and connections between the Control functions	33		
B.1.4 Changes to the Governance System	34		
B.1.5 Remunerations Policy	34		
B.1.6 Substantial operations with stakeholders	35		
B.2 Fit, Proper and Independence requirements and the procedure for verifying the requirements	35		
B.3 Risk Management System, including Own Risk and Solvency Assessment	37		
B.3.1 Risk Management System	37		
B.3.2 Own Risk and Solvency Assessment (ORSA)	39		
B.4 Internal control system	40		
B.4.1 Compliance Function	41		
B.5 Internal Audit Function	42		
B.5.1 Independence and objectivity of the Internal Audit Function	43		
B.6 Actuarial Function	43		
B.7 Outsourcing	44		
B.8 Other information	45		
C. RISK PROFILE	47		
C.1 Underwriting risk	48		
C.2 Market risk	52		
C.3 Credit risk	53		
C.4 Liquidity risk	54		
C.5 Operational risk	56		
C.6 Other substantial risks	57		
C.7 Other information	59		
D. VALUATION FOR SOLVENCY PURPOSE	60		
D.1 Valuation of assets	61		
D.1.1 Goodwill and Intangible assets	64		
D.1.2 Deferred tax assets	64		
D.1.3 Property, plant and equipment for own use	64		
D.1.4 Properties (not for own use)	65		
D.1.5 Participations	65		
D.1.6 Equities, bonds, collective investment funds and other investments	66		
D.1.7 Assets held for index-linked and unit-linked contracts	67		
D.1.8 Loans and mortgages	67		
D.1.9 Reinsurance recoverables	67		
D.1.10 Adjustment of best estimates transferred reserve	67		
D.1.11 Other asset items	68		
D.2 Valuation of the technical provisions	68		
D.2.1 Non-life technical provisions	68		
D.2.2 Life technical provisions	73		
D.2.3 Long-term guarantee measures (Volatility Adjustment)	75		
D.3 Valuation of other liabilities	76		
D.3.1 Other technical provisions and potential liabilities	76		
D.3.2 Provisions other than technical provisions	76		
D.3.3 Pension benefit obligations	77		
D.3.4 Deposits from reinsurers	77		
D.3.5 Deferred tax liabilities	77		
D.3.6 Financial liabilities other than debts owed to credit institutions	77		
D.3.7 Derivatives and financial liabilities and payables to credit institutes	77		
D.3.8 Other liability (payables deriving from insurance operations and other payables, other liabilities)	77		
D.3.9 Subordinated liabilities	78		
D.4 Alternative valuation methods	78		
D.5 Other information	78		
E. CAPITAL MANAGEMENT	79		
E.1 Own funds	80		
E.1.1 Capital Management Policy	80		
E.1.2 Available own funds	80		
E.1.3 Own funds used to cover the SCR and MCR	81		
E.1.4 Reconciliation between shareholders' equity from the financial statements and excess of assets over liabilities	82		
E.2 Solvency Capital Requirement and Minimum Capital Requirement	83		
E.2.1 Solvency Capital Requirement	83		
E.2.2 Additional information about LAC DT	84		
E.2.3 Minimum Capital Requirement	86		
E.3 Use of the share risk sub-module based on the duration in the calculation of solvency capital requirement	87		
E.4 Differences between the standard formula and the internal model	87		
E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement	87		
E.6 Other information	87		
ANNEX 1 - QRT	88		
ANNEX 2 – AUDITORS' REPORT	102		



**Una realtà
in continua evoluzione**



Summary

This document is the Annual Solvency and Financial Condition Report (SFCR) of HDI Assicurazioni S.p.A. As such, it seeks to meet specific informative obligations, so as to guarantee transparency with regards to external subjects and the market, as regulated by Directive 2009/138/EC issued by the European Parliament (the "Solvency II Directive"), incorporated by the Private Insurance Code (or "CAP"), by the requirements of the Delegated Regulation (EU) 2015/35 (the "Delegated Acts"), which integrates the Directive and according to the provisions of IVASS Regulation no. 33.

This section summarizes the essential information relating to the Company's solvency position and financial position, which is then offered in greater detail in the later sections, with reference to:

- A. Business and Performance
- B. System of Governance
- C. Risk Profile
- D. Valuation for Solvency Purpose
- E. Capital Management

Unless otherwise specified, all information given in the document refers to the Company's FY 2022.

All figures are stated in thousands of Euros. Any discrepancies in the sums/differences shown in the tables are due to rounding.

A. Business and Performance

The company serves defined and selected customer categories, proposing products and services which create customer value and a competitive advantage for its operations.

Customers are largely drawn from the Retail segment.

Retail customers are broken down into the following segments to identify as clearly as possible their insurance needs: families, business owners, tradespeople, the self-employed and small and medium-sized businesses.

The Company closes FY 2022 with pre-tax profits of 50,034 thousand euros, decreasing 43,923 thousand euros in 2021. The 2022 net profits, of 37,757 thousand euros, appears to be decreasing 27,222 thousand euros in 2021.

In particular, the pre-tax profit relating to the non-life business recorded a decrease of 35,900 thousand euro, going from 73,360 thousand euro in 2021 to 37,460 thousand euro in 2022, while the pre-tax profit relating to the life business decreased by 8,023 thousand euros, going from 20,597 thousand euros in 2021 to 12,574 thousand euros in 2022.

The decrease in the pre-tax result is mainly determined by the following changes.

The result of the technical account of the non-life business decreased by 48,023 thousand euro, while the technical result of the life business decreased by 283 thousand euro. The net profit on investments in the life business amounted to 98,907 thousand euro (114,463 thousand euro in 2021, a decrease of 15,556 thousand euro), while the non-life business recorded a positive result of 10,748 thousand euro (10,951 thousand euros in 2021, with a decrease of 203 thousand euros). In 2022, higher net ordinary income was recorded compared to the previous year for 2,140 thousand euro, of which 1,941 thousand euro for life and 199 thousand euro for non-life. Extraordinary financial income, net of the related charges, shows a positive result of 3,129 thousand euro, of which 974 thousand euro deriving from the life business and 2,155 thousand euro from the non-life business, down by 6,633 thousand euro compared to the previous year.

The technical performance of the non-life classes - direct business - presents positive results, but worsening compared to the previous year, with reference to the combined ratio, which decreased from 80.74% in 2021 to 95.00% in 2022 (+14.26 percentage points).

Shareholders' equity amounts to 663,005 thousand euro, of which 447,035 thousand euro in non-life and 215,970 thousand euro in life. Compared to shareholders' equity as at 31 December 2021, which was equal to 662,348 thousand euro, of which 457,696 thousand euro non-life and 204,652 thousand euro life, the increase is the profit for the period, totaling 37,757 thousand euro and decreases following of the distribution to shareholders which took place in May 2022. Premium income from direct business amounted to 1,488,279 thousand euro with a decrease of -4.4% compared to the previous year. Non-life premiums written, equal to 447,229 thousand euro, increased by 4.9% compared to 2021, life premiums written, equal to 1,041,050 thousand euro, decreased by -9.2% compared to 2021.

The most significant events that occurred in 2022 are shown below.

The world economy continued to show signs of weakness: in a scenario where the economic crisis linked to the Covid-19 pandemic is still leaving its traces, the consequences of the war between Russia and Ukraine and the relative uncertainty complicate the international situation and of our country. During 2022, the main challenges for the European and global economy were the tensions on the energy market, tensions generated by the sharp increase in prices, following the countermeasures

Summary

adopted by the Russian Federation in response to the economic sanctions imposed by Western countries as a result the invasion of Ukraine, and changes in European countries' procurement policies for energy raw materials.

In such a macroeconomic scenario, also following specific requests from the Supervisory Authority, the Company continued to monitor the liquidity and solvency situation, with the aim of allowing the timely activation of any risk profile optimization actions.

With reference to the effects of Covid-19, the Company has not recorded any significant impacts, which can reasonably be attributed to the effects of the pandemic that broke out in 2020.

In relation to the turbulent situation of the financial markets that occurred during 2022, the Decree Law of 21 June 2022, n. 73, containing urgent provisions on tax simplification and the issuance of authorization for work, the state treasury and further financial and social provisions, converted with amendments by law 4 August 2022, n. 122, introduced the option for Italian insurance companies that draw up the financial statements and the half-yearly report in accordance with the legislative decree of 26 May 1997, n. 173, to derogate on a temporary and extraordinary basis from the provisions of the civil code regarding the valuation of securities not intended to remain permanently in the company's assets and, as such, present in the portfolio for non-durable use.

The derogation allows insurance companies that have recorded capital losses on non-durable portfolio securities to value them at the value resulting from the duly approved annual financial statements or, for securities not present in the portfolio as of 31 December 2021, at the acquisition cost. This option does not apply to impairment losses of a lasting nature.

For the purposes of preparing the 2022 statutory financial statements, the Company has decided to make use of the provisions of Regulation no. 52 of 30 August 2022 and therefore use the faculty to derogate from the normal criteria for evaluating qualifications envisaged by the Civil Code. (The Company has exercised the right with exclusive reference to the securities included in the category "Bonds and other fixed-income securities").

Starting from January 14, 2021, HDI Assicurazioni officially moved its registered office to the new ultra-modern offices of Palazzo Italia, located in Rome, Piazza Guglielmo Marconi 25 at EUR, bringing together all the employees, previously located in the various offices in Rome.

On 1 April 2021, subject to IVASS authorization on 10 March 2021 (IVASS Provision no. 51594), the Company finalized the acquisition of 100% of the share capital of HDI Italia (formerly Amissima Assicurazioni S.p.A.). The purchase authorization was requested from IVASS in November 2020, following the signing, on 21 October 2020, of the Sale and Purchase Agreement with Amissima Holdings S.r.l.

On 14 January 2022, IVASS issued its authorization (protocol n° 0008347/22) for the statutory amendment concerning the change of company name from Amissima Assicurazioni S.p.A. to HDI Italia S.p.A. The change of company name officially took place on 14 February 2022.

During the year, the process of integrating HDI Italia into HDI Assicurazioni continued, a process which will see its completion with the merger by incorporation of the subsidiary. On 4 October 2022, HDI Assicurazioni and HDI Italia submitted a joint application to IVASS.

The authorization for the merger was issued by IVASS with Provision no. 0037363/23 of 15 February 2023.

B. System of Governance

HDI Assicurazioni S.p.A., in compliance with IVASS Regulation no. 38 of 3 July 2018, adopts a system of corporate governance of the "strengthened" type, as referred to in the IVASS Letter to the Market of 5 July 2018, considered the most suitable for the sound and prudent management of the Company.

The HDI Assicurazioni governance system is proportional to the Company's nature, complexity of business and risk profile; it is focused on creating value for shareholders over the medium/long-term, aware of the social relevance of the business pursued by the Company and the consequent need to suitably consider all interest involved in going about it.

The Company adopts the traditional governance system, according to the definition given by Italian legislation, with the following main bodies: the Shareholders' Meeting, which, in matters for which it is competent, expresses the wishes of the Shareholders; the Board of Directors, entrusted with the Company's strategic management, and the Board of Auditors, which operates monitoring compliance with the law and the Articles of Association.

The Senior Management is also an integral part of the corporate governance model, responsible for the implementation, maintenance and monitoring of the guidelines and directives given by the Board of Directors.

Moreover, in accordance with the definitions given by legislation, the Company has also established four essential "Key" Functions: Group Internal Audit, Group Risk Management, Compliance and Actuarial Function and, according to the provisions

of IVASS Regulation n. 44/2019, has also established an independent Anti-Money Laundering, Anti-Terrorism and Anti-Fraud Function.

The roles and responsibilities of the key functions assigned to internal control are established by specific policies approved by the Company's Board of Directors.

C. Risk Profile

The establishment of a Risk Management System, structured according to the nature, scope and business carried out, which allows the Company to identify, assess (including prospectively) and control the risks connected with the business pursued, together with a system of limits and thresholds, are the essential elements that allow the Company to monitor its risk profile, in order to achieve the objectives set, avoiding risks that could threaten solvency.

With reference to the risks evaluated through the capital requirement, calculated according to the Standard Formula with the application of USP parameters to non-life technical risks, the amount of each risk module is given below:

(amounts in EUR thousand)	
	2022
Market risk	190,626
Counterparty default risk	42,997
Life underwriting risk	212,605
Health underwriting risk	17,779
Non-life underwriting risk	152,459
Diversification	-215,300
BSCR	401,166
Operational risk	51,472
Loss-absorbing capacity of deferred taxes	-99,615
SCR	353,023

D. Valuation for Solvency Purpose

The total assets of the Solvency II financial statements amounted to 7,377,910 thousand euros and compared to 8,115,004 thousand euros in the statutory financial statements, shows a lower value of 737,094 thousand euros.

The total liabilities of the Solvency II financial statements amounted to 6,570,098 thousand euros and compared to 7,451,999 thousand euros in the statutory financial statements, shows a lower value of 881,901 thousand euros. Overall, therefore, the excess of assets compared to the liabilities of the Solvency II financial statements amounts to 807,812 thousand euros and compared to 663,005 thousand euros in the statutory financial statements shows a higher value of 144,807 thousand euros.

The technical provisions of the non-life business relating to the Solvency II valuation on 31 December 2022 amount to 783,493 thousand euros, while the technical provisions of the life business are still based on the Solvency II valuation, on 31 December 2022 amount to 5,395,615 thousand euros.

The specific section provides further details on the criteria and methods applied for the valuation of assets and liabilities.

E. Capital Management

As regards solvency, as of 31 December 2022, the Company has Eligible Own Funds to meet SCR for 942,754 thousand euros, of which 766,062 thousand euros classified as Tier 1 and 176,511 thousand euros classified as Tier 2. The Solvency Capital Requirement is 353,023 thousand euros and therefore the Company's Solvency Ratio, given by the ratio of Eligible Own Funds and the Solvency Capital Requirement, is 267.00%. About MCR, the Company has Eligible Own Funds to meet MCR for 797,834 thousand euros, of which 766,062 thousand euros classified as Tier 1 and, 31,772 thousand euros classified as Tier 2. The Minimum Capital Requirement is 158,860 thousand euros; therefore, the MCR Ratio is 502.2%.

(amounts in EUR thousand)

AVAILABLE AND ELIGIBLE OWN FUNDS

	2022
Total available own funds to meet the SCR	951,521
Total available own funds to meet the MCR	951,521
Total eligible own funds to meet the SCR	942,574
Total eligible own funds to meet the MCR	797,834
SCR	353,023
MCR	158,860
Ratio of Eligible own funds to SCR	267.0%
Ratio of Eligible own funds to MCR	502.2%



HIDI

Per soddisfare ogni tua esigenza

A. Business and Performance

A. Business and Performance

A.1 Assets

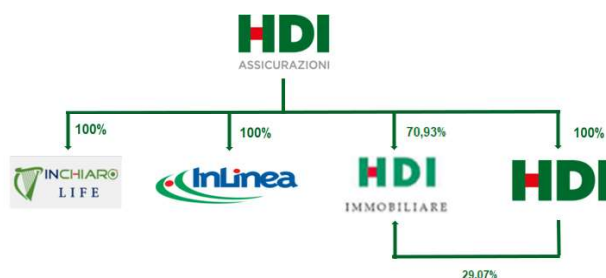
A.1.1 Information on the company

HDI Assicurazioni S.p.A., with registered office in Rome, is an insurance company authorized to carry out the life and non-life insurance business by Ministerial Decree no. 19570/1993; it is entered under Section I of the Register of Insurance companies under no. 1.00022.

On 15 July 2008, IVASS entered the HDI Assicurazioni Group into the Register of insurance groups, assigning it number "015".

At 31 December 2022, the Group is formed of the following Companies:

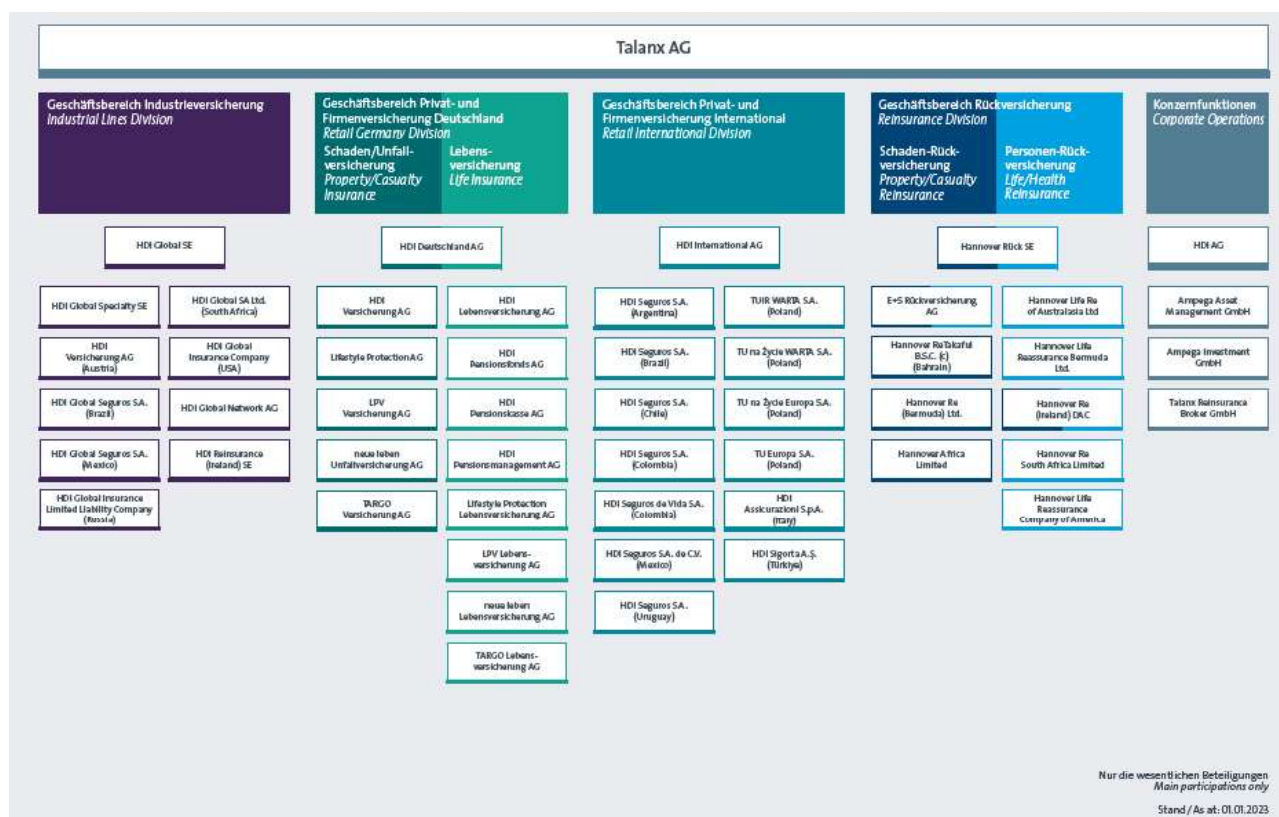
- HDI Assicurazioni S.p.A. (parent company), with registered office in Rome in Rome at Piazza Guglielmo Marconi, 25;
- HDI Italia S.p.A. (formerly Amissima Assicurazioni S.p.A.) with registered office in Milan Viale Certosa 222;
- HDI Immobiliare S.r.l., with registered office in Rome in Rome at Piazza Guglielmo Marconi, 25, property management company held 70,93% by HDI Assicurazioni S.p.A. and held 29,07% by HDI Italia S.p.A.;
- InLinea S.p.A., with registered office in Rome in Rome at Piazza Guglielmo Marconi, 25, an insurance and financial intermediation company, held 100% by HDI Assicurazioni S.p.A.;
- InChiaro Life dac, an Irish insurance company with registered office in Dublin, involved in the insurance business in the Life business, held 100% by HDI Assicurazioni S.p.A.



The Company is part of a major German insurance business, operating in more than 150 countries across the world, given that the controlling shareholder - as the bearer of 88,58% of the share capital - is HDI International AG, whose share capital is entirely held by Talanx AG.

It should be noted that the owner of the remaining 11,42% of the share capital is HINT Europa Beteiligungs AG & Co. KG, which is in turn controlled by HDI International AG.

Talanx AG - the holding company of the HDI VAG Group, mutual insurance Company - through various companies, operates in direct life and non-life insurance, under the scope of non-life, life and health reinsurance and financial services.



HDI Assicurazioni S.p.A, as already mentioned, is a composite company operating on national territory through a network of general agencies and through agreements with banks and brokers.

The accounts of HDI Assicurazioni S.p.A. are audited by the independent auditing firm PricewaterhouseCoopers S.p.A.

A.1.2 Significant events

On 1 April 2021 HDI Assicurazioni S.p.A. acquired 100% of the share capital of Amissima Assicurazioni S.p.A. which, on February 14, 2022, changed the company name to HDI Italia S.p.A..

It should be noted that during the meeting of 26 September 2022, the Boards of Directors of the two Companies approved the project for the merger by incorporation of HDI Italia S.p.A. into HDI Assicurazioni S.p.A. and on 4 October 2022, an application was presented to IVASS for authorization of the extraordinary transaction.

On 15 February 2023, IVASS authorized the transaction.

A.2 Underwriting results

Underwriting results, net of reinsurance, divided up by line of business, is given in the table below. The net underwriting result differs from the net technical balance present in the statutory financial statements prepared in accordance with the Italian accounting standards, due to the absence of financial income and expense and other technical income and expense. Expenses for claims include liquidation costs, which come to 31,336 thousand euros in the non-life segments and to 1,519 thousand euros in life segments. Non-life management expenses include acquisition costs for 51,358 thousand euros, administrative costs for

A. Business and Performance

12,727 thousand euros and general expenses for 52,367 thousand euros. Life management expenses include acquisition costs for 206 thousand euros, administrative costs for 4,751 thousand euros and general expenses for 13,692 thousand euros.

UNDERWRITING RESULTS (NET OF REINSURANCE)

(amounts in EUR thousand)

Lines of Business	Premiums written	Premiums earned (A)	Claims (B)	Variation of other technical provisions (C)	Management Expenses (D)	Underwriting Result E=A-B-C-D
Medical expense insurance	3,461	3,399	2,116	47	1,489	-253
Income protection insurance	26,752	27,399	8,623	-53	11,506	7,323
Motor vehicle liability insurance	244,971	240,934	181,778	-	59,009	147
Other motor insurance	53,855	49,552	29,984	-54	17,512	2,110
Marine, aviation and transport insurance	1,305	1,330	1,052	2	347	-71
Fire and other damage to property insurance	36,018	34,128	16,378	69	15,462	2,219
General liability insurance	24,944	24,392	14,586	-	10,628	-822
Credit and suretyship insurance	16,527	15,875	8,597	-	2,969	4,309
Legal expenses insurance	893	876	142	-	-800	1,534
Assistance	3,178	3,236	1,581	-	-1,813	3,468
Miscellaneous financial loss	298	751	583	-	143	25
Total Non Life	412,202	401,872	265,420	11	116,452	19,989
Health insurance	2	2	8	53	-	-59
Insurance with profit participation	940,364	940,364	1,662,159	-670,862	18,016	-68,949
Index-linked and unit-linked insurance	91,514	91,514	43,119	789	1,587	46,019
Other life insurance	3,041	3,041	4,952	-8,388	-953	7,430
Total Life	1,034,921	1,034,921	1,710,238	-678,408	18,650	-15,559
Total	1,447,123	1,436,793	1,975,658	-678,397	135,102	4,430

Written premiums

Written premiums of direct business come to 1,488,278 thousand euros, decreasing -5.4% on the 1,573,580 thousand euros of last year. Non-life written premiums, of 447,229 thousand euros increase by +4.9% on the 426,530 thousand euros of the previous year. Life written premiums, of 1,041,049 thousand euros decrease by -9.2% on the 1,147,081 thousand euros of 2021.

The percentage breakdown with respect to total premiums written, shows growth in the non-life segments from 27.1% to 30.1%, whilst the life segments drop from 72.9% in 2021 to 69.9% in 2022.

The Motor segment record 303,274 thousand euros and thus account for 67.8% of the total of non-life business (68.6% in 2021), which increase by +3.6% (10,638 thousand euros) on last year, while other non-life segments that come in at 143,955 thousand euros, accounting for 32.2% of the total of non-life segments (31.4% in 2021), increasing by +10,062 thousand euros (+7.5%) on last year.

WRITTEN PREMIUMS

(amounts in EUR thousand)

Direct Business	2022		2021		Variation	
	Amount	%	Amount	%	Amount	%
Motor vehicle liability insurance	246,065	16.5%	240,998	15.3%	5,067	2.1%
Other motor insurance	57,209	3.8%	51,638	3.3%	5,571	10.8%
Total Motor segments	303,274	20.4%	292,636	18.6%	10,638	3.6%
Medical expense insurance	3,587	0.2%	3,354	0.2%	233	6.9%
Income protection insurance	27,725	1.9%	27,090	1.7%	635	2.3%
Marine, aviation and transport insurance	1,361	0.1%	1,144	0.1%	217	19.0%
Fire and other damage to property insurance	39,270	2.6%	36,384	2.3%	2,886	7.9%
General liability insurance	26,990	1.8%	24,639	1.6%	2,351	9.5%
Credit and suretyship insurance	30,519	2.1%	28,100	1.8%	2,419	8.6%
Legal expenses insurance	3,572	0.2%	3,394	0.2%	178	5.2%
Assistance	10,609	0.7%	9,483	0.6%	1,126	11.9%
Miscellaneous financial loss	322	0.0%	305	0.0%	17	5.6%
Total other non-life segments	143,955	9.7%	133,893	8.5%	10,062	7.5%
Total Non-Life	447,229	30.1%	426,529	27.1%	20,700	4.9%
Health insurance	5	0.0%	6	0.0%	-1	-16.7%
Insurance with profit participation	940,389	63.2%	1,011,891	64.3%	-71,502	-7.1%
Index-linked and unit-linked insurance	91,514	6.1%	121,823	7.7%	-30,309	-24.9%
Other life insurance	9,141	0.6%	13,331	0.8%	-4,190	-31.4%
Total Life	1,041,049	69.9%	1,147,051	72.8%	-106,002	-9.2%
Total direct business	1,488,278	100%	1,573,580	100%	-85,302	-5.4%
Total indirect business	50		45		5	11.1%
Total written premiums	1,488,328		1,573,625		-85,297	-5.4%

The premiums of the Motor Vehicle Civil Liability Insurance branch equal to 246,065 thousand euros recorded an increase equal to +5,067 thousand euros (+2,1%) while the Other motor insurance branch, equal to 57,209 thousand euros, recorded an increase of +5,571 thousand euros. Euro (+10,8%). The increase in R.C. Auto was determined by the growth in the average number of policies in the portfolio equal to +2.3%, while the average premium recorded a slight decrease equal to -0.1%.

In the context of the other non-life classes, the most significant increases concerned the General Liability insurance branch (+2,351 thousand euros), the Fire and other damage to property insurance branch (+2,886 thousand euros), and the Credit and Surety insurance branch income protection (+2,419 thousand euros).

In the life business, the decrease in premiums written, equal to -106,002 thousand euros, is mainly attributable to the premiums collected in the Insurance with profit sharing, which stood at 940,389 thousand euros and decreases of -71,502 thousand euros (-7.1%), premium income relating to Index-linked and unit-linked insurance branch records a decrease and goes from 121,823 thousand euros in 2021 to 91,514 thousand in 2022 (-24,9%). Lastly, premiums written in the Other Life Insurance business recorded a decrease of -31,4% compared to 2021 and amounted to 9,141 thousand.

New business amounted to 959,728 thousand euros, with a decrease of 9.6% compared to 2021. In particular, single premiums and recurring premiums, with 958,240 thousand euros, decreased by 9.5%, while annual premiums, with 1,488 thousand euro, decreased by 30.1%.

Technical performance in claims and operating expenses

The technical performance of the non-life classes - direct business - presents worsening results compared to the previous year, with reference to the combined ratio which increases from 80.74% in 2021 to 95.01% in 2022.

The total claims ratio increased by 16.65 points, going from 48.84% to 65.49%.

The cost ratio decreased from 31.90% to 29.51%.

These ratios are calculated considering the liquidation costs under the scope of expenses for claims, in line with the classification given in the statutory financial statements.

A. Business and Performance

TECHNICAL PERFORMANCE

	2022	2021	Variation
Total C/P	65.49%	48.84%	16.65
Cost ratio	29.51%	31.90%	-2.38
Combined ratio	95.01%	80.74%	14.27

The tables below show data relating to the total ratio of Claims (Claims for the period and previous years)/Premiums of competence and the ratio of Operating expenses/Premiums of competence for the accounting line of business and compared with the data of the previous year.

CLAIMS / EARNED PREMIUMS

(amounts in EUR thousand)

Description	2022			2021			Variation
	Claims pertaining to the period	Premiums pertaining to the period	Claims/ Premiums	Claims pertaining to the period	Premiums pertaining to the period	Claims/ Premiums	
Medical expense insurance	2,127	3,527	60.31%	969	3,269	29.64%	30.66
Income protection insurance	8,669	28,389	30.54%	4,658	26,327	17.69%	12.84
Motor vehicle liability insurance	181,289	242,028	74.90%	133,168	239,169	55.68%	19.22
Other motor insurance	33,122	52,905	62.61%	27,722	47,281	58.63%	3.9
Marine, aviation and transport insurance	1,052	1,387	75.85%	483	1,293	37.35%	38.49
Fire and other damage to property insurance	24,669	37,304	66.13%	14,080	34,631	40.66%	25.47
General liability insurance	14,891	26,421	56.36%	-1,336	24,511	-5.45%	61.81
Credit and suretyship insurance	13,645	27,384	49.83%	13,182	21,884	60.24%	-10.41
Legal expenses insurance	601	3,529	17.03%	511	3,230	15.82%	1.21
Assistance	3,613	10,355	34.89%	3,902	8,908	43.80%	-8.91
Miscellaneous financial loss	587	806	72.83%	3,559	801	444.32%	-371.49
Total	284,265	434,035	65.49%	200,898	411,304	48.84%	16.65

OPERATING EXPENSES INCURRED / EARNED PREMIUMS

(amounts in EUR thousand)

Description	2022			2021			Variation
	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	
Medical expense insurance	1.499	3.527	42,50%	1.379	3.269	42,18%	0,32
Income protection insurance	11.590	28.389	40,83%	11.141	26.327	42,32%	-1,49
Motor vehicle liability insurance	59.101	242.028	24,42%	67.911	239.169	28,39%	-3,98
Other motor insurance	17.590	52.905	33,25%	15.985	47.281	33,81%	-0,56
Marine, aviation and transport insurance	365	1.387	26,32%	316	1.293	24,44%	1,88
Fire and other damage to property insurance	15.728	37.304	42,16%	14.698	34.631	42,44%	-0,28
General liability insurance	10.701	26.421	40,50%	9.860	24.511	40,23%	0,28
Credit and suretyship insurance	8.559	27.384	31,26%	7.248	21.884	33,12%	-1,86
Legal expenses insurance	758	3.529	21,48%	712	3.230	22,04%	-0,56
Assistance	2.050	10.355	19,80%	1.807	8.908	20,29%	-0,49
Miscellaneous financial loss	159	806	19,73%	133	801	16,60%	3,12
Total	128.100	434.035	29,51%	131.190	411.304	31,90%	-2,38

Please note that the portfolio relating to the guarantee of "job loss" offered to cover salary-backed loans and payment delegations as from 2009 is still in a run-off.

With reference to the most relevant booked segments in terms of premiums written, Motor third party liability insurance has increased by about 19.22 points in the total claims ratio (from 55.68% to 74.90%).

Direct management expenses overall amounted to 148,976 thousand euros (of which 128,099 for non-life and 20,877 for life) with a decrease of -2.9% compared to 2021 in which they stood at 153,422 thousand (of which 131,189 non-life and 22,233 life). As a percentage of total premiums, as indicated in the table below, results in increase and stands at 10%; in non-life, the percentage decrease of -2.2 points and stands at 28.6% while in the life class they increased by 0.1 points (from 1.9% to 2.0%).

EXPENSES INCURRED

(amounts in EUR thousand)

	2022			2021			Variation %		
	Non-Life	Life	Total	Non-Life	Life	Total	Non-Life	Life	Total
Administrative expenses	12.728	4.751	17.479	12.826	4.762	17.588	-0,76%	-0,23%	-0,62%
Acquisition expenses	63.004	2.434	65.438	59.087	3.103	62.190	6,63%	-21,56%	5,22%
Overhead expenses	52.367	13.692	66.059	59.276	14.368	73.644	-11,66%	-4,70%	-10,30%
Total operating expenses	128.099	20.877	148.976	131.189	22.233	153.422	-2,36%	-6,10%	-2,90%
Expenses to premiums ratio	28,60%	2,00%	10,00%	30,80%	1,90%	9,70%	-2,20	0,10	0,30
Investment management expenses	1.460	5.552	7.012	1.374	6.102	7.476	6,26%	-9,01%	-6,21%
Claims management expenses	31.336	1.519	32.855	30.744	1.331	32.075	1,93%	14,12%	2,43%
Total expenses incurred	160.895	27.948	188.843	163.307	29.666	192.973	-1,48%	-5,79%	-2,14%

A.2.1 Substantial geographic areas and business areas

The Company only performed its business in Italy.

A.3 Investment results

A.3.1 Overall results of investments and its components

Investments, excluding Assets held for index-linked and unit-linked contracts, amount to 6,351,391 thousand euros, down by 1,657,385 thousand euros compared to 8,008,776 thousand euros in 2021; the Fair Value valuation resulted in a lower value in the Solvency II valuation compared to the statutory financial statements of 701,579 thousand euros. It should be noted that, in order to provide a representation of the statutory data consistent with the values of the Solvency II financial statements, the accrued income on interest, which in the statutory financial statements, as required by ISVAP Regulation no. 22 of 4 April 2008, are shown in the item G. Accruals and deferrals, have been reclassified under investments.

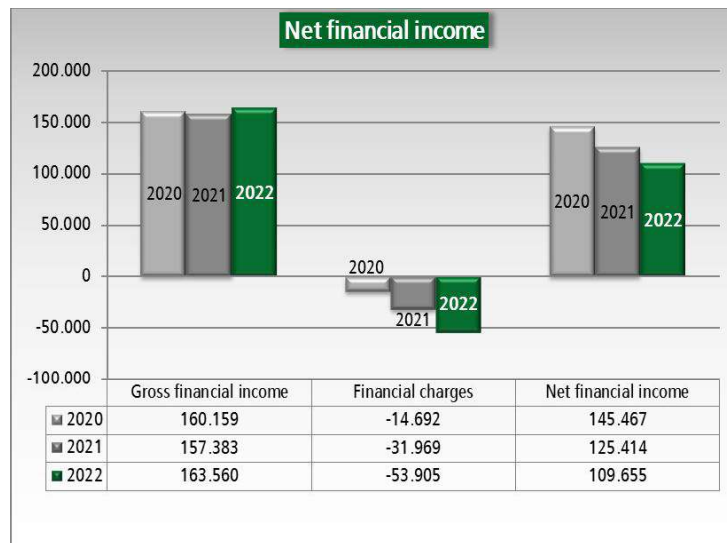
INVESTMENTS

(amounts in EUR thousand)

	2022			2021		
	Solvency II value	Statutory accounts value	Variation	Solvency II value	Statutory accounts value	Variation
Property (other than for own use)	38.800	29.308	9.492	38.300	30.153	-
Holdings in related undertakings, including participations	317.357	342.460	-25.103	296.086	304.092	-8.006
Equities	10.811	10.811	-	6.384	5.836	548
Equities - listed	9.295	9.295	-	4.167	3.864	303
Equities - unlisted	1.516	1.516	-	2.217	1.972	245
Bonds	5.632.753	6.332.891	-700.138	7.311.676	6.974.934	336.742
Government Bonds	3.776.884	4.298.239	-521.355	4.258.335	4.042.617	215.718
Corporate Bonds	1.850.242	2.028.128	-177.886	3.046.866	2.925.797	121.069
Structured notes	-	-	-	-	-	-
Collateralised securities	5.627	6.524	-897	6.475	6.520	-45
Collective Investments Undertakings	345.471	334.498	10.973	353.330	342.072	11.258
Derivatives	-	-	-	-	-	-
Deposits other than cash equivalents	3.002	3.002	-	3.000	3.000	-
Other investments	-	-	-	-	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	6.348.194	7.052.970	-704.776	8.008.776	7.660.087	348.689
Assets held for index-linked and unit-linked contracts	588.640	588.640	-	617.428	617.428	-

Net profit from investments at the end of the year amounted to 109,655 thousand euros, compared to 125,412 in 2021, a decrease of 15,759 thousand euros (-12.6%). Net profits from investments in life segments come to 98,907 thousand euros (114,463 in 2021, down -15,556 thousand euros), whilst non-life segments record a positive result of 10,748 thousand euros (10,951 thousand euros in 2021, down 203 thousand euros).

A. Business and Performance



More specifically, in 2022 higher net ordinary income was recorded on last year for 2,140 thousand euros, of which 1,941 thousand euros life and 199 non-life, lesser net realized valuation for -6,543 thousand euros, of which -9,227 thousand euros life and +2,684 thousand euros non-life and lesser net realized income for -11,354 thousand euros, of which -8,268 thousand euros life and -3,086 thousand euros non-life.

Extraordinary financial income net of charges shows a positive result of 3,129 thousand euros, of which 974 thousand euros from life business and 2,155 thousand euros from non-life business -6,633 thousand euros down on the previous year, with a positive result of 9,762 of which -9,356 thousand euros from the life business and +2,723 thousand euros from life business.

INCOME AND CHARGE ON FINANCIAL INVESTMENTS

(amounts in EUR thousand)

	2022			2021			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
a) Income on equities	646	3	649	230	2	232	180,9%	50,0%	179,7%
b) Income on other investments:									
lands and buildings	-	-	-	-	-	-	0,0%	0,0%	0,0%
debt securities and other fixed income securities	121.097	14.771	135.868	123.620	15.219	138.839	-2,0%	-2,9%	-2,1%
other income	9.100	762	9.862	5.602	30	5.632	62,4%	2440,0%	75,1%
	130.197	15.533	145.730	129.222	15.249	144.471	0,8%	1,9%	0,9%
c) Write-backs:									
lands and buildings	-	10	10	-	-	-	-	0,0%	0,0%
equities	208	184	392	204	206	410	+ 2,0 %	-10,7%	-4,4%
debt securities and other fixed income securities	-	-	-	163	7	170	-100,0%	- 100,0 %	-100,0%
other financial investments	697	-	697	1.268	31	1.299	-45,0%	-100,0%	-46,3%
	905	194	1.099	1.635	244	1.879	-44,6%	-20,5%	-41,5%
d) Gains on the realisation of investments:									
equities	400	-	400	1.143	-	1.143	-65,0%	0,0%	-65,0%
debt securities and other fixed income securities	10.749	1.073	11.822	7.045	-	7.045	52,6%	0,0%	67,8%
other financial investments	3.860	-	3.860	2.324	289	2.613	66,1%	-100,0%	47,7%
	15.009	1.073	16.082	10.512	289	10.801	42,8%	271,3%	48,9%
Total Income (A)	146.757	16.803	163.560	141.599	15.784	157.383	3,6%	6,5%	3,9%
a) Management charges:									
equities	90	-	90	43	-	43	109,3%	0,0%	109,3%
lands and buildings	362	15	377	418	3	421	-13,4%	400,0%	-10,5%
other financial investments	5.068	1.445	6.513	5.558	1.372	6.930	-8,8%	5,3%	-6,0%
interest on deposits from reinsurers	-	-	-	-	-	-	0,0%	0,0%	0,0%
general expenses and mortisation	32	-	32	83	-	83	-61,4%	0,0%	-61,4%
	5.552	1.460	7.012	6.102	1.375	7.477	-9,0%	6,2%	-6,2%
b) Value adjustments:									
lands and buildings	893	10	903	892	10	902	0,1%	0,0%	0,1%
equities	2.120	78	2.198	370	136	506	473,0%	-42,6%	334,4%
debt securities and other fixed income securities	7.324	-	7.324	10.388	2.772	13.160	-29,5%	-100,0%	-44,3%
other financial investments	11.270	97	11.367	1.460	-	1.460	671,9%	0,0%	678,6%
	21.607	185	21.792	13.110	2.918	16.028	64,8%	-93,7%	36,0%
c) Losses on the realisation of investments:									
equities	9	-	9	9	-	9	0,0%	0,0%	0,0%
debt securities and other fixed income securities	18.167	4.410	22.577	7.915	540	8.455	129,5%	716,7%	167,0%
other financial investments	2.515	-	2.515	-	-	-	0,0%	0,0%	0,0%
	20.691	4.410	25.101	7.924	540	8.464	161,1%	716,7%	196,6%
Total charges (B)	47.850	6.055	53.905	27.136	4.833	31.969	76,3%	25,3%	68,6%
Net financial income (A-B)	98.907	10.748	109.655	114.463	10.951	125.414	-13,6%	1,9%	-12,6%
Extraordinary income (C)	14.659	2.161	16.820	12.558	185	12.743	16,7%	1068,1%	32,0%
Extraordinary financial charges (D)	13.684	6	13.690	2.229	753	2.982	513,9%	-99,2%	359,1%
Net extraordinary income (C-D)	975	2.155	3.130	10.329	-568	9.761	-90,6%	-479,4%	-67,9%
Total net income from investments	99.882	12.903	112.785	124.792	10.383	135.175	-20,0%	24,3%	-16,6%

Real estate management, limited to the building in Rome via Abruzzi 10 and to the building in Rome via S. Angela Merici 90, reported a negative net result, arising due to amortization/depreciation and general expenses, equal to -1,270 thousand euros and recorded a positive change of 42 thousand euros compared to 2021.

INVESTMENT INCOME BY TYPE OF MANAGEMENT

(amounts in EUR thousand)

	2022			2021			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
Property	-1.255	-15	-1.270	-1.309	-3	-1.312	54	-12	42
Equities	-966	108	-858	1.154	69	1.223	-2.120	39	-2.081
Bonds	101.288	9.990	111.278	106.966	10.855	117.821	-5.678	-865	-6.543
Other investments	-160	665	505	7.651	30	7.681	-7.811	635	-7.176
Total	98.907	10.748	109.655	114.462	10.951	125.413	-15.555	-203	-15.758

A. Business and Performance

The shareholding segment of securities management generated a negative result of -858 thousand euros (of which 368 thousand euros is the positive result from group societies), against a positive result of +1,223 thousand euros recorded in 2021 (of which 212 thousand euros is the positive result deriving from group societies).

The result of ordinary management of the bond segment generated a positive result of 111,278 thousand euros (of which 603 thousand euros arising from group companies), against a positive result of 11,820 thousand euros recorded in 2021 (of which 603 thousand euros from group companies). Finally, other investments generated a positive result of 505 thousand euros as compared with a positive result of 7.681 thousand euros recorded in 2021.

A.3.2 *Securitization investments*

There are no securitization investments in portfolio.

A.3.3 *Equity investment strategy*

In accordance with the requirements of IVASS Regulation no. 46 of 2020, the equity investment strategy adopted by the Company is set out below.

In class C of the Company's investments, equity investments have always been residual and are destined to remain so, both because of a limitation linked to capital absorption and because of the nature of the business (mainly linked to segregated funds), which requires careful and planned monitoring of profits in order to give continuity to returns that come mainly from bond investments. This requires a less speculative approach, aimed at a constant return over time, given the nature of the technical provisions to be covered, mainly with capital guarantees at maturity. In this respect, the approach is long-term and focuses on two strategies that aim to reduce volatility (low volatility strategy) and generate profit over time (dividend strategy).

The rationale behind these strategies, known as "low volatility" or "minimum variance" strategies, is to select and calibrate securities based on historical volatility and the level of correlation between basket components. The variance of a portfolio is a statistical measure of the dispersion of returns around the mean, used to indicate portfolio risk. Containment of volatility is not achieved at the cost of increased concentration and reduced agility but by spreading risk more evenly across a broad portfolio, avoiding overweighting of sectors, regions, or individual stocks, limiting risk factor exposures, and introducing factors such as valuation or momentum into the stock selection process.

The dividend strategy, on the other hand, will aim to seek out stocks capable of paying annual dividends above the market average, on a regular and continuous basis.

It can take one or more of the following forms:

- Dividend Paid Strategy: invest in companies that simply pay a dividend and avoid those that do not.
- High Yield Dividend Strategy: Invest in companies that pay high dividends relative to the market price.
- Growing Dividend Strategy: Investing in companies that increase their dividends over time and avoiding those that cut their dividends.

Stock selection will require:

- Targeting companies with large capitalizations and high average dividend yields.
- Targeting companies with good revenue growth and that have historically beaten analysts' expectations.
- Choosing stocks from various sectors in order to diversify by reducing the effect of market volatility and macroeconomic events.
- Considering selling old stock positions and opening new ones with the dividends earned.
- Being patient if shares lose value after the ex-dividend date.

A.4 Other business results

Other revenues

OTHER REVENUES		(amounts in EUR thousand)	
	2022	2021	Variation
Interest income from cash and cash equivalent	80	19	61
Income from services	4.161	1.246	2.915
Income from other insurance related services	290	315	-25
Income from releases of other provision	21.251	1.152	20.099
Other various income	807	-	807
Interest income from receivables	238	126	112
Currency gains	130	136	-6
Income from figurative rents	5.509	4.452	1.057
Realized gains on land and buildings	-	3	-3
Extraordinary income for taxes	2	82	-80
Non-technical contingent assets	17	272	-255
Total	32.485	7.803	24.682

The use of provisions includes the withdrawal from the bad debt provision for the use of the provision set aside in previous years for the receivable from Veneto Banca, definitively reversed during the year for 18,086 thousand euros, from the tax provision for 11 thousand euros, from the provision for executive health expenses for 1,242 thousand euros, from the provision for expenses for seniority bonuses for 330 thousand euros, from the provision for bad debts with agencies and co-insurance companies for a total of 179 thousand euros and from the company reorganization fund for 1,402 thousand euros.

Exchange gains amount to 5,510 thousand euro.

Interest on receivables, amounting to 130 thousand euros, mainly refer to interest income accrued on receivables from agents for reimbursements.

Recoveries from other companies for foreign claims management amounted to 290 thousand euros.

Income from tax credits refer to the purchase of tax credits from a credit institution, which in turn had purchased the credits from energy-intensive and gas-intensive companies for a total of 11,104 thousand euro. The receivables have already been used in full in compensation through F24 by the end of the year, obtaining a total economic benefit of 807 thousand euros.

Recoveries from third parties for administrative expenses and charges amount to Euro 4,156 thousand and refer to the recovery of the cost of seconded personnel and revenues for administrative services provided to subsidiaries, as shown in the following table; a further 5 thousand euros refer to the portfolio run-off management service stipulated with the subsidiary HDI Global Specialty SE.

RECOVERY OF EXPENSES FROM SUBSIDIARIES		(amounts in EUR thousand)	
	2022	2021	Variation
InChiaro Life	19	24	-5
InLinea S.p.A.	58	57	1
HDI Immobiliare S.r.l.	296	257	39
HDI Italia S.p.A.	3.783	898	2.885
Total	4.156	1.236	2.920

Other expenses

Other expenses come to 47,053 thousand euros and are up 28,578 thousand euros on last year. The table below provides details of other expenses compared with last year.

A. Business and Performance

OTHER EXPENSES		(amounts in EUR thousand)	
	2022	2021	Variation
Other taxes and penalties	230	336	-106
Provision for doubtful accounts	155	2.224	-2.069
Amortisation of goodwill	3.118	3.118	-
Provision for management health insurance policy charges	-	19	-19
Provision for disputes	-	385	-385
Provision for HDI Italy price adjustment	1.000	-	1.000
Interest on subordinated liabilities	10.727	10.243	484
Passive interests	26	15	11
Credit losses	18.134	14	18.120
Exchange losses	25	11	14
IVASS sanctions	4	-	4
Specific allowance for seniority bonus and managers' health insurance	62	46	16
Other expenses	9	10	-1
Contingent liabilities for taxes	179	61	118
Extraordinary acc. Company reorganization fund	-	7.173	-7.173
Non-technical contingent liabilities	55	383	-328
Total	39.670	25.623	14.047

Administrative charges on behalf of third parties amount to 5,946 thousand euro and refer to expenses incurred for personnel who handle foreign claims and who provide services to subsidiary companies; they consist of personnel expenses for 5,701 thousand euros, general expenses for 194 thousand euros, the proportional portion of depreciation for 16 thousand euros, expenses incurred on behalf of the UCI for 23 thousand euros and other charges for 11 thousand euros.

Losses on receivables amount to 18,134 thousand euro and refer for 18,086 thousand euro to the reversal of the receivable due from Veneto Banca, following the closure of the dispute relating to the shares for which, on the basis of the contractual agreements signed, Veneto Banca had an obligation to repurchase.

Interest expense amounted to 10,726 thousand euros and included interest expense accrued on subordinated loans subscribed by the shareholder HDI International for 6,924 thousand euros, by subsidiaries for 1,698 thousand euros and by third-party companies for 2,104 thousand euros.

The allocation to the HDI Italia price adjustment fund refers to the potential liability that could arise towards Athora (formerly Amissima Holding) based on the contractual agreements set out in the Company's purchase contract.

The provision for bad debts, against receivables from intermediaries, is equal to 155 thousand euros.

Lastly, the amortization portion of the goodwill deriving from the merger deficit of CBA Vita is recognized among other charges for 3,118 thousand euro.

A.4.1 Significant leasing contracts

There are no leased assets and there are no finance leases for buildings or other assets. The Company currently has operating leases in place as lessor of buildings (offices, agencies or similar) and company cars.

With reference to these leases, it should be noted that, for the purposes of IFRS 16, the Company, for all types of leases, has recognized an asset, which represents the right of use of the leased asset and, at the same time, the debt relating to the fees foreseen by the contract.

A.5 Other information

FY 2022 closes with a net positive result of 37,757 thousand euros, of which 11,318 thousand euros for life and 26,439 thousand euros for non-life.

PERIOD RESULT	(amounts in EUR thousand)		
	Life	Non-Life	Total
Profit 2022	11,318	26,439	37,757

The proposal to the assembly provides for the following operations.

- Allocation of the profit from the non-life business, equal to 26,439 thousand euros, to the legal reserve of the non-life business for 2,000 thousand euros, to a non-available reserve pursuant to IVASS Regulation no. 52 of 30 August 2022 of the non-life business for 23,086 thousand euros and to the non-distributable reserve for revaluation of equity investments in the non-life business for 184 thousand euros.
- Distribution of a total dividend of 41,750 thousand euros, equal to 0.011895 euro per share, by way of distribution of the residual profit of the non-life business for 1,169 thousand euros and partial distribution of the extraordinary reserve of the non-life business for 40,581 thousand of euros.
- Allocation of the non-distributable reserve for foreign exchange gains of the non-life business to the extraordinary reserve of the non-life business for 1,014 thousand euros.
- Allocation of the life business profit, amounting to 11,318 thousand euros, to a reserve to a non-available reserve pursuant to IVASS Regulation no. 52 of 30 August 2022 of the life business.
- Allocation of the extraordinary reserve of the life classes to a non-available reserve pursuant to IVASS Regulation no. 52 of 30 August 2022 of the life business for 14,098 thousand euros, so that the unavailable reserve pursuant to IVASS Regulation 52 of 30 August 2022 of the life business will total 25,416 thousand euros.
- Allocation of the extraordinary life business reserve to a non-distributable reserve for the revaluation of life business investments for 184 thousand euro.
- Allocation of the non-distributable reserve for exchange gains of the life business to the extraordinary reserve of the life business for 1,212 thousand euro.

The proposal for the distribution of the profit and the extraordinary reserve was also formulated on the basis of the report signed by the Risk Management Manager and the Actuarial Function, as established by art. 4 paragraph 3 of IVASS Regulation no. 52 of 30 August 2022 and the compatibility of this distribution with compliance with the coverage requirements of technical reserves and capital requirements, as well as with prospective financial commitments and with the solvency target identified pursuant to article 18 of the Regulation is certified IVASS no. 38 of 3 July 2018.

As a result of the above, the Company's shareholders' equity will be established as indicated in the following table, separately for each non-life and life management and with a total summary.

A. Business and Performance

SHAREHOLDERS' EQUITY

(amounts in EUR thousand)

	Life segments			Non-Life segments		
	2022	Variation	Final balance	2022	Variation	Final balance
Share Capital	76.000	-	76.000	275.000	-	275.000
Legal Reserve	15.200	-	15.200	20.000	2.000	22.000
Non-distributable reserve rev. part.	470	184	654	470	184	654
Non-distributable reserve profit on exchange	2.610	-1.212	1.398	1.025	-1.014	11
Non-distributable reserve Reg.52	-	25.416	25.416	-	23.086	23.086
Extraordinary reserve	110.373	-13.070	97.303	119.101	-39.567	79.534
Capital injection reserve	-	-	-	5.000	-	5.000
Operating result	11.318	-11.318	-	26.439	-26.439	-
Total	215.971	-	215.971	447.035	-41.750	405.285

(amounts in EUR thousand)

	2022	Variation	Final balance
Share Capital	351.000	-	351.000
Legal Reserve	35.200	2.000	37.200
Non-distributable reserve rev. part.	940	368	1.308
Non-distributable reserve profit on exchange	3.635	-2.226	1.409
Non-distributable reserve Reg.52	-	48.502	48.502
Extraordinary reserve	229.474	-52.637	176.837
Capital injection reserve	5.000	-	5.000
Operating result	37.757	-37.757	-
Totale	663.006	-41.750	621.256

HDI

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**B. System of
Governance**

B. System of Governance

B.1 General information about the Governance System

HDI Assicurazioni S.p.A., in compliance with IVASS Regulation no. 38 of 3 July 2018, adopted a "strengthened" corporate governance system, as per the IVASS Letter to the Market of 5 July 2018, considered the most suitable for the sound and prudent management of the Company.

The HDI Assicurazioni S.p.A. Corporate Governance System is structured according to the indications given by the Supervisory Authority IVASS and the Solvency II Directive.

The Company adopts a traditional governance system according to the definition given by Italian legislation, and envisages:

- the Shareholders' Meeting, which, in the matters for which it is competent, expresses the desires of Shareholders in its resolutions;
- the Board of Directors, (which operates with the support of the internal Board Committees, having consultative and propositional functions) to which the strategic supervision of the Company is entrusted;
- the Board of Auditors, with supervisory functions on compliance with the law and the Articles of Association and the principles of proper administration, on the adequacy of the organizational, administrative and accounting structure and on the actual functioning.

The accounting control function is entrusted to an Auditing Company registered in the appropriate register, appointed by the Company's Assembly, subject to the opinion of the Board of Statutory Auditors.

The Senior Management is also an integral part of the corporate governance model - responsible for the implementation, maintenance and monitoring of the guidance policies and directives given by the Board of Directors.

B.1.1 Structure of the governance system

Decision-making bodies: Shareholders' Meeting

The Shareholders' Meeting is the body that expresses the corporate will through its resolutions. Resolutions passed in compliance with the law and articles of association are binding on all shareholders, including those who were absent or in disagreement.

The ordinary and extraordinary shareholders' meetings are convened by the Board of Directors in the legal manner, to the company's office or elsewhere as specified by the Board of Directors, as long as in Italy.

In an ordinary session, in addition to establishing the fees due to the bodies it has appointed, the Shareholders' Meeting also approves remuneration policies in the favor of corporate bodies and staff, including remuneration plans based on financial instruments, where such are envisaged.

Administrative bodies: Board of Directors

In accordance with Art. 14 of the Articles of Association, the Company is administered by a Board of Directors numbering between 7 and 15 Directors, as determined by the Shareholders' Meeting. The Directors cannot be appointed for a period exceeding three financial years and are eligible for re-election. If the Shareholders' Meeting has not done so, the Board of Directors elects a Chairman and a Deputy Chairman from amongst its members; the Chairman shall represent the Company before third parties.

The Board of Directors in charge as at 31 December 2022, was appointed by the Shareholders' Meeting on 28 April 2022 for three-year period and it numbering 8 members, three of which are independent.

The role of the Administrative Body is defined by the Company's Articles of Association, which under Art. 16, read "The Board of Directors is entrusted with the broadest powers, without any limitations, for the ordinary and extraordinary administration of the Company, with the right to carry out all the acts deemed necessary and useful to achieve the Company's objectives, with the exception of such acts that the law specifically reserves to the shareholders' meeting".

The Board of Directors is charged with ultimate responsibility for the Internal Control and Risk Management System, which it must ensure is constantly complete, functional and effective, including with regard to outsourced activities.

The Board of Directors ensures that the Risk Management System allows the identification, assessment and control of the most significant risks, including risks arising from non-compliance with the law.

Specifically, the Board has the following functions: to approve draft budget submitted to the Meeting; to approve semi-annual results and financial position; to define strategic guidelines, development and investment plans, and the annual budget;

to examine and approve transactions of particular economic and equity importance, especially if carried out with related parties or bearing a potential conflict of interest, and promptly report on its activities and such transactions to the Statutory Auditors, including acting through the President or the Managing Director.

With a specific reference to company organization, the Boards also:

- approves the company's organizational structure and allocation of tasks and responsibilities to business units, paying close attention to their adequacy over time, so that they can adapt quickly to changes in the strategic objectives, operations and the context in which the company operates. This structure is formalized in the Functions Chart/Organizational Chart in force at the time;
- ensures that appropriate decision-making processes are adopted and formalized, that an appropriate separation of functions is implemented and that tasks and responsibilities are appropriately allocated, shared and coordinated in line with company policies and reflected in the description of tasks and responsibilities. It also ensures that all relevant tasks are assigned and that unnecessary overlaps are avoided, promoting effective cooperation among all staff members;
- in line with article 258, paragraph 4, of the Delegated Acts, it approves, taking care of the adequacy over time, the system of delegations of powers and responsibilities, taking care to avoid the excessive concentration of powers in a single subject and placing to be verification tools on the exercise of delegated powers;
- in line with article 258, paragraph 2, of the Delegated Acts, it defines directives relating to the corporate governance which, in order to adapt to business development, is reviewed at least once a year. As part of these directives, it approves the policies relating to the internal control system, the risk management system and internal audit, in line with the provisions of article 30, paragraph 5, of the Code and that relating to the actuarial function;
- defines and approves the data governance policy that identifies roles and responsibilities of the functions involved in quality assessments in the use and processing of company information, ensuring that it is coordinated with the statutory information policy (reporting policy);
- is responsible for the choice of using the Undertaking Specific Parameters for the calculation of the Solvency Capital Requirement according to the Solvency II Directive and, in this sense, resolves the request for authorization to the Supervisory Authority for its use, as well as being responsible for the relative changes and / or extensions and to fulfill the obligations provided for by the current regulatory provisions;
- verifies that the Senior Management correctly implements the indications regarding the development and the functioning of the corporate governance system, in line with the directives given and that assesses its functionality and adequacy;
- has periodic checks on the effectiveness and adequacy of the corporate governance system and that the most significant critical issues are promptly reported, promptly issuing the directives for the adoption of corrective measures, which subsequently assess the effectiveness;
- identifies particular events or circumstances that require immediate intervention by the Senior Management;
- ensures, with appropriate measures, continuous professional updating of the resources and components of the body itself, also preparing appropriate training plans to ensure the necessary technical skills to carry out their role with respect for nature, the scope and complexity of the tasks assigned and preserve their knowledge over time;
- performs, at least once a year, an assessment of the size, composition and effective functioning of the administrative body as a whole, as well as of its committees, expressing guidelines on the professional figures whose presence in the administrative body is deemed appropriate and proposing any corrective actions;
- ensures that the corporate governance system is subject to internal review at least annually;
- verifies that corporate governance system is consistent with the strategic objectives, risk appetite and tolerance limits established and is able to capture evolution of business risks and the interaction between them;
- adopts the current and prospective risks policy;
- determines the system of risk objectives, defining the risk appetite of the company in line with its overall solvency needs, identifying the types of risk it believes it hires and setting the relative limits of risk tolerance consistently, which reviews at least once a year, in order to ensure its effectiveness over time;
- approves the risk management policy and, for the main sources of risk identified, the emergency plan (so-called recovery plan), in order to guarantee the company's regularity and continuity; approves, taking into account the strategic objectives and, in line with the risk management policy, the underwriting, reservation, reinsurance and other risk mitigation policies as well as operational risk management;

B. System of Governance

- approves the information policy to be provided to IVASS and information to the public (c.d. reporting policy);
- approves the capital management policy
- in compliance with the provisions of Article 274 of the Delegated Acts and Article 30, paragraph 5 of the Code approves company's outsourcing policy, defining the strategy and the applicable processes for the entire duration;
- in compliance with the provisions of Article 258, paragraph 1, letter c) and d), 273 of Delegated Acts and 76 of the Code and related implementing provisions, approves company's policy for the identification and assessment of requirements of suitability for position, in terms of integrity and professionalism and independence of those who perform administrative, management and control functions, as well as also in case of outsourcing, of the owners and of those who perform fundamental functions and of the additional personnel capable of significantly affecting the risk profile identified by the company. Evaluate the existence of the requirements of these subjects at least annually. In particular, this policy ensures that the administrative body as a whole possesses adequate technical skills at least in the areas of insurance and financial markets, governance systems including personal incentive systems, financial and actuarial analysis, regulatory framework, business strategies and business models; approves the Undertaking Specific Parameters (USP) governance policy for the calculation of the Solvency Capital Requirement related to the Non-Life area;
- periodically defines and reviews guidelines for remuneration policies, for the approval of the Ordinary Shareholders' Meeting, and is responsible for their correct application.

The Board convenes at least nine times a year, based on a calendar decided by the same Board, usually in September of the year before; additional extraordinary meetings are convened by the Chairperson where required.

Board Committee

In order to increase the efficiency and effectiveness of its action, the Board of Directors has established specific internal committees, with consultative and propositional functions, defining their respective tasks.

The following support committees have been set up within the Board of Directors:

- *Internal Control and Risk Committee* with cognitive, advisory and propositional functions, for the performance of tasks relating to the internal control and risk management system consisting of three non-executive and independent directors. In particular, the Committee assists the Board in determining the guidelines for the system of internal control and risk management, in the periodic verification of its adequacy and its effective operation and in the identification and management of the main corporate risks. The Committee for Internal Control and Risks is convened and directed by the Coordinator and deliberates by an absolute majority of those present.
- *Remuneration Committee*: whose composition has been defined by the Administrative Body in accordance with the provisions of the Regulations in Article 43, paragraphs 1 and 2 of the Regulations, carries out the following activities:
 - advice and proposal in the context of the definition of remuneration policies;
 - makes proposals regarding the remuneration of directors vested with particular offices;
 - verifies the adequacy of the overall remuneration scheme as well as the proportionality of the executive director's remuneration with respect to the relevant staff of the company. To carry out this task, he avails himself of the support of the Human Resources Department;
 - periodically checks the remuneration policies in order to ensure their adequacy, even in the event of changes to company operations or the market context in which the same operates;
 - identifies potential conflicts of interest and the measures adopted for their management;
 - ascertains the occurrence of the conditions for the payment of incentives for relevant personnel. To carry out this task, it avails itself of the Human Resources Department and the Planning and Management Control structure;
 - provides adequate information to the Administrative Body on the effective functioning of the remuneration policies.

Management Committee

HDI Assicurazioni, in the context of governance and the internal control system, has put in place the following internal company Committees that, depending on the circumstances, are composed of executives and company officials; in any case, these Committees have a purely advisory and recommendatory function:

- *Senior Management Committee*: brings together the Company's Senior Management, as envisaged by the regulations of the Insurance market Authority. The Senior Management Committee assists the Chief Executive Officer in preparing the general guidelines for the achievement of the strategic objectives of the Group and in the executive governance of

the Company for the implementation of the measures aimed at these objectives (planning, coordination) and for the verification of results. It is responsible for the implementation, monitoring and maintenance of the internal control and risk management system.

- *Management Committee*: chaired by the Managing Director/General Manager, it consists permanently of all Company Managers and pursues the goal of:
 - defining and setting the concrete guidelines for the achievement of the operational objectives identified in the annual and multi-year strategic planning documents, approved by the top management bodies of the Company, with the exception of those of a financial nature;
 - to guide all the corporate organizational macro processes, identifying the best decisions for their correct and more efficient functionality and giving a mandate for their relative implementation;
 - check the actual implementation of what has been decided, discussing and deciding any corrections to be made.

The Committee meets on the convocation of its President, at regular intervals at least monthly, in any case usually on the occasion of the institutional moments of budget planning and pre-final and final reporting of activities.
- *Risk Committee*: assists the Chief Risk Office in order to implement an efficient and effective governance of corporate risks, with a view to the progressive strengthening of the structures in charge of the internal control and risk management system, through:
 - monitoring the Company's exposure to the main risks and compliance with the operating limits set, to ensure alignment with the risk appetite defined by the Board of Directors;
 - the definition of executive activities regarding risk governance, carrying out the integrated assessment of technical, financial and operational risks, analyzing possible risk mitigation techniques and bringing them to the attention of top management;
 - supports the Board of Directors in developing a culture of risk and control within the Company;
 - contributes to the identification of potential future risks for the Company and defines the plans for the proper management of the same;
 - supports the Board of Directors in defining risk policies;
 - carries out the assessment, in terms of risk, of the business strategies envisaged by the strategic plan on the basis of the documentation produced by the Group's Risk Management function.
 - examines the reports on risk prepared by the Group Risk management function with the support, each for the part of its competence, of the Compliance, Anti-money laundering, Anti-terrorism and Anti-fraud functions of the Group, DPO and Data Quality management.
 - supports the Chief Data Officer as responsible for assessing the Company's ability to produce complete information and ensure the completeness, adequacy (in terms of effectiveness and efficiency) and reliability of the data processing processes.

The Risks Committee also performs the duties assigned to the Underwriting Committee, fulfilling the requirements as laid down by the current underwriting policy of the Company and lastly, it performs the functions assigned to the Crisis Committee, in line with what is defined in the HDI Assicurazioni Emergency Plan. The Risks Committee meets on call by its Chairman, at least once a month, and is chaired by the Chief Risk Officer..

- *Finance-ALM Group Sustainability Committee*: assists the Managing Director/General Manager in the operational and tactical management of assets, supporting him in the choices of investment and disinvestment in securities and in the management of liquidity deriving from operative and financial cash flow. The Committee:
 - proposes investment and divestment choices to the Chief Executive Officer and General Manager;
 - verifies the purchase and sale operations carried out during the previous week;
 - analyzes the financial report of the day, interest rate trends, credit spreads and stock exchanges;
 - analyzes the existing portfolio in relation to market trends;
 - verifies the market and performance data of the Company (production, redemptions, yields and asset allocation of the separate managements, the open pension fund, the other portfolios, etc.) useful for determining the positioning and possible scenarios for the composition of the assets and of the passive;
 - carries out the simulations and stress tests necessary for determining the investment strategies, guaranteeing the constant balance between assets and liabilities;
 - evaluates and approves, in agreement with the Chief Executive Officer and General Manager, the Company's sustainable investment guidelines (or ESG);
 - defines the list of issuers to be excluded from the investable universe;

B. System of Governance

- examines further initiatives of the Compagnia on the subject of sustainability.
The Finance-Alm and Sustainability Committee is chaired by the CFO Deputy General Management Life Business and meets upon convocation by this or the Head of the Treasury and Investments function;
- *Suretyship Committee*: aims to implement the provisions of regulations, laws and corporate provisions regarding the management of relations with public entities/public administrations and/or private entities, with specific regard to the implementation of effective controls over the technical-underwriting business of the Credit and Guarantee Line of business. The *Suretyship* Committee is chaired by the Head of the Non-Life Division and meets at least every two months upon call.
- *Products Committee*: is the corporate body responsible for analyzing and updating the Company's product range, both for the life business and for the non-life business. In this regard, the Products Committee approves the design of new products / restyling and, in case of need arising from the monitoring activities of the products marketed, identifies suitable remedial actions. In updating the product range, the Committee ensures:
 - the research, the study, the proposal of new insurance products, (including the definition of the reference market to which to allocate the product as well as the identification of any reference market to which the product is not intended), both individually is collective, better suited to the needs of the customers of the distribution networks;
 - the analysis, performance and monitoring of the placement of products, to verify that they are sold to the target market identified during the design / structuring of the product.
 - The definition of new product or restyling proposals is the responsibility of the Committee, which assesses their feasibility and assumes the ultimate responsibility for approving, implementing and subsequently revising them.The Products Committee is chaired by the Deputy General Commercial Manager and meets at least quarterly, and in any case whenever the need arises.
- *"Data Protection" Committee*: as advisory body of the DPO (Data Protection Officer) with respect to issues relating to data protection. It meets whenever the DPO deems it necessary and in particular following extraordinary events (e.g. data breaches, any inspections/assessments by the Guarantor). In particular, the functions involved in the Committee provide advice to the DPO, analyzing the issues submitted from time to time within the sphere of its competence, without prejudice to the full independence and decision-making autonomy of the DPO on its functions.

Auditing bodies: Board of Statutory Auditors

The Board of Auditors is the Company's body responsible for controlling compliance with the law and articles of association on compliance with standards of correct administration and, in particular, the suitability of the organizational, administrative and accounting structure adopted by the Company.

The Board of Auditors was appointed on 29 April 2021 and numbers three standing members and two alternates appointed by the Shareholders' Meeting; they shall remain in office for three financial years, after which they may stand for re-election.

In order to be appointed, the auditors must meet the requirements of professionalism and honor as laid down by special legislation in force.

The Board of Auditors is entrusted with the tasks and powers envisaged by the Italian Civil Code and special laws, including those necessary to comply with the provisions of Art. 190, paragraph 3 of Italian Legislative Decree no. 209/05.

The Senior Management

In compliance with the guidelines provided by the Board of Directors, the responsibility for implementing, maintaining and monitoring the internal control and risk management system lies with the Senior Management.

In detail, the Senior Management:

- defines in detail the organizational structure of the company, the tasks and responsibilities of the base operating units, as well as the decision-making processes in line with the directives given by the board of director; in this context, it implements the appropriate separation of tasks both between individuals and between functions, so as to ensure an adequate dialectic and avoid, as far as possible, the occurrence of conflicts of interest;
- with reference to the internal assessment of risk and solvency, contributes to ensuring the definition of operating limits and ensuring timely verification of the limits themselves, as well as the monitoring of exposure to risks and compliance with tolerance limits;
- implements the policies relating to the corporate governance system, respecting the roles and tasks assigned to it;

- takes care of maintaining the functionality and overall adequacy of the organizational structure and the corporate governance system;
- verifies that the Board of Directors is periodically informed about the effectiveness and adequacy of the corporate governance system and, in any case, promptly, whenever significant critical issues are found;
- implements the instructions of the Board of Directors regarding the measures to be taken to correct the anomalies found and make improvements;
- proposes to the Board of Directors initiatives aimed at the adaptation and strengthening of the corporate governance system.

Supervisory Body, instituted pursuant to Italian Legislative Decree No. 231/2001

The Supervisory Body is responsible for supervising the functioning of and compliance with the 231/2001 Organizational Model and the Ethic Code adopted by the Company, as well as for ensuring that it remains up-to-date. It verifies that the Company's conduct is consistent with the 231/2001 Organizational Model and the Ethic Code, updated to 30 September 2021.

B.1.2 Roles and responsibilities of the key functions

Moreover, in accordance with the definitions given by legislation, the Company has established the following four essential "Key" Functions: Internal Audit, Risk Management, Compliance and Actuarial Function.

The Anti-Money Laundering, Anti-terrorism and Anti-Fraud function is also part of the fundamental functions of HDI Assicurazioni.

All the key functions depend directly on the Board of Directors and they are functions separate from the Company's operating processes, independent and autonomous from an organizational point of view.

Internal Audit: placed in staff on the Board of Directors, provides Group Companies with a suitable audit plan, deals with its implementation and checks the suitability and effectiveness of the internal Control Systems, the reliability and completeness of data and information and adherence to policies, plans, procedures, laws and regulations. It also draws up and proposes any necessary corrective and/or improvement measures and checks that such measures are correctly implemented. It ensures adequate reporting to the Board of Directors, Board of Auditors and Senior Management, at least once every six months.

Risk Management: The Risk Management Function, whose responsibility lies with the Chief Risk Officer, is responsible for risk management in terms of identification, assessment, monitoring and treatment as well as the development of the tools and methods for quantifying the same for Group companies. It guarantees the quantification of the capital requirement and the related Solvency level in line with the Solvency II solvency regime, both according to the Standard formula with USP / Market Wide parameters and according to the Internal Model of the Talanx Group.

It contributes to the definition of the Finance Guidelines and verifies compliance with them through ad hoc reports and through participation in the specific Committees and contributes to the definition of the investment strategy with a view to absorbing the capital of financial risks.

It contributes to the definition of the operational risk limits assigned to the operating structures and verifies their consistency with the risk appetite defined by the Board of Directors. Validate the information flows necessary to ensure the timely control of risk exposures and the immediate detection of anomalies found in operations.

It reports to the Board of Directors the risks identified as significant even in potential terms, and also reports on additional specific risk areas, on its own initiative or at the request of the same. It prepares the reports to the Board of Directors, to the Senior Management and to the managers of the operating structures regarding the evolution of the risks and the violation of the set operating limits.

It verifies the consistency of risk measurement models with the operations of the company and contributes to the performance of scenario analyzes or stress tests carried out also in the context of the internal assessment of risk or solvency or at the request of IVASS. It contributes to the definition of the incentive mechanisms for personnel.

B. System of Governance

In collaboration with the competent functions, it is responsible for coordinating the assessment of the Company's prospective capital adequacy by estimating the capital requirement based on the business strategy and the ORSA process, by preparing the related report to the Authorities Supervisory Body and towards the Talanx Group.

He is responsible for preparing the Solvency II Report and for the validation and preparation of the reports required under Pillar III with respect to the National Supervisory Authority, the Talanx Group and the Market.

It periodically reports to the Board of Directors and to the Board of Statutory Auditors the main issues pertaining to the activities carried out and in progress by preparing specific documentation for this purpose. He is the contact person for the Parent Company Talanx and HDI International AG for monitoring and managing the risks to which the Company is exposed in accordance with the Group Guidelines.

The Risk Management Function also includes the Data Quality Function, which guarantees the monitoring of the Data Quality process, ensuring the definition and implementation over time of the system defined by the Data Policy, through the development of the instruments and update of methods and operating procedures for data quality control.

Actuarial Function¹: as functionally part of the Risk Management function, it coordinates the calculation and guarantees the validation in terms of the results, models and underlying data bases of the Best Estimate Solvency II reserves, It performs the evaluation of the quality of the data used for the calculation of technical provisions.

It expresses an opinion on the appropriateness of the models used in the calculation of the USP and on the verification of the underlying hypotheses and is responsible for the validation of the database used for the calculation according to the specific procedures defined in the related Policy. It expresses an opinion on the global underwriting policy including an assessment of the consistency of product price determination, an opinion on the main risk factors affecting business profitability, an opinion on the possible financial impact of any planned change in terms and conditions contractual conditions and an assessment of the degree of variability of the estimate of the company's expected profitability and its consistency with its risk appetite. It expresses an opinion on the adequacy of the reinsurance agreements entered into with respect to the company's risk appetite, an assessment of the effect of reinsurance on the estimate of technical provisions, an opinion on the effectiveness of reinsurance agreements stipulated in the volatility mitigation action of own funds.

With a specific report, it expresses an assessment of the sufficiency of the technical provisions relating to the life business and the compulsory insurance of the Motor Liability of Motor Vehicles and Vessels based on the evaluation criteria applicable to the statutory financial statements.

Check the consistency of the provisions drawn up on the basis of the evaluation criteria applicable to the statutory financial statements with those obtained with the application of the Solvency II criteria, representing and motivating the differences and the consistency between the data bases and the data quality process adopted.

It contributes to the effective application of the risk management system. Report directly to the Board of Directors the results of the assessments made.

Compliance Function: ensures continuous identification of the rules relevant to the risk of non-compliance applicable to the Group companies, evaluating their impact on company processes, providing support and consultancy activities to corporate bodies and other corporate functions on the matters for which the risk of non-compliance assumes importance, and monitors the development and periodic review of the procedures and governance measures of insurance products, in order to identify the risks of non-fulfillment of the obligations established by current legislation. It evaluates the adequacy and effectiveness of organizational measures taken to prevent the risk of non-compliance; it evaluates the effectiveness of organizational adjustments implemented by the Process Owner and/or working groups.

The division prepares adequate information flows for the corporate bodies of the Company and other departments involved.

Anti-Money Laundering, Anti-Terrorism and Anti-Fraud Function: constantly guarantees the identification of anti-money laundering and anti financing of terrorism provisions applicable to the Group and evaluates their impact on internal

¹ The actuarial function reports directly to the Board of Directors and enjoys the necessary independence and separation in the performance of its duties. The actuarial function is exercised by an actuary registered in the professional register pursuant to law no. 194, or by subjects who have knowledge of actuarial and financial mathematics, appropriate to the nature, extent and complexity of the risks inherent in the business and proven professional experience in matters relevant to the performance of the assignment.

processes and procedures, proposing the organizational and procedural changes necessary. It prepares suitable internal and external information flows on the activities for which it is competent. It contributes to the creation of an adequate network workforce Training Plan aimed at disseminating anti-money laundering culture in collaboration with the other competent company functions. It verifies the reliability of the information system that feeds data into the Centralized Computer Archive and sends the aggregate data concerning entries in the Centralized Computer Archive to the Financial Information Unit on a monthly basis. It is responsible for managing and supervising the fulfilment of obligations, including training-related obligations, envisaged in anti-terrorism legislation. It prepares a six-monthly report and an annual report for the Board of Directors and the Board of Statutory Auditors, also containing the results of the self-assessment of the money laundering risk. It also reports to the Top Management (Senior Management Committee) the results of the checks carried out.

B.1.3 Communication flows and connections between the Control functions

As part of the internal control and risk management system, it is essential that the interaction between the Fundamental Functions is guaranteed, as well as a regular flow of information between these functions and the Corporate Bodies.

The continuous collaboration between the functions and the bodies in charge of the control in order to guarantee an effective and efficient system of interrelations and collaboration on risk management and internal controls, takes place through a continuous exchange of information that is explicit, between the other, in the Risk Report prepared for the Risk Committee.

Within this system, the Fundamental Functions collaborate with each other while respecting their autonomy, also using a common methodology in the context of identifying and assessing the risks associated with business processes. This allows them to adopt a joint approach to the mapping and analysis of processes, assessment of operational risks and controls, as well as continuous monitoring of any mitigation actions communicated to the operating structures following the analyzes carried out by the aforementioned Functions.

The continuous collaboration between the Fundamental Functions is expressed among other things, with the participation in the meetings of the Risk Committee, the Board of Statutory Auditors and the SB; through the information on the annual planning of the activities of the Functions themselves and the information flows that provide for the reciprocal exchange of the documentation produced by the individual functions.

The Fundamental functions annually present their activity plan to the Board of Directors and to the Board of Statutory Auditors, as well as informing it, periodically, on the activities carried out and on any criticalities found.

Listed below, although not exhaustively, are interactions between Fundamental Functions and corporate bodies:

- the Risk Management function prepares for the Boards specific standardised reporting on business risks, results of completed stress tests, its underlying assumptions, and control of overrun limits set by the Boards as well as the qualitative and quantitative reporting required by Pillar III;
- the Compliance function submits to corporate bodies a semi-annual Report and an Annual Report that illustrate the status of activities related to the supervision of non-compliance risks; the Compliance Division also provides the concerned corporate structures with appropriate information in the form of illustrative reports on results of the inspections carried out;
- the Actuarial Function also prepares for the Board an opinion on the overall underwriting policy, on the reinsurance policy for Non-Life and Life and on the reliability and adequacy of the calculation of technical provisions;
- The Data Quality Management function prepares specific reports on the outcome of the Risk Assessment activities regarding the quality of the data, highlighting any critical issues or activities to be implemented in order to guarantee compliance with the standards defined in the Company's Data Policy;
- the Anti-Money Laundering, Anti-Terrorism and Anti-Fraud function reports to the corporate bodies (Boards and Board of Statutory Auditors) and the Senior Management (Senior Management Committee), communicating the results of inspections/activities and the related reports;
- the Internal Audit function ensures adequate reporting with at least a semi-annual periodicity, reporting to the Boards, Board of Statutory Auditors and the Senior Management; also, in case of particularly serious situations or significant findings, the division is obliged to report urgently to the Boards and the Statutory Auditors.

B. System of Governance

B.1.4 Changes to the Governance System

As of December 31, 2022, there are no changes to the governance system.

During the meeting of 26 September 2022, the Board of Directors adopted its own "Regulations for the functioning of the Board of Directors" which set out the rules already envisaged by the Company's Articles of Association, internal regulations and Corporate Governance documents: these rules are described in more detail and in a single structured document, therefore more immediately understandable and usable by the individual Directors. In concrete terms, the functioning methods of the Board of Directors are illustrated, including for example the methods of taking minutes of the meetings, the procedures for managing information to the directors and the measures to ensure the maximum necessary confidentiality of the Board documentation.

B.1.5 Remunerations Policy

The primary objective of the remuneration policies is to guarantee remuneration that meets the criterion of fairness. "Fairness" means:

- External fairness, i.e. the remuneration of the individual compared with the remuneration that the insurance market offers, on average, for similar positions. In this case, the "insurance market" is the portion of the total market comprising business with a comparable volume of Italian direct insurance ("LDI") premiums to that of HDI Assicurazioni.
- Internal fairness, i.e. the remuneration of the individual compared with the remuneration that the company offers employees with similar or equivalent duties, in terms of competences, importance, responsibilities and complexity.
- Individual fairness, i.e. individual retribution compared to individual responsibilities.

The HDI Assicurazioni remuneration policy, defined annually by the Board of Directors, also ensures that the remuneration system is coherent with healthy, prudent risk management, avoiding incentives that may encourage the various company players to run risks that are not coherent with the long-term interests of the company. The alignment of the company's remuneration policies with the long-term objectives also strengthens the protection of shareholders, insured parties and, more generally, all stakeholders.

This objective is concretely pursued through a remuneration policy based on the following principles:

- A suitable balance of the fixed and variable components, with the latter connected with predetermined, measurable key performance indicators. More specifically, disbursement of the variable portion of remuneration is connected with the achievement of specific objectives, which are:
 - shared corporate objectives that reflect the overall Company performance and are linked to performance indicators that consider the risks connected with the target results and correlated expenses in terms of capital employed;
 - objectives based on non-financial criteria that help create value for the company, as in compliance with internal and external regulations and the efficiency of customer service;
 - structural objectives.
- The fixing of limits to the disbursement of the variable component: the amount that can be disbursed by way of variable remuneration at period end is predetermined and cannot exceed the portion assigned.
- Sustainability: at least 50% of the variable remuneration of risk takers is linked to objectives measured over a three-year period. Three-year period objectives are measured at the end of the first, second and third year in order to verify the effective achievement and consolidation of the results. Moreover, the goal assignment letters delivered to risk takers shall include both "malus" clauses and clauses whereby the sums credited can be returned when they are disbursed on the basis of non-permanent or ineffective results due to fraudulent conduct on the part of the employee assigned the objectives.

The Company has launched an analysis process aimed at investigating the possibility of disbursing part of the variable remuneration starting from 2023 in the form of instruments that reflect its ability to create long-term value.

The members of the Board of Directors and Supervisory Body shall not receive any severance indemnity upon cession of office. Thus, they shall be due nothing in the event of early or due termination of office upon expiry.

There is no provision for supplementary pension forms for members of the Administrative Body, whilst all employees are given the opportunity of adhering to an insurance-type Individual Pension Plan or a Corporate Pension Fund.

These forms of supplementary welfare are achieved by means of voluntary contributions made by both the beneficiary and the employer and envisage the disbursement of supplementary pension plans at the time the employee retires.

In particular, the pension fund proposes multiple investment options (segments), each characterised by its own risk/return combination. One of the Lines proposed by the Fund can be adhered to, or they can be integrated, splitting the contribution flow and/or any individual position already accrued, between several segments. During the investment relationship, it is possible to change choices made previously.

To the managers and staff at the highest level of the key functions are not paid any amount as variable remuneration.

B.1.6 Substantial operations with stakeholders

In 2022, no substantial operations with stakeholders are recorded.

B.2 Fit, Proper, correctness and Independence requirements and the procedure for verifying the requirements

In line with the provisions of regulation, the Company has prepared a framework policy on the suitability to office according to requirements of professionalism, correctness, honor and independence that the subjects effectively directing the company or who hold other essential offices, must meet. This policy aims to define suitable organizational and procedural measures by which to circumscribe and minimize the reputational risk.

In addition to the persons in charge of administration, management and control functions, the addressee of the company policy are individuals belonging to the so-called "relevant personnel" identified in the current Corporate Governance document.

According to the IVASS Regulation n. 40 – article 41, it is also considered recipient of this policy the Responsible of Distribution Activities. In addition to these subjects, the Head of the Open Pension Fund / Individual Pension Plan as well as the owners of an organizational unit carrying out settlement activities within the Claims Department should be considered the recipient of the company policy.

The professional requirements required of the members of the Board of Directors and of the Board of Statutory Auditors are those established by current legislation, currently identifiable in art. 7 of the Ministerial Decree 2 May 2022 no. 88 (MiSe Decree), for the members of the Administrative Body and in art. 8 of the same Decree for Mayors. In addition to the professional requirements referred to in Articles 7 and 8, company representatives must meet the criteria of competence aimed at proving their suitability to assume the role, as provided for by art. 9 of the MiSE Decree. The lack of these requirements determines ineligibility for office.

In addition to the requirements of professionalism and the criteria of competence, the adequate collective composition of the Bodies must be assessed in accordance with the provisions of articles 10 and 11 of the MiSe Decree. The evaluation is carried out by the competent body.

The professionalism requirements required of the Head of the Open Pension Fund/Individual Pension Plan are those prescribed from time to time by current legislation, currently identifiable in art. 2 c.1 letter a-f of the Ministerial Decree 11 June 2020 no. 108, until 31 October 2022 identifiable in art. 3 of the Ministerial Decree 220/11. The lack of these requirements determines ineligibility for office.

All relevant personnel, as defined, must possess the professional requirements prescribed in the "profiles" drawn up by the Human Resources Department. In particular, individuals belonging to this category must demonstrate that they possess professional qualifications, knowledge and experience appropriate to the position held, so as to allow sound and prudent management and ensure the performance of the tasks associated with the role held.

The holders of the fundamental Functions must also meet the criteria of competence aimed at proving their suitability to assume the role, as provided for by art. 19 paragraph 2 of the MiSe Decree..

These can be detailed as follows:

- professional qualifications in terms of knowledge and expertise in the financial sector and about the main players;
- knowledge of the insurance market in terms of products, business characteristics and distribution networks;
- knowledge of the roles, responsibilities and decision-making powers comprising the company Governance System;
- knowledge of the business models in terms of organization and commercial strategies;

B. System of Governance

- capacity to use the conclusions drawn by the actuarial and financial analyses;
- knowledge of primary and secondary legislation and of the related impact on company business;
- knowledge of the Company's Internal Control System;
- knowledge of the English language;
- experience in insurance and / or financial companies;
- experience in planning, organization and management of projects and human resources;
- knowledge of the issues relating to the risk management of an insurance company;
- knowledge of information technology issues for an insurance company.

All the personnel in question, in addition to the specific skills required by the role, must have the following core of skills:

- knowledge of the insurance market in terms of products, business characteristics and distribution networks;
- knowledge of the roles, responsibilities and decision-making powers comprising the company Governance System;
- knowledge of the business models in terms of organization and commercial strategies;
- capacity to use the conclusions drawn by the actuarial and financial analyses;
- knowledge of primary and secondary legislation and of the related impact on company business;
- knowledge of the Company's Internal Control System;
- knowledge of the issues relating to the risk management of an insurance company;
- knowledge of information technology issues for an insurance company.

The concept of proper instead regards the personal integrity that must characterize all addressees of the policy. These subjects must go about the activities assigned them conscientiously and with a suitable level of diligence. Integrity consists precisely in the reputation and trust enjoyed by a person in respect of being able to always consider the justified interests of the players involved in the business processes and their capacity to comply with internal and external regulations, as well as standards and practices of corporate conduct. It is therefore essential that the people with key roles have not given proof of being unsuitable due to the occurrence of one of the cases envisaged by art. 3 of the MiSE Decree. . Subjects assigned essential duties must also not carry out any activities that may result in conflicts of interest or apparent conflicts of interest.

In order to meet the integrity requirement, the Manager of the Open Pension Fund must not be in any of the situations envisaged by art. 6 cc.3 and 4 of the Ministerial Decree of 11 June 2020 n. 108.

The members of the Board of Directors, of the Board of Statutory Auditors, the owners and those who operate in the fundamental functions must meet the correctness criteria pursuant to art. 4 of the MiSE Decree. In particular, should one of these subjects find themselves in one of the situations envisaged by the aforementioned article, it will be the task of the competent Body (the body of which the exponent is a member and, for the Control Functions, the body which confers office) to evaluate their suitability to fill the assigned position. The evaluation, which must take into account the objectives of sound and prudent management as well as the safeguarding of the company and public trust, must be conducted according to the principles and evaluation criteria set forth in art. 5 of the MiSE Decree.

The requirement of independence guarantees the absence of offices/appointments in potential conflict of interest. Failure to satisfy this requirement means that the person cannot be elected to the office or shall forfeit it.

The persons in charge of administration, management and control functions must meet the requirements set out in art. 12 of the MiSE Decree, as regards the directors, the Chief Executive Officer and the General Manager and the requirements pursuant to art. 13 of the same MiSE Decree as regards the statutory auditors. Persons in charge of administration, management and control functions must also not be in situations of incompatibility provided for by art. 36 of Law n.214/2011.

The Articles of Association in force provide that at least two Directors are independent. It is also envisaged that they also lack executive powers and possess the independence requirements established for statutory auditors of listed companies by art. 148 paragraph 3 of the TUF Failure to meet these requirements will result in ineligibility/disqualification from office. Those non-executive directors who do not qualify for the situations envisaged by art. are considered independent. 12 of the MiSe Decree.The assessment of the possession of the requirements of fitness for the role by the addressees is different according to the category of those assessed:

- *subjects assigned to administrative, management and control functions:*
 - members of the Board of Directors and of the Board of Auditors declare their status in writing, with reference to the requirements necessary; said documents are issued at the time of appointment, with the obligation of reporting

any change in status in a timely manner. On the basis of this documentation, the Board of Directors assesses the existence of the requirements at least once a year, or each time it receives a notice of a change in status.

- *Subjects assigned relevant staff and owners of an organizational unit carrying out a settlement activity within the claims department:*

Assessment of the possession of the requirements of fitness for office by the subjects assigned relevant staff is carried out by the Board of Directors once a year, with the support of the Human Resources Management. In this case a detailed curriculum vitae should be requested for the person that is going to be appointed. The resume should focus on the following aspects of the positions held during the course of the person's professional career: name of the concrete position; beginning and end of the activity; name and registered office of the company and type and scope of the business model; place of the activity. The candidate will be assessed on the basis of a requirements profile, prepared by the Human Resources Department, which will include the minimum requirements as well as any specific requirements for the function to be covered. If the candidate does not fully comply with the requirements set out in the profile, immediate measures should be taken to fully comply with the requirements before the appointment is announced (e.g. implementation of specific training courses). If new subjects are assigned to essential duties, a specific assessment will be carried out at the time of appointment. If, at the time of the assessment, there are no significant changes in the characteristics of the person who holds one of the roles specified (for example new information concerning the person's specialist qualifications or new knowledge concerning the integrity and honesty of the person) or in the characterizing elements the role (for example: scope of responsibility or change of the professional qualifications necessary to adequately cover the position), the Board of Directors may decide to consider the last assessment carried out as valid. Similarly, the Board of Directors will carry out ad hoc evaluations if changes occur in the personal characteristics or in the role that, in the opinion of the Administrative Body, may require an in-depth analysis to verify the existence of the fit & proper requirements.

As a whole, the Administrative Body must be in possession of the suitable technical skills to correctly fulfil its duties. For this purpose, the Body must, therefore, collectively (i.e. not necessarily with reference to each individual member) possess the following competences:

- knowledge of the insurance market in terms of products, business characteristics and distribution networks;
- knowledge of the roles, responsibilities and decision-making powers comprising the company Governance System;
- knowledge of the business models in terms of organisation and commercial strategies;
- capacity to use the conclusions drawn by the actuarial and financial analyses;
- knowledge of primary and secondary legislation and of the related impact on company business;
- knowledge of the Company's Internal Control System.

On the basis of a report prepared by each member, the Administrative Body proceeds to carry out an annual self-assessment of suitability.

B.3 Risk Management System, including Own Risk and Solvency Assessment

B.3.1 Risk Management System

The Risk Management System represents the set of strategies, processes, methodologies and tools that make it possible to identify, analyze, assess, monitor, manage and report risks on an ongoing basis.

For this purpose, the Company has defined a Risk Management System in compliance with current Italian legislation.

The risk management process is governed by the HDI Assicurazioni "Risk Management Framework" policy approved by the Board of Directors and updated from time to time.

The roles and responsibilities of the players involved in the Risk Management System are instead formalized in a specific document "Risk Management System Model" approved by the Company's Board of Directors and updated from time to time.

The Risk Management function is responsible for managing risk in terms of identification, assessment, monitoring and treatment as well as the development of the tools and methods for quantifying it. The Function provides Senior Management and the Board of Directors with all the reports and information necessary for efficient control and risk management.

B. System of Governance

The risk management processes are the basic component of the Company's Risk Management System and can be described as a systematic application of the established policies, procedures and practices in risk management activities, such as identification, analysis, evaluation, monitoring, treatment as well as risk reporting. The objectives of HDI Assicurazioni's Risk Management System are defined in business and risk strategies and are subject to a continuous review process. The process underlying the HDI Assicurazioni Risk Management System is structured into the following phases:

- **Identification of risks**, that is the process of identifying, recognizing and describing risks. This process involves identifying the sources of risk, events and their causes, as well as the possible consequences. The risk identification process consists of collecting the information necessary to identify and classify the relevant risks and may involve the use of historical data, theoretical analysis, expert opinions, as well as considering the needs of the shareholders. The risk identification process is carried out on at least an annual basis and is coordinated by the Group Risk Management function. The results obtained and the methods used are brought to the attention of the Risk Committee, Senior Management and the Board of Directors of the Company.
- **Risk analysis**, which consists of the process aiming to understand their nature and determine risk level. This analysis constitutes a basis for risk assessment and decisions regarding how they should be treated. Risk analysis also includes an estimate of risk.
- **Risk evaluation**, which consists the comparison of the risk analysis results on the basis of risk criteria to establish whether the risk and/or its extent are acceptable or tolerable. Risk assessment supports decision-making processes upon the means for its handling. In particular it consists of the development of methodologies aimed at measuring the impact that risks may have in terms of capital absorption, and it therefore presupposes that the potential loss has been quantified according to a confidence interval defined on an ex-ante basis. Risk evaluation implies the definition of a reference model-theoretical framework; among the most used in the literature we recall the VaR, scenario-based, factor-based approaches, etc. HDI Assicurazioni has established a process of quantification of risks inherent in the corporate business which occurs at least annually. The method applied to date consists of the assessment of the capital requirement in terms of Solvency II, measured by means of the application of both the market-wide Standard Formula and the internal model of the Talanx Group, used for strategic purposes, as well as using Undertaking Specific Parameters to assess the Non-life underwriting risk. The assessment is conducted on the basis of a "Value at Risk" (VaR) with a confidence level of 0.5%. The studies carried out are aimed at monitoring the asset absorption of the risks borne by the Company. At every study done, assessments must be made with regard to:
 - capital requirements;
 - capital adequacy;
 - changes in capital requirements since the previous study;
 - "what if" analysis of specific risk factors or peculiarities of the business;
 - stress test analysis and reverse stress tests.

Stress tests are conducted periodically, at least annually, directly by the Risk Management Function, with the support of the competent operating units depending on the risk factor considered. The Risks Committee analyses the results of stress tests carried out, assessing whether there is any need to take corrective actions to lessen exposure to risks considered to be inconsistent with the policy adopted by the Company. The results of the stress tests performed are also submitted for the attention of the Board of Directors, highlighting details of the underlying hypotheses applied in the analyses and any mitigation actions proposed with respect to adverse trends of particular risk factors. Analyses can be carried out separately for each of the risk macro-areas (Finance, Life, Non-Life) or joint, for each area identifying the variables that, on each occasion, can be considered as most significant and able to influence the development of the related risks.

- **Risk monitoring**: this is based on a system of line controls that permit continual checks of the risk operating levels by operating functions. Moreover, to ensure pursuit of the company's objectives, regular controls are carried out depending on the significance of risk and the possible impact that they may have on the company's risk profile. Specifically, the periodic controls are carried out by the Risk Management Function with the support, as necessary, of the other company functions involved in the Risk Management System, such as for example, the Treasury and Investments, ALM and Non-Life actuarial functions. Compliance with the Company's risk profile is guaranteed through monitoring the risk budget. In addition, in order to verify compliance with the risk appetite, the Risk Management function assesses the effective Solvency Ratio on a quarterly basis; in addition, as per the specific request of the Supervisory Authority, it makes an estimate of this value on a monthly basis. Finally, in order to allow continuous monitoring of the Company's solvency and liquidity level, in addition to the Risk indicators, such as the Solvency Ratio

(SR) and the short-term Cash Flow Ratio, a set of alert indicators (EWI) that indicate potentially negative trends such as to prevent HDI Assicurazioni from reaching the defined solvency and liquidity targets. These indicators, monitored jointly with the financial and technical ones, help to seize emergency situations in advance and allow for the timely adoption of the most appropriate corrective actions. The control methods for risk indicators and the crisis activation process are defined in the Company's Emergency Plan approved by the Board of Directors.

- **Risks handling and escalation processes:** the Company has equipped itself with specific organizational and procedural systems to manage the specific types of risks, such as the risks of assumptions, reservation and financial. Within the processes of the Group Risk Management function, escalation processes are envisaged to be carried out in the event of failure to comply with the limits set by the Board of Directors. The purpose of the escalation processes is to ensure the timely and effective definition of the actions to be implemented.
- **Risk reports:** the aim is to provide the Board of Directors, Senior Management, Risks Committee and the other company functions involved, with systematic information, in a uniform, timely manner on the risks and their potential effects. It provides an overview of the development of risks and the success of any mitigating measures taken. The responsibility for risk reporting lies with the Risk Management Function. The risk reporting system currently used by HDI Assicurazioni requires the preparation of specific reports according to the needs of the various addressees.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The current and prospective assessment of own risks by the company, on the basis of the ORSA (Own Risk and Solvency Assessment principle), is connected with the key elements of the governance system as regards the risk defined by the company, such as risk strategy, risk management processes and the models and methods used for quantitative and qualitative assessment.

The Company has a specific ORSA (Own Risk and Solvency Assessment) system in place that may be summarized according to the following phases:

- Definitions of assumptions;
- Database collection;
- Current and forward looking solvency analyses;
- Current and forward looking capital adequacy assessment;
- Sharing of results;
- Reporting.

The prospective evaluation of the capital requirement provides for the stand-alone quantification of each risk envisaged in the standard formula. These risks are evaluated individually for the whole of the time frame, and thereafter aggregated by means of the correlation matrix, defined as part of the standard formula.

The individual risks to which the Company is exposed can be calculated coherently with the forecasting methods, such as "scaling" and analytical.

The ORSA process and the strategic planning process constitute an iterative and integrated process that provides for organic links in the definition of strategic guidelines, plan development and monitoring, guaranteeing sustainable development of the Business Strategy and Risk Strategy in the medium-long term. period and avoiding profit maximization choices associated with an excessive level of risk.

The results of the ORSA assessments are integrated into the strategic decision-making process, since they allow the assessment of risks and capital, on an ongoing basis, taking into account the Company's risk profile, its overall solvency needs, compared to its capital situation, and allows the valuation of the assets necessary to satisfy the prospective solvency from a business continuity perspective.

At the end of the process, the ORSA report is presented to the Risks Committee, Senior Management and the Board of Directors for the related approval and/or to incorporate any supplements. Thereafter, the ORSA report is sent, as required by legislation in force each time, to the Supervisory Authority.

Frequency

The internal risk and solvency assessment is carried out at least once a year, but naturally any significant changes to the risk profile, deriving from internal decisions or external factors, entail the implementation of an extraordinary ORSA.

Amongst others, the Company has defined the following situations that may give rise to an extraordinary ORSA:

B. System of Governance

- as the consequence of a merger/acquisition process;
- for significant external events, such as a significant change in the financial markets, insurance disasters, significant changes in the regulation and legislation;
- each time an event sparks an extraordinary planning of the business in the medium-term, merely by way of example:
 - set-up of new business lines/divisions aperture to new market segments;
 - significant changes in product and investment strategy;
 - changes to the risk tolerance limits approved or reinsurance agreements;
 - portfolio transfers;
 - significant changes in asset allocation;
 - substantial legal changes.

B.3.2.1 Integration of the Risk Management System into the organizational structure and decision-making processes of the business

The current and prospective assessment of the risks and solvency is connected with and affected by key elements of the governance system as regards risks, defined by the Company as:

- the risk strategy, under the scope of which tolerance to risk and risk limits are also determined;
- the identification of risks, carried out through a risk self-assessment by the Risk Management Function, under the scope of which, amongst others, the following is considered:
 - core business;
 - the strategic plan in force with special attention paid to the internal and external scenario;
 - the results of the qualitative assessments performed for non-quantifiable risks
 - the results of controls and assessments performed by other level two and three functions;
 - equity forecasts and principles of capital allocation.
- the backtesting of the other projection models used;
- the capital projections and the capital allocation principles.

The ORSA covers three main aspects as part of the HDI Assicurazioni governance system:

- assessment of global solvency needs;
- assessment of the Company's capacity to continuously meet the Solvency II equity requirements and requirements concerning the calculation of technical reserves;
- assessment of deviations with respect to the hypotheses underlying the calculation of solvency capital requirements.

B.4 Internal control system

HDI Assicurazioni's internal control system, defined by the Board of Directors, consists of a set of rules, procedures and organizational units aimed at ensuring that the Company functions properly and performs well, as well as and which aim to guarantee:

- the efficiency and efficacy of company processes;
- the identification, even the prospective assessment, the management and the adequate control of risks, in line with the strategic guidelines and the risk appetite of the company also in a medium-long term perspective;
- the reliability and integrity of accounting and management information;
- asset protection;
- the compliance of the company's activity with applicable legislation, directives and company procedures.

The system represents an aggregation of all monitoring measures integrated into the processes or independent of the processes (internal controls and organizational measures), which guarantee the correct function of the organizational system. It applies to all company levels and focuses on process risks and controls implemented to monitor them.

The system is an integral part of company management and serves to achieve the company objectives in an efficient manner, in compliance with regulations and risk prevention.

It is structured into three levels according to the purposes pursued by the control:

- *level one controls*, which represent the first “line of defense”; these are carried out by individual users when going about the operative processes they are assigned, and by the managers of the operative structures. The managers of the operative structures are responsible for identifying, assessing, processing and monitoring the risks intrinsic to the business processes;
- *level two controls*, which represent the second “line of defense”, comprising the functions that guarantee an adequate application of the system on a higher level and assist the operational functions; they include the Risk Management, in which the Data Quality Function is also placed, Compliance, Anti-Money Laundering, Anti-Terrorism and Anti-Fraud and Actuarial Functions. Furthermore, the controls carried out by the Data Protection Office are to be considered as second level.
- *level three controls*, which constitute the third “line of defense” and, as independent and objective, head the Internal Audit Function. Internal Audit observes the effectiveness and efficiency of the Internal Control System as a whole, using the related audit activities. Level three controls also include those performed by the Supervisory Body established in accordance with Italian Legislative Decree no. 231/2001.

B.4.1 Compliance Function

The Compliance Function is constituted in the form of a specific organizational unit, in compliance with the principle of separation between operational and fundamental functions, in order to guarantee its independence, autonomy and objectivity of judgment.

The Compliance Function reports directly to the Board of Directors, through a half-yearly report and an annual report, highlighting the activity carried out, the checks carried out, the assessments made, the results that emerged, the critical issues detected and the recommendations made for their removal.

The Group Compliance Function’s mission is to prevent the risk of the company incurring legal or administrative sanctions, financial losses or reputational damage due to breaches of laws, regulations or provisions of the Regulatory Authority or self-regulation rules.

Therefore, the HDI Compliance Policy is marked by an eminently preventive and proactive approach, aimed at preventing, through continuous, systematic monitoring and prudent assessments performed *ex ante*, the onset of discrepancies, thereby safeguarding the company’s stability, equity and reputation.

The Policy is implemented through the promotion of a disseminated pervasive system for the management of the compliance risk, based on the involvement and accountability of every subject working for the company and entrusted to the ultimate supervision of the Board of Directors, insofar as the organization offering strategic, organizational guidance.

All operators are called to ensure an efficient monitoring of the compliance risk at all levels of work, remaining constantly up-to-date as regards legislative requirements relating to the specific role, duty or task of competence and complying in its day-to-day operations with said requirements.

The compliance risk management system implemented in HDI in any case envisages a level one control, entrusted to the Unit Managers and Institutional Regulatory Owners. The corporate roles in charge of independently governing the evolution and application of a specific legal area are identified as “Owners” and must guarantee compliance in day-to-day operations.

Instead, the Group Compliance Function, as the specialized structure in charge of supervising and coordinating compliance as a whole, is responsible for providing level one controls, where required, supporting by offering consultancy and assessing the adequacy of the compliance management process overseen by the Unit Manager or Owner, reporting any presence of discrepancies with respect to regulatory provisions and accompanying said report with recommendations on the adoption of suitable organizational and procedural improvements able to guarantee a timely limitation of the risk of non-compliance noted.

In detail, the Compliance Function goes about its prudent control of Company’s compliance by means of the following different types of activities:

- Fundamental activities:
 - continuous, evolutionary identification of the scope of regulations relevant to the company;

B. System of Governance

- analysis of the sources of regulation included in said scope with reporting of requirements set out therein as regards needs and specific conduct expected, complete with evidence of the policies, procedures and company processes impacted;
 - assessment as regards the compliance of the current organizational structure and policies, procedures and processes in force by means of checks performed with a view to noting any misalignment or situations where binding regulatory requirements are not entirely implemented and to provide evidence of the level of risk connected with each *vulnus* noted;
 - simultaneous proposal of corrective interventions able to ensure an effective overseeing of the compliance risk noted;
 - monitoring over time of the areas that are most sensitive in terms of exposure to compliance risk;
 - follow-up checks with a view to checking the suitability, timeliness and effectiveness of any corrective action taken by the operative functions, in the implementation of recommendations made during compliance assessment;
 - annual preparation of a document formalizing the planning of activities to be carried out during the reference year and relative presentation to the corporate bodies, after communication to Senior Management;
 - preparation and transmission of suitable flows of information to the corporate bodies and other company structures involved;
 - annual drafting of the report pursuant to Article 46 of IVASS Regulation no. 40/2018, to be submitted for the approval of the administrative body and forwarded to IVASS, illustrating the monitoring actions carried out for the purpose of verifying the correct implementation of the policies and procedures adopted and the related findings; any critical issues detected and the measures adopted or deemed necessary; the solutions proposed for changes to the policies and procedures; the elements relating to the verifications and analyses carried out in relation to the requirements set out in Article 30-decies of the Code and related implementing provisions, functional to the correct control of distribution.
- Complementary activities:
 - consultancy support and assistance to corporate bodies, Senior Management and operative functions regarding organizational and managerial choices made in connection with alignment with regulatory requirements;
 - collaboration with Senior Management in designing training to be delivered on compliance risk, the culture of control and regulatory refreshers.

B.5 Internal Audit Function

The HDI Assicurazioni Internal Audit Function constantly monitors the system of internal controls, in order to assess their effectiveness and efficiency and the need for any updates. This activity includes supporting and advising other company functions.

The HDI Assicurazioni S.p.A. Organizational Chart assigns the Function the following objectives:

" It defines a suitable audit program, and ensures its implementation, to verify the adequacy and efficacy of the internal control system, the reliability and integrity of data and information, and compliance of practices with policies, plans, procedures, laws and regulations. It also draws up and proposes any necessary corrective and/or improvement measures, and checks that such measures are correctly implemented. It ensures adequate reporting to the Board of Directors, Board of Auditors and Senior Management, at least once every six months

Internal Audit checks:

- management processes;
- organisational procedures;
- the regularity and efficiency of information flows between company sectors;
- the appropriateness of information systems and their reliability, in order to ensure that the quality of information on which the company's senior management bases its decisions is not invalidated;
- the compliance of administrative and accounting processes with principles of honesty and proper accounting;
- the efficiency of controls relating to outsourced activities.

The dedicated structure is adequate in terms of human and technological resources, the nature, scope and complexity of business activities and development objectives it intends to pursue.

The structure staff have specialized competences, including through an organic professional refresher and training plan.

In line with the dedicated structure, there is a rotation of audit assignment duties so as to allow for a more complete knowledge of the processes audited and how they can be checked, thereby also guaranteeing a greater interchange of the activities to be carried out, always in respect of the Function's independence.

B.5.1 Independence and objectivity of the Internal Audit Function

The work of the Internal Audit is independent; the function is functionally subordinate to the Board of Directors. Consequently, the Board of Directors has the task of:

- appointing and revoking the Internal Audit Manager;
- approving the Audit Mandate;
- approving the Audit Plan;
- approving the Internal Audit resources plan and budget;
- receiving the results of the Audits performed and related communications and any other problems as may have emerged during the year;
- approving the remuneration of the Internal Audit Manager;
- carrying out any suitable investigations with the Management and Internal Audit Manager.

Moreover, in order to reinforce the independence of the Internal Audit structure, its remuneration policy must not expose Internal Audit to any conflict of interests and must be compliant with the recommendations made by the Supervisory Authority and national and international institutions.

B.6 Actuarial Function

As a level two control function, the Actuarial Function has its own organizational structure and goes about its activities entirely independently of the level one operative structure as it is free from operative tasks, including as regards the calculation of technical reserves. Just like the other level two functions, the Actuarial Function guarantees a constant flow of information to the Board of Directors.

Below is a summary of the tasks assigned to the Actuarial Function by the Board of Directors, as also described in the specific policy it approved on December 2022, in compliance with regulatory and business requirements:

- the technical report to the financial statements on the Life provisions, the technical report to the financial statements on the Motor TPL classes and Marine TPL and the prospective yield report;
- the obligation to report significant events to the Board of Directors and to the control body which, where the requirements are met, communicates them to IVASS (ISVAP Regulations No. 22/2008 and 7/2007, as amended and supplemented by IVASS provision No. 53 of 6/12/2016);
- the obligation to report significant events to the Board of Directors and to the control body which, where the requirements are met, communicates them to IVASS (ISVAP Regulations No. 22/2008 and 7/2007, as amended and supplemented by IVASS provision No. 53 of 6/12/2016);
- supervision of the calculation of the Solvency II Technical Provisions in the cases in which the company, not having sufficient data of adequate quality to apply a reliable actuarial method, utilizes for the calculation of the best estimate adequate approximations (Article 36-sexies par 1 d) and 1 f) of the CAP);
- the issue of an opinion on the global underwriting policy of the company (Article 30-sexies par 1 g) of the CAP) which provides an independent assessment, analyzing the risk factors which may influence the results of the company in view of the strategic objectives, based on continuity, financial solidity and sustainable and profitable growth, with a focus consequently on the creation and improvement of value over time;
- the issue of an opinion on the adequacy of the reinsurance agreements of the company (Article 30-sexies par 1 h) of the CAP), in order to verify the adequacy in terms of the risk profile and the risk containment and portfolio balancing strategy;

B. System of Governance

- the opinion on the correctness of the calculation of the USP parameters (consistency with the data used in the calculation of Technical Provisions, verification of the incremental database, appropriateness of the models used in the calculation and verification of the assumptions underlying the calibration);
- the opinion in the application of the standardized method 2 for the calibration of the reserve risk for the calculation of the USP, if differences of opinion were generated between the Non-Life Actuary and the Risk Management Function in order to identify the actions to be implemented and eliminate the elements of divergence.

The Actuarial Function in addition:

- contributes to effectively applying the risk management system, in particular with regards to the modeling of risks considered in the calculation of the solvency capital requirements and the internal risk assessment and for solvency purposes (ORSA) (Article 30-sexies par 1 i) of the CAP);
- monitors all risk areas which may impact the correct and efficient management of risks to the extent of its mandate, even where not part of ordinary planning;
- carries out follow-up checks on the Technical Provisions calculation process, on the underwriting policy and on the adequacy of the reinsurance agreements
- When the "expert judgement" is used, of each Expert Judgement must be given adequate information to the Actuarial Function that examines and validates it. The Expert Judgement is also monitored and updated in case there is new information or changes over time.

The activities carried out by the Actuarial Function and the relative controls and results are documented in the Actuarial Function report sent to the Board of Directors and to the Board of Statutory Auditors; this is in addition sent in copy to the Risks Committee and the Guidance and Control Committee.

Please note that, by way of further assurance of the Function's independence, the reports for which the Actuarial Function is responsible are sent the Board of Directors directly.

The absence of conflicts of interest in the calculation and verification is assured by:

- the complete independence and autonomy of the level two controls of the technical reserves, underwriting and reinsurance policy;
- the clear organizational segregation with respect to business activities;
- the existence of a control structure to ensure the completeness and accuracy of information, the transparency of the hypotheses, the accuracy of the results and the technical suitability of the models;
- the adoption of processes enabling an open comparison and revision of results.

B.7 Outsourcing

The Board of Directors has defined a specific policy setting out the reference framework for the outsourcing of functions and activities, identifying roles and responsibilities from an organizational and procedural viewpoint, in accordance with current legislation and in line with the specific guideline issued by the parent company HDI International AG.

In the document they have been defined:

- criteria for identifying the activities to be outsourced;
- criteria for the classification of activities as "essential or important";
- decision process to outsource;
- criteria for selecting suppliers;
- minimum content of the outsourcing contracts;
- management and monitoring procedure for outsourcing;
- emergency and reintegration plans;
- mandatory communications to IVASS.

In accordance with the Sector Supervisory Regulation essential and important activities are deemed to be those activities whose non-execution or irregular execution:

- would jeopardize compliance by the company organization with the Supervisory Regulation and the quality of the Company's Governance system;
- would jeopardize the Company's capacity to continue to comply with the conditions required to carry out insurance activities;
- would jeopardize the financial results;
- would be detrimental to the company's stability;
- would jeopardize the quality and continuity of services for policy holders and for injured parties;
- would give rise to an increase in operating risks.

The classification of a task/activity as "essential and important" is the result of a discussion between the Risk Owner, the Legal Business Function and Risk Management, which, to this end, must also take due consideration of the concept of "tangibility".

The Risk Owner documents its assessment of the overall situation of the risk connected with the outsourcing, identifying the potential associated risks.

Based on this assessment, the Risk Management Function assesses the effect generated by the outsourcing on the Company's risk profile and provides the Risks Committee with a specific disclosure on this.

If duties/activities are outsourced that are considered as essential/important or associated with tangible risks, the Risk Management Function sends an assessment of the effects of the outsourcing on the Company's risk profile to the Senior Management Committee.

The final decision regarding outsourcing, on the basis of the above-specified risk analyses, lies with:

- the Top Management if outsourcing essential, important activities;
- the Board of Directors, by specific resolution, if outsourcing Compliance, Risk Management and Internal Audit Functions.

Below is information relative to suppliers of services to which essential or important duties or operative activities of HDI Assicurazioni have been outsourced:

Supplier name	Essential outsourcing or important outsourcing	Supplier's registered office
OneWelf S.r.l. (già NEXI S.P.A.)	Administrative Service for the management of pension funds and use of Fondip - website for adhesions to the Pension Fund	Via Emilia 272 – San Lazzaro di Savena (Bo)
Reactive S.r.l.	Facility management services contract	Via dei Missaglia 97 -20142 Milano
Banca Sella S.p.A.	Archiving services for paper insurance documentation	Piazza Gaudenzio Sella 1 - 13900 Biella (BI)
Bucap SpA	Deposit, storage, optical acquisition and hard copy materials management or warehouse management service	Via Innocenzo XI, 8 – 00165 Roma
Westpole S.p.A.	Dematerialisation service and storage of document flows between agencies and the management	Via Savona 33 - Milano (MI)
Reactive S.r.l.	Application Operational Management Agreement	Via dei Missaglia 97 -20142 Milano

B.8 Other information

The Company's Board of Directors has examined the adequacy of the organizational, administrative and accounting structure and in particular of the Internal Control and Risk Management System of HDI Assicurazioni based on the periodic reports of the Internal Control and Risks Committee and of the control functions.

B. System of Governance

On the basis of the results of the activities indicated above, there are no particular deficiencies in the internal control system and risk management system during FY 2022.

In the self-assessment process identified by virtue of the IVASS Letter to the market of 5/7/2018, the Company adopted a strengthened corporate governance in that it jointly exercises the life and non-life business: it has therefore adopted - in 2019 - the organizational solutions referred to in the aforementioned letter IVASS market.

In particular:

- the Chairman of the Board of Directors has a non-executive role and does not perform managerial functions;
- two intra-board committees have been set up: the Internal Control and Risk Committee and the Remuneration Committee.



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C. Risk Profile

C. Risk Profile

This section provides qualitative and quantitative information relating to the risk profile of the Company, separately for all the following risk categories:

- Underwriting Risk;
- Market Risk;
- Credit Risk;
- Liquidity Risk;
- Operational Risk;
- Other Substantial Risks.

For the assessment of quantifiable risks, the Standard Formula metrics supported by specific analyzes are used to justify their adequacy in fully representing the Company's risk profile.

Specifically, the Company for the quantification of risk has:

- applied the volatility adjustment to the relevant risk-free interest rate term structure in order to calculate the best estimate of the technical provisions, in accordance with Article 77(d) of Directive 2009/138 / EC;
- used, in accordance with art. 45-sexies of the CAP, the Undertaking Specific Parameters (USP) to replace a subset of the parameters used in the standard formula calculation by parameters specific to that undertaking related to premium risk and to reserve risk for the following segments:
 - Motor vehicle liability insurance (local Lob 10 or MVL segment);
 - Other motor insurance (local Lobs 3 and 4 or OMI segment);
 - Fire and other damage to property insurance (local LoBs 8 and 9 or FODP segment);
 - General Liability Insurance (local LoB 13 or GLI segment).

For operational risks, in addition to the quantification by Standard Formula, the Company has also carried out an assessment of the exposure achieved through an annual self-diagnosis process.

In addition to the quantifiable risks mentioned above, a series of substantial additional risks have also been identified, not measurable through the Standard Formula, the consequences of which can undermine the solvency of the Company and constitute a serious obstacle to the achievement of strategic objectives. For these risks the Company has carried out qualitative analyzes. Therefore, rather than quantifying the possible loss, the assessment on these risks is essentially aimed at verifying the effectiveness of the existing controls and the proper functioning of the management and monitoring processes.

More specifically, the SCR for risk module is shown below, after deduction of Loss-absorbing capacity of technical provisions, and a comparison with the previous year.

The Company does not transfer risks to SPVs.

C.1 Underwriting risk

The Underwriting Policy defines the rules and standards with which the Company must comply under the scope of the underwriting of risks in the various insurance branches; it also includes the assumption limits established by the Board of Directors.

Under the scope of the risk control process, once a month, the Risk Management Function controls compliance with said limits and supports the Board of Directors in its definition/revision of such. The results of these checks are reported to the Risk Committee, to the Senior Management, to the Board of Directors and to the Auditing Body.

Life insurance technical risks

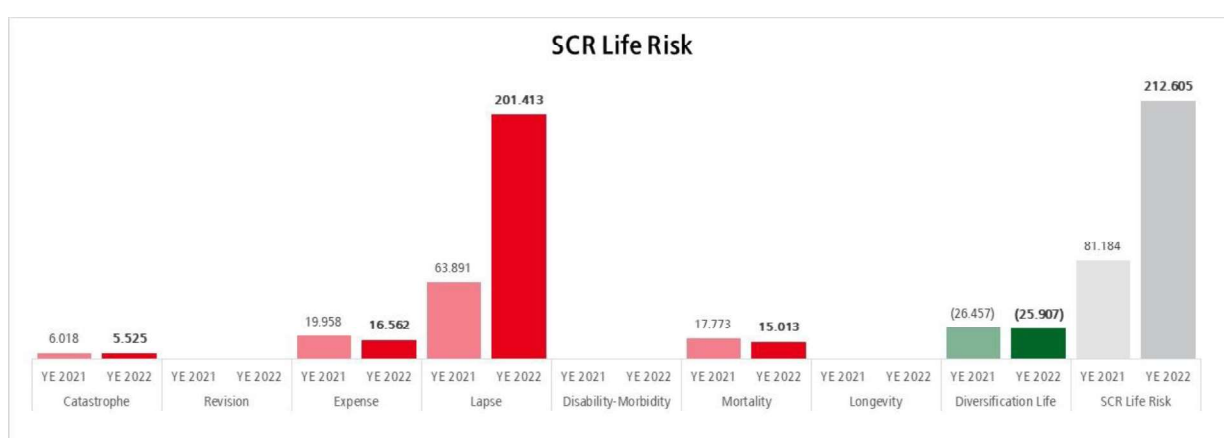
The underwriting risk for life insurance, reflects the risk deriving from the life insurance obligation, considering the insured risks covered and the procedures used in going about the business.

The Life technical risks in Solvency II terms, to which the Company is exposed, are:

- Mortality risk: the risk of loss or an unfavourable variation in the value of the insurance liabilities deriving from variations in the level, trend or volatility of mortality rights, where an increase in the mortality rate gives rise to an increase in the value of the insurance liabilities.
- Life insurance expense risk: the risk of loss or unfavourable changes in the value of the insurance liabilities, deriving from changes in level, trends or volatility of expenses incurred in connection with insurance or reinsurance contracts.
- Lapse risk: the risk of loss or unfavourable variation in the value of the insurance liabilities deriving from variations in the level or volatility of the rates of early termination, withdrawals, renewals and surrenders of policies.
- Catastrophe risk for life insurance: the risk of loss or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of the assumptions in the determination of premiums and establishment of reserves related to extreme or sporadic events.

Assessments are performed net of cessions under reinsurance.

The results obtained as at 31 December 2022 and comparison with the results as at 31 December 2021 are shown in the graph below:



Exposure to life underwriting risks as at 31 December 2022 increased compared to the previous year mainly due to the effect of the increase in surrenders and generated by the current economic context. The Risk Management function continuously monitors the concluded liquidation trend for lapse, claim and the expiry of the Company, comparing these results with those forecast in the budget and the expected liquidation.

Non-life insurance technical risks

The underwriting risk for non-life insurance, reflects the risk deriving from the non-life and health insurance obligation, considering the dangers covered and the procedures used in going about the business.

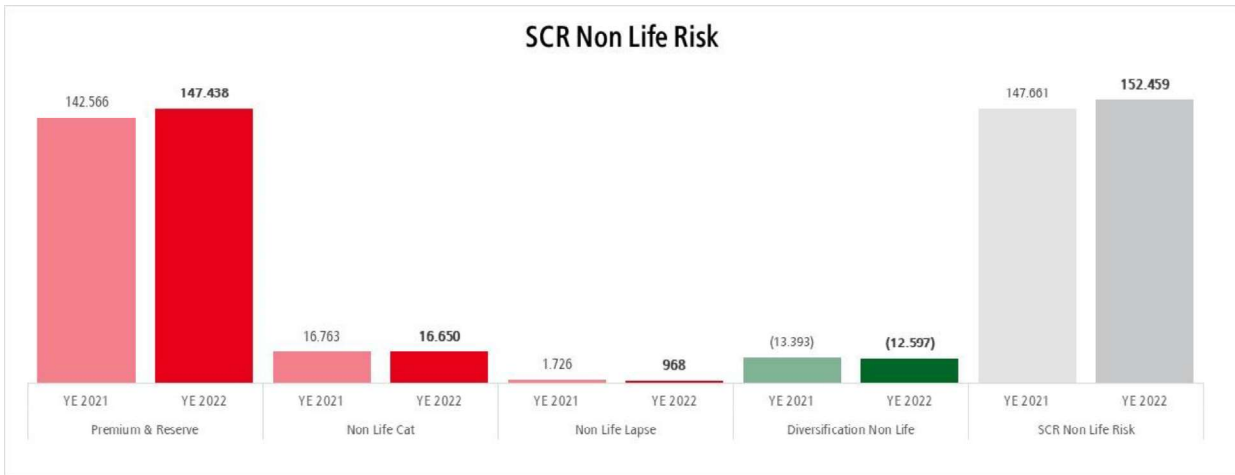
The non-life and health technical risks in Solvency II terms, to which the Company is exposed, are:

- Premium and reserve risk: the risk of loss or unfavourable change in the value of the insurance liabilities, deriving from oscillations relating to the time of occurrence, the frequency and severity of the insured events and the time at which they take place and the amount of claim liquidations;
- Lapse risk: the risk of loss or unfavourable change in the value of the insurance liabilities, deriving from the use of options that may be exercised by the insured party, which have a significant impact on the contracted commitments;
- Catastrophe risk: the risk of loss or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of the assumptions in the determination of premiums and establishment of reserves related to extreme or exceptional events, as well as major epidemics or an unusual accumulation of risks seen in these extreme circumstances.

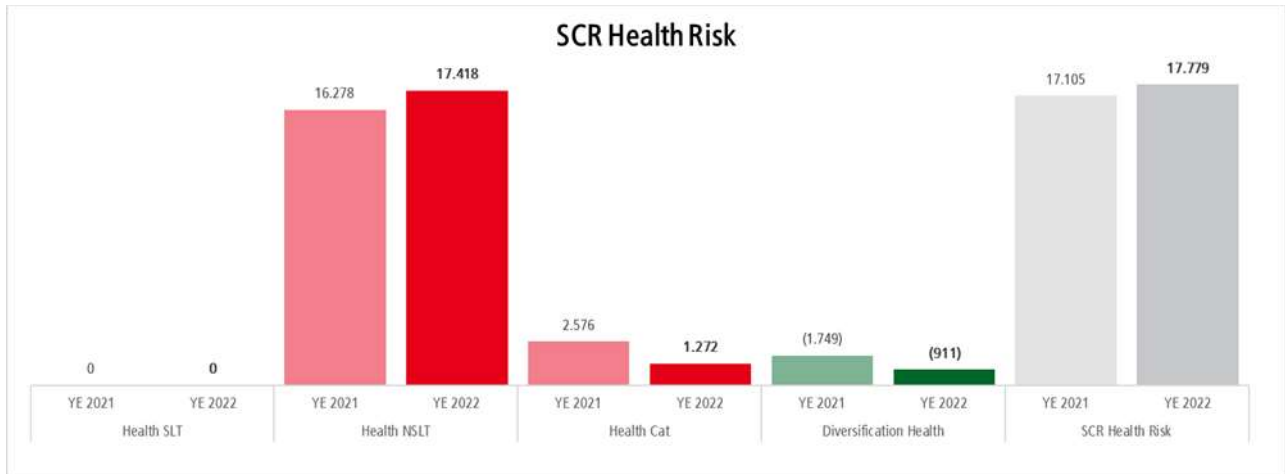
Assessments are performed net of cessions under reinsurance.

Below are the results as at 31 December 2022 and comparison with the results as at 31 December 2021 for the non-life underwriting risks:

C. Risk Profile

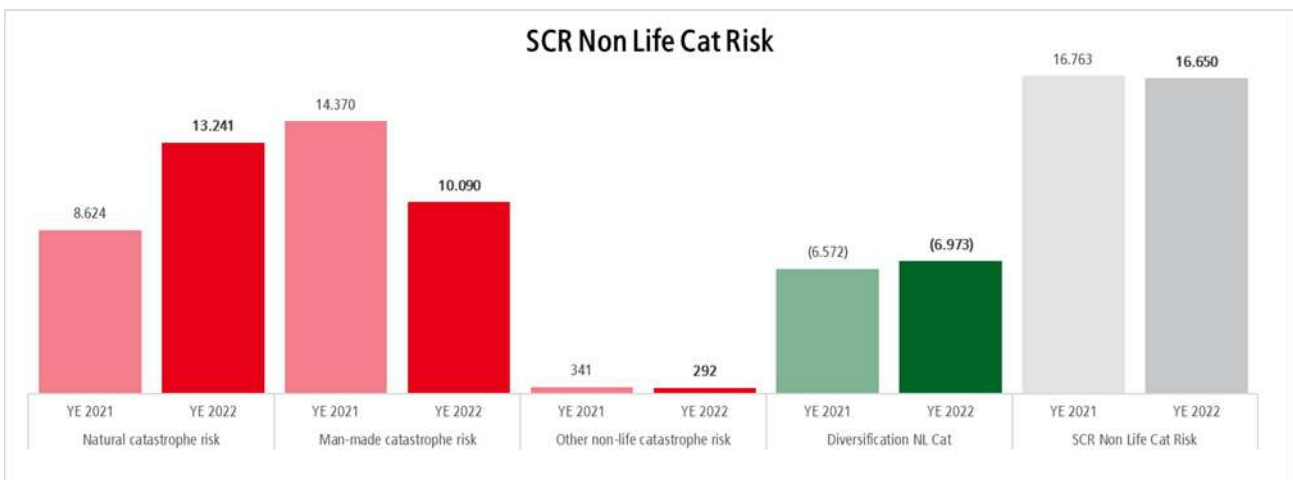


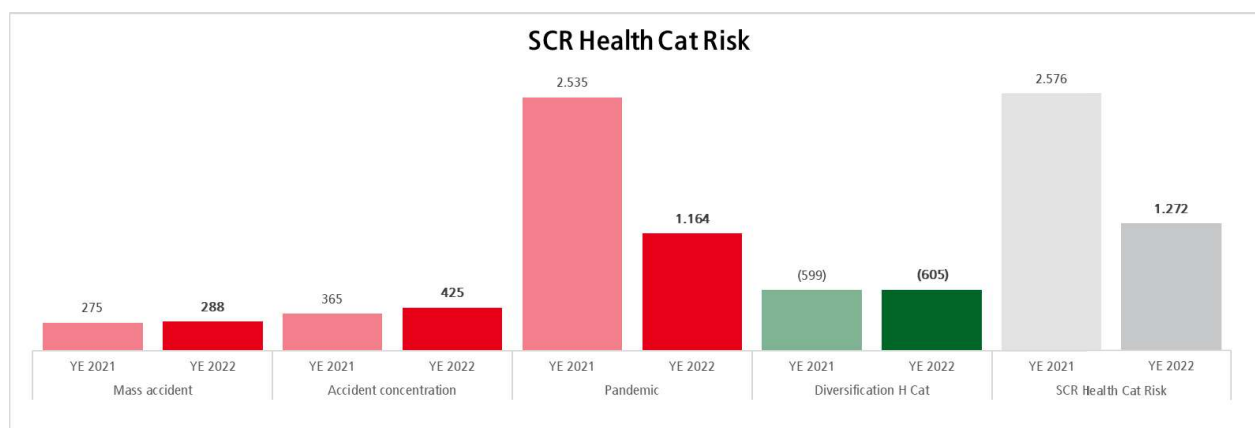
The results for health underwriting risks are instead given in the graph below:



Exposure to the non-life and health underwriting risk as at 31 December 2022 is not particularly critical in terms of the basic capital requirements, in addition, there are no particular changes compared to the 2021 financial year.

The results for catastrophe risks are instead given in the graphs below:





Exposure to the catastrophe non-life and health risk as at 31 December 2022 is not particularly critical in terms of the basic capital requirements and has not changed significantly compared to the figures as at 31 December 2021.

The main non-life underwriting risk to which the Company is exposed is the premium and reserve risk.

Risk concentration

There are no particular concentrations in terms of life and non-life underwriting risk.

Risk mitigation techniques

As regards the techniques used to attenuate the life insurance underwriting risk, Senior Management is authorized to stipulate traditional reinsurance treaties, both compulsory and/or optional, with the aim of increasing the Company's underwriting capacity, whilst in any case keeping the amount of exposure towards individual risks insured within predefined limits and, thereby, achieve a suitable standardization of the portfolio of risks to which the Company is exposed.

At present, there are no non-traditional reinsurance treaties and/or financial reinsurance treaties in place; should they be stipulated in the future, this will require prior approval by the Board of Directors.

For Life segments, a review of the risk portfolio, considering the characteristics of our product offerings shows that the reinsurance forms best suited to the portfolio characteristics are:

- EXCESS (risk premium)
- QUOTA (commercial premium)
- QUOTA SHARING (risk premium).

Other types of reinsurance cover are also anticipated, including both optional and catastrophe risks.

With the exception of the Deposits, Legal Protection, Assistance segments and some specific forms of insurance connected with the Injury and Health segments, the cover that best suits the Company's need

for balance tends to be non-proportional. Despite this, when non-life cover is connected to life cover or mortgages or other loans, proportional cover is also sought.

Stress test and sensitivity analysis

The Company has carried out sensitivity analysis on significant risks, deriving from the process of identifying risks on the consolidated data. Specifically, these sensitivities have been performed for:

- an increase in the S/P index of approximately 15% on 6 Lines of Business (non-life technical risk). This analysis led to a decrease in the Company's Solvency Ratio of approximately 18 percentage points.
- With regard to the non-life and health underwriting risk, the scenario was also tested without applying specific parameters (USP) to the MVL, OMI, FODP and GLI segments. In this context, with the use of the Market Wide parameters on the segments for which the Company adopts the USP parameters, there is a worsening of the Solvency Ratio of around 31 percentage points.

C. Risk Profile

C.2 Market risk

The market risks in Solvency II terms, to which the Company is exposed, are:

- Interest risk: the risk deriving from the sensitivity of the value of the assets, liabilities and financial instruments to changes in the interest rate maturity structure.
- Spread risk: the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to variations in the level of volatility of credit spreads in relation to the structure based on maturities of risk-free interest rates.
- Concentration risk: additional risks for the insurance or reinsurance undertaking deriving from failure to diversify the portfolio of assets or major exposure to the risk of default of a single security issuer or a group of related issuers.
- Currency risk: the risk deriving from the sensitivity of the value of the assets, liabilities and financial instruments to changes in the volatility level of currency exchange rates.
- Property risk: the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to variations in the level or volatility of property market prices.
- Equity risk: the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to variations in the level or volatility of capital instruments market prices.

The results obtained using the Standard Formula as at 31 December 2022, compared with the same data for 2021 are shown in the graph below:



The main risk is the spread whose SCR is equal to 56% of the total undiversified Market Risks.

Compared to last year, a drop in the Market Risk SCR was observed due to the decrease in spread risk (less risky asset allocation) and an increase in interest rate risk due to a better mismatch between assets and liabilities. As part of the risk control process, the Risk Management function, on a monthly basis, monitors and controls all the market risks to which it is exposed, both from a Solvency II perspective and for operational purposes, and verifies compliance with the limits established.

Risk concentration

There are no particular concentrations in terms of the market risk.

Risk mitigation techniques

According to the nature, scope and complexity of the risks relating to the business carried out, the Company defines investment policies consistent with the prudent person principle (envisaged by Article 132 of Directive 2009/138/EC) and that are coherent with the risk portfolio of liabilities held, in order to ensure the continued availability of sufficient suitable assets to cover the liabilities, as well as the security, profitability and liquidity of investments, making sure that they are suitably diversified and dispersed. In the event of any conflict of interests in the investment business, the company undertakes to ensure that the investment is made in the best interests of the insured persons and beneficiaries.

The HDI Assicurazioni Board of Directors defines the rules and standards to which the whole of the Company must adhere as regards the operative management of financial risks, including following the results of the strategic asset allocation, including the limits and thresholds relative to the CVaR, ALM Var and Liquidity.

To this end, CVaR trend analyzes are performed daily to carry out the necessary checks. Likewise for the ALM Var the analyzes are carried out monthly.

Such analyzes are immediately reported to the Finance Committee and monthly to the Risk Committee. The Board of Directors is also informed at each board meeting.

In this context, furthermore, calculation models like the Strategic Asset Allocation and Asset Liability Management allow assets and liabilities to be managed in an integrated fashion, with the aim of consequently mitigating the risk.

The Company can also use additional risk mitigation strategies, for example through the use of derivatives in compliance with defined procedures and guidelines.

Stress test and sensitivity analyses

For the market risk, the Company carried out a sensitivity analysis on the significant risks deriving from the risk identification process. Specifically, the analyzes concerned the main risks of Standard Formula Market module.

In this context, the following stresses were tested:

- Interest Down: diminuzione di 50 basis points (-50bp) sulla curva dei tassi risk free che ha comportato un aumento del Solvency Ratio della Compagnia di circa 6 punti percentuali.
- Interest Up: aumento di 50 basis points (+50bp) sulla curva dei tassi risk free che ha comportato un decremento del Solvency Ratio di quasi 23 punti percentuali.
- Spread Risk: aumento di 50 basis points (+50 bp) dello Spread per i titoli corporate con un Solvency Ratio che ha comportato un decremento di circa 8 punti percentuali.

Prudent person principle

HDI Assicurazioni has defined detailed investment guidelines that represent guidelines for the management of assets and liabilities, as well as for risk profile control tools and are designed to define the best combination between the objective of reducing the risks and that of obtaining reasonable returns from investments.

HDI Assicurazioni's investment policy is inspired primarily by the principles of security and conservation of assets and, secondly, by profitability principles. This policy is based on compliance with the prudent person principle and is consistent with the risk portfolio of the liabilities held, in order to ensure the continuous availability of suitable and sufficient assets to cover the liabilities, as well as the security, profitability and liquidity of the investments, providing for their adequate diversification and dispersion. Asset management has the primary objective of solvency and business continuity, therefore, investment choices are made with a view to guaranteeing the future of the Company by supporting financial activity for company results. As a complementary activity with respect to the insurance business, the asset management activity is carried out in harmony with the technical and commercial needs as well as with the commitments undertaken by the Companies.

In the event of a conflict of interest in the investment activity, the Company undertakes to ensure that the investment is made in the best interest of the policyholders and the beneficiaries. The guidelines define the framework for an investment strategy with the aim of obtaining a combination of investments that reduces risks by obtaining a reasonable profit, while taking into account the conditions of the insurance sector, the market and the organizational framework.

C.3 Credit risk

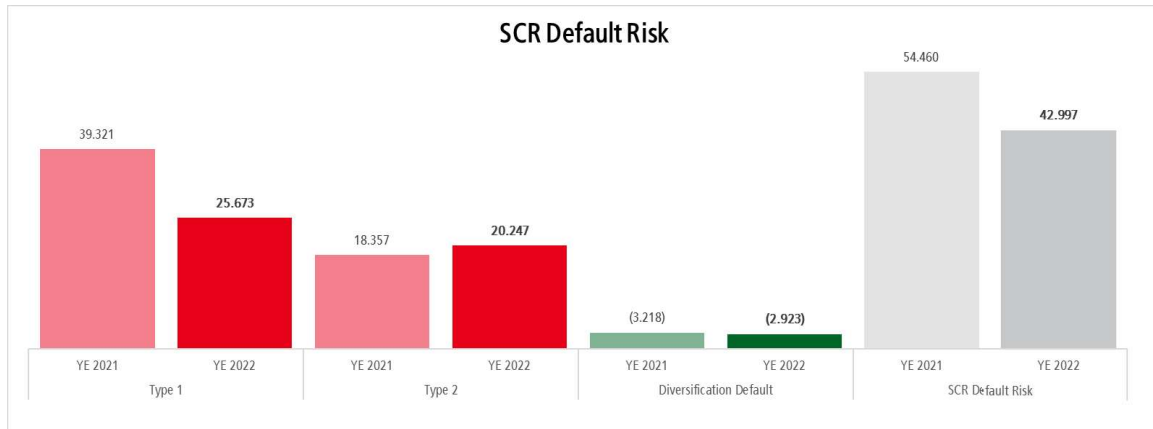
The credit risk is connected with counterparty breach of contract, such as, for example, by reinsurers, banks or intermediaries.

The counterparty default risk module reflects possible losses due to unforeseen breach or a worsening to the credit rating of the counterparties and debtors of insurance and reinsurance undertakings during the next twelve months. The counterparty default risk module covers contracts stipulated to attenuate the risk, such as reinsurance agreements, securitization transactions and derivatives, as well as credits due from intermediaries and any other exposure not hedged in the spread risk sub-module.

C. Risk Profile

The module takes due account of collateral or other guarantees held by the insurance or reinsurance undertaking, or on its behalf, and the associated risks.

Below is the value of the Solvency Capital Requirement relative to the Credit Risk as at the competence of 31 December 2021.



The decrease in the SCR compared to the previous year is mainly due to a decrease in liquidity held in portfolio.

Risk concentration

There are no particular concentrations in terms of the market risk.

Risk mitigation techniques

An initial measure taken to mitigate this risk is the partner selection process, mainly based on assessing credit rating and diversification.

More specifically, in order to select reinsurance partners, specific limits and conditions are resolved and set out in the Outward Reinsurance Guidelines approved by the Board of Directors, in line with the provisions of 2005 ISVAP Circular no. 574/D.

The verification of the consistency of the risk mitigation achieved through the reinsurance strategies defined and criteria used to select reinsurers is an integral part of the Company's "risk management system", for which the ultimate party responsible is the Board of Directors in terms of completeness, function and effectiveness.

The Risk Management team annually monitors the limits approved.

The Actuarial Function expresses an opinion at least once a year, in the form of a written report, by virtue of the obligations envisaged, formulating an opinion on the adequacy of the reinsurance agreements.

Stress test and sensitivity analyses

A simulation was carried out considering a downgrading of all reinsurers. This led to a change in the Company's solvency ratio of approximately 2 percentage points.

C.4 Liquidity risk

The term "liquidity risk" is used to mean the risk the Company may incur when it needs to meet cash commitments (envisaged or unexpected) and available funds do not suffice.

The onset of these conditions may generate costs both due to the forced realization of capital losses, given the need to dispose of investments, and the access to the credit market at unfavorable conditions.

Timeliness and adequacy in dealing with economic commitments must be assured both in conditions of ordinary administration and in stress tests.

The identification, management and monitoring of the liquidity risk play a key role in the Company's business processes because they also involve other company processes directly, such as, for example, investment management, treasury management and planning and control activities.

Please note that in 2022, no particular critical issues were revealed despite the criticality of the general economic situation.

In compliance with the Solvency II approach proposed by the "standard formula", the liquidity risk is partially modelled on the Counterparty Default Risk module, as explained in the paragraph above, in respect of illiquidity linked to banking counterparty insolvency.

The Company also measures and monitors the short-term, medium and long, liquidity profile, through the Cash Flow Ratio (CFR) defined as the ratio between the sum of expected inflows and cash in the portfolio and expected outflows with a time variable horizon depending on the objective of the analysis. This indicator measures HDI Assicurazioni's ability to meet a negative financial result due to insufficient short-term liquidity resources. In the event that the ratio is lower than the limits set out in the Framework Resolution on Investments, the Company may not be able to meet the most immediate deadlines. In this case, the Company, in line with the provisions of the Emergency Plan, immediately adopts the measures envisaged to deal with this eventual situation. On 5 June 2020, IVASS, in collaboration with EIOPA, launched a monthly survey to monitor liquidity trends by collecting a flow of information on a representative sample of companies.

The request occurred in the wake of the effects deriving from the COVID-19 emergency, which if prolonged over time, may also negatively affect the liquidity position.

To this end, the Company monitors the evolution of liquidity on a monthly basis, starting with data from March 2020, and, as required, provides the results to the Supervisory Authority.

Expected profits included in future premiums (EPIFP)

The amount of expected profits included in future premiums is shown below.

EPIFP	(amounts in EUR thousand)
Total Non life	5,485
Total Life	46,576

Risk concentration

There are no significant concentrations in terms of the liquidity risk.

Risk mitigation techniques

The fundamental principles on which the liquidity risk management model is hinged, defined under the scope of the Liquidity risk management policy included in "Investments framework resolution", can be summarized as follows:

1. short-term liquidity management in order to maintain a balance between inflows and outflows in the short-term and a suitable level of assets in bank deposits and highly-liquid securities;
2. medium-term liquidity management, keeping a situation of balance between assets and liabilities, optimizing cash-flow matching in both best estimate and stress conditions.

Once a month, in compliance with 2016 IVASS Regulation no. 24, the Company also checks respect of the limits set out in the Investment Guidelines for the liquid funds held, applied to all assets without distinguishing between portfolios. The results are then submitted to the examination of the Risk Committee, the Senior Management and the Board of Directors.

Stress test and sensitivity analyses

The Company carried out the analysis on the liquidity position also in the event of stress to verify any negative financial result due to insufficient liquidity resources. The results showed that, even in the event of stress, the Company for each month considered in the interval under analysis, obtains cash flow ratio levels higher than 100%.

C. Risk Profile

C.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

In terms of Solvency II, the Company calculates this risk on a quarterly basis, using the method defined by the Standard formula, which is a function of premiums and reserves. The exposure does not suggest any particular critical issues in terms of the eligible basic capital requirement.

No significant concentrations are seen on this risk.

As at 31 December 2022, the SCR relative to operational risk is 51,472 thousand euros.

In addition to the quantification of this risk by the Standard Formula, the Company has adopted a methodology of qualitative analysis (Risk & Control Assessment), with the objective to evaluate and monitor potential risks and controls in relation to both internal processes and to external events. To this end, the Company has adopted the Operational Risk Management Framework which defines the reference framework that allows a consistent management of these risks within the Company.

The operational risk analysis activity can be summarized in the following phases:

- analysis of internal processes and analysis of exogenous scenarios that may represent a risk for the Company;
- identification of possible operational risk events;
- assessment of the frequency with which events can be verified;
- estimate of the potential economic impact;
- identification of control measures that mitigate the identified risk;
- estimate of the effectiveness of the control.

With this process, for each identified event, the assessment of net risk to which the Company is exposed, the identification of the areas most exposed to operational risk and the determination of a plan of corrective actions to be implemented or improved are obtained.

They fall within the category of operational risks, among others:

- Business Continuity risk:
 - IT: is the risk that the Company is no longer able to carry out its business due to the interruption of IT services. To reduce this risk, the Company has developed a Crisis Management system whose main objective is to ensure that the organizational structure of HDI Assicurazioni is capable of reacting to harmful IT events that could threaten the very survival of the Company.
 - HR: it is the risk that the Company is no longer able to carry out its activity due to the incapacity of human resources. To reduce this risk, the Company has developed a Crisis Management system, which provides logistical, organizational and technological solutions to effectively and promptly support the organization in the event of a crisis and emergency. The main objective of this system is to ensure that HDI's organizational structure is capable of reacting to events harmful to Human Relations which could threaten not only the image but also the very survival of the Company.
 - Real Estate: is the risk that the Company is no longer able to carry out its business due to the loss of the working environment. To reduce this risk, the Company has developed a Crisis Management system, which provides logistical, organizational and technological solutions to effectively and promptly support the organization in the event of a crisis and emergency. The main objective of this system is to ensure that HDI's organizational structure is able to react in the face of harmful construction events that could threaten not only the image but also the very survival of the company.

The Company has implemented a Business Continuity Management System (BCMS) in order to reduce the impacts on the business that may derive from the occurrence of an event of various kinds that could cause the interruption of corporate services/processes. In this context, the Business Continuity Manager was appointed who, with the support of the corporate functions involved, constantly monitors the operation of the services provided by HDI and, in the event of events with significant impacts in terms of availability, proceeds with the identification of the return activity. Furthermore, all the organisational, technical and procedural measures adopted by HDI to guarantee the continuity of provision of the services included in the perimeter of the BCMS in the event of disasters are defined in detail in the Company's Business Continuity Plan.

- information security risk: represents the risk associated with information and IT security and refers to risks that could potentially threaten the integrity, confidentiality or availability of information or IT systems. In order to meet the growing importance of these risks, the Company has adopted specific information security policies and has set up a specific function (Chief Information Security Officer) to monitor these risks.
- Data Quality risk: this is the risk of losses due to lack of data quality. The Company's Data Quality function guarantees supervision of the Data Quality process, ensuring the definition and implementation over time of the system defined by the company's Data Policy, through the development of tools and the updating of methodologies and operating methods for control of data quality.

In the survey relating to the 2022 financial year, no critical issues emerged in the assessment of the aforementioned risk categories.

Furthermore, the Company has perfected a Loss Data Collection methodology that provides for the collection and registration of information relating to economic losses resulting from specific operating events in order to identify the main risk factors that have effectively impacted the Company.

Risk concentration

There are no significant concentrations in terms of the operational risk.

Risk mitigation techniques

The process of identifying operational risks involves the identification of mitigation techniques for the risks identified.

The greatest risks are furthermore monitored every six months, simultaneously analyzing the effectiveness of the mitigation measures. In order to control the risks that may constitute a danger to the business continuity, materiality and risk reporting thresholds have been defined that allow identifying any critical issues and consequently finding further mitigation measures and giving due disclosure to the Risk Committee, to the Senior Management and to the Board of Directors.

Stress test and sensitivity analyses

Given the nature of the business, the Company does not carry out specific stress tests and sensitivity analyses.

C.6 Other substantial risks

Substantial risks not specified in the paragraphs above include strategic risk, risk related to group membership or contagion, reputational risk, emerging risks, non-compliance risk and risks associated with the Pension Fund.

Strategic risk

It defined under the scope of European regulations as the current or potential risk of an impact on revenues or capital deriving from incorrect business decisions, improper implementation of said decisions or poor reactivity to changes in the reference sector.

Strategic risk management involves the following phases:

- identification of possible sources of risk, both internal and external, within the scope of the process of identifying risks that could give rise to the appearance of a strategic risk for the Company with the involvement of the Risk Owners and the examination of any supporting documentation;
- definition of Key Risk Indicators that may indicate the appearance of the risk;
- analysis of potential effects deriving from the sources of risk identified;
- qualitative assessment of the identified strategic risk (in terms of high, medium and low), also making use of expert judgment;
- development of mitigation activities that may give rise to a reduction in the probability of occurrence or that may minimize the financial loss;

C. Risk Profile

- reporting by the Risk Management Function to the Risk Committee, Senior Management and Board of Directors within the scope of the risk reporting.

Risk related to group membership or contagion

Article 19 of IVASS Reg. No. 38 defines the risk linked to belonging to the group as "contagion" risk, understood as the risk that, following the relationships between the company and the other companies of the group, situations of difficulty that arise in a company of the same group may spread with negative effects on the solvency of the company itself".

As part of the risk identification process, the management of the risk of contagion or belonging to the Group in HDI Assicurazioni involves the following activities:

- identification of possible sources of risk, which may determine the onset of a risk of contagion or belonging to the Group for the Company, with the involvement of the Risk Owners and the examination of any supporting documentation;
- definition of indicators (Key Risk Indicators) that can highlight the onset of risk;
- analysis of the potential effects deriving from the identified sources of risk;
- qualitative assessment of the risk of contagion or belonging to the identified Group, also making use of the opinion of experts;
- development of mitigation activities that can lead to a reduction in the probability of occurrence or that can minimize the economic loss;
- reporting by the Group Risk Management function to the Risk Committee, Senior Management and the Board of Directors in the context of risk reporting.

Reputational risk

It defined as risks that are connected with possible damages to the reputation of a business, as the consequence of a negative public perception (e.g. amongst customers, business partners, shareholders, authorities, etc.) deriving, amongst others from the increase in conflicts with insured parties, also due to the poor quality of services offered, the placement of inadequate policies or conduct by the sales network.

Reputational risk management involves the following phases:

- definition of a list of key risk indicators that may indicate the onset of a risk;
- qualitative assessment of the identified reputational risk (in terms of high, medium and low), also making use of expert judgment;
- identification of the factors and variables that could give rise to a reputational risk
- development of mitigation activities that may give rise to a reduction in the probability of occurrence or that may minimize the financial loss;
- reporting by the Risk Management Function to the Risk Committee, Senior Management and Board of Directors within the scope of the risk reporting.

Emerging risks

The emerging risks are attributable to:

- the new future risks for which neither the extent nor the effects of the risk are known with certainty, which may therefore be difficult to assess. This type of risk evolves over time from "weak signals" to clear trends with a high risk potential. Therefore, it is important to identify, evaluate and manage these signals promptly;
- sustainability (or ESG) risks, defined as those events or conditions of an environmental, social or governance nature which, if they occur, could cause a negative, direct or indirect, real or potential impact:
 - on the value or performance of the investment;
 - or on the other "traditional" risk categories described in this policy.

Among the emerging risks, particular attention is paid to sustainability risks, which today require, also in light of the profound transformation of the financial market, priority reflection and gradual integration into the HDI Assicurazioni evaluation and prioritization system, whose objective is to minimize the negative impacts mentioned above, taking into consideration, by way of example:

- the risks deriving from climate change, typically divided into 2 categories:
 - Physical risk: risk deriving from the increase in the frequency and extent of natural disasters, which can be distinguished in:
 - Acute physical risks: whose origin derives from extreme events related to climate such as storms, floods, fires or heat waves and droughts;
 - Chronic physical risks: whose origin derives from progressive changes in climatic conditions which in the long term involve changes in temperature, sea level rise, reduced availability of water, loss of biodiversity and changes in land and soil productivity;
 - Transition risk: risk deriving from the transition to a low-carbon economy and which involves changes in the political, legal, technological, market and reputational context, to address the actions necessary for climate change-related mitigation and adaptation;
- risks related to failure to respect the environment, such as being subjected to sanctions or costs related to remediation or other remedies for environmental damage;
- the risks related to social aspects deriving from the non-observance of human rights or labor rights;
- corporate governance risks, where the absence of control procedures could give rise to cases of corruption with direct and indirect negative effects on business profits.

In the context of the ever-increasing importance of emerging risks, Talanx Group, for all Group companies, is perfecting a procedure in order to identify, assess and control these risks.

This procedure has also been applied within HDI Assicurazioni for some time and the results of the identification and assessment process of emerging risks are reported in the reports of the Risk Management function to the Risk Committee and the Board of Directors.

Non-compliance risk

It represents the risk of incurring judicial or administrative sanctions, of incurring losses as a result of non-compliance with laws, regulations or provisions of the Supervisory Authority or self-regulatory provisions.

To protect this potential risk, since 2008 the Company has structured a specific function (Compliance Function).

The evaluation of this type of risk is mainly linked to the suitability of their monitoring and their detection is part of the standard risk identification process.

For some of this type of risks, they must be assessed in qualitative terms, through the opinion of experts. According to our assessments, these "Other substantial risks" do not increase the solvency requirements prospectively. Furthermore, given the nature of the risks, the Company does not perform specific stress tests and sensitivity analyzes.

Risks associated with the Pension Fund

In terms of risks, the Company is required to identify, based on its organization and the size, nature, scope and complexity of the activity connected with the management of the open pension fund, the risks to which the open pension fund is exposed and those that burden on the members and beneficiaries, evaluating which risks of the list referred to in paragraph 4, of art. 5 ter of the Legislative Decree 252/200, are pertinent and the further relevant risks, also taking into account the provisions of paragraph 5 of the same article.

The Risk Management Function carries out the risk assessment for the Open Pension Fund by preparing an ad hoc document for the Fund, which contains an assessment of the materiality of the risks that exist on the Open Pension Fund and the criteria for the assessment, management and reporting associated with the Open Pension Fund for risks identified as significant, borrowing the methods already used at the Company level. This assessment is carried out at least every three years or following significant changes in the risk profile.

C.7 Other information

No other significant information is worthy of note in respect of the Company's risk profile.



**Responsabili verso la società
che ci circonda**

**D. Valuation
for Solvency Purpose**

D.1 Valuation of assets

Assets and liabilities are measured on the basis of the business as a going concern, as indicated in Art. 7 of Del. Reg. 2015/35. Moreover, in compliance with Art. 9 of Del. Reg. 2015/35, the measurement of assets and liabilities (excluding technical provisions) is carried out, unless otherwise ordered, in compliance with the international accounting standards adopted by the European Commission in compliance with Regulation (EC) no. 1606/2002 (IAS/IFRS), where they envisage the measurement at fair value; this is because this is considered a good approximation of the valuation standards envisaged by the Solvency II Directive.

If the measurement envisaged by the international accounting standards is not at fair value, valuation principles were applied in line with Article 75 of the Directive. As defined by Art. 10 of Del. Reg. 2015/35, the assets and liabilities were measured as follows:

- according to the "mark to market" approach, i.e. on the basis of the quoted market prices in active markets;
- where the use of quoted market prices in active markets for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities shall be used with adjustments to reflect differences; the definition of "active market" to be considered is that used by the IAS/IFRS and approved by the European Commission in compliance with Regulation (EC) no. 1606/2002 (IAS/IFRS);
- if the criteria identifying an active market, defined at point 2, are not met, the Company uses alternative valuation methods, as long as they are consistent with the principles sanctioned by Article 75 of the Directive; the alternative valuation methods maximize use of market data and limit possible use of specific inputs from the Company.

The starting point from which to then determine the Market Consistent Balance Sheet is the financial statements drawn up in accordance with local accounting standards and value adjustments to determine the IAS/IFRS value.

The tables below show, for each category of assets and liabilities, the value determined in accordance with the Solvency II standards, the value determined according to national accounting standards and the difference in value.

D. Valuation for Solvency Purpose

SOLVENCY II BALANCE SHEET

(amounts in EUR thousand)

Assets	Solvency II value	Statutory accounts value	Variation
Goodwill	0	9.356	-9.356
Deferred acquisition costs	0	0	0
Intangible assets	0	19.195	-19.195
Deferred tax assets	0	22.083	-22.083
Pension benefit surplus	0	0	0
Property, plant & equipment held for own use	45.210	2.867	42.343
Investments (other than assets held for index-linked and unit-linked contracts)	6.348.193	7.052.970	-704.777
Property (other than for own use)	38.800	29.308	9.492
Holdings in related undertakings, including participations	317.357	342.460	-25.103
Equities	10.811	10.811	0
Equities - listed	9.295	9.295	0
Equities - unlisted	1.516	1.516	0
Bonds	5.632.753	6.332.891	-700.138
Government Bonds	3.776.884	4.298.239	-521.355
Corporate Bonds	1.850.242	2.028.128	-177.886
Structured notes	0	0	0
Collateralised securities	5.627	6.524	-897
Collective Investments Undertakings	345.470	334.498	10.972
Derivatives	0	0	0
Deposits other than cash equivalents	3.002	3.002	0
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	588.640	588.640	0
Loans and mortgages	27.741	30.176	-2.435
Loans and mortgages to individuals	0	0	0
Other loans and mortgages	26.998	29.433	-2.435
Loans on policies	743	743	0
Reinsurance recoverables from:	30.089	51.680	-21.591
Non-life and health similar to non-life	35.168	48.307	-13.139
Non-life excluding health	35.115	46.689	-11.574
Health similar to non-life	53	1.618	-1.565
Life and health similar to life, excluding health and index-linked and unit-linked	-5.491	3.373	-8.864
Health similar to life	186	186	0
Life excluding health and index-linked and unit-linked	-5.677	3.187	-8.864
Life index-linked and unit-linked	412	0	412
Deposits to cedants	0	0	0
Insurance and intermediaries receivables	74.530	74.530	0
Reinsurance receivables	7.312	7.312	0
Receivables (trade, not insurance)	146.612	146.612	0
Own shares (held directly)	0	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0	0
Cash and cash equivalents	102.954	102.954	0
Any other assets, not elsewhere shown	6.629	6.629	0
Total assets	7.377.910	8.115.004	-737.094

Total assets on the Solvency II financial statements amount to 7,377,910 thousand euros as compared with the 8,115,004 thousand euros on the statutory financial statements, thereby revealing a lower value of -737,094 thousand euros.

SOLVENCY II BALANCE SHEET

(amounts in EUR thousand)

Liabilities	Solvency II value	Statutory accounts value	Variation
Technical Provisions - non life	783.493	914.498	-131.005
Technical Provisions - non life (excluding health)	755.306	875.009	-119.703
Technical Provisions calculated as a whole	0		
Best estimate	737.666		
Risk margin	17.640		
Technical Provisions - health (similar to non-life)	28.187	39.489	-11.302
Technical Provisions calculated as a whole	0		
Best estimate	27.734		
Risk margin	453		
Technical Provisions - life (excluding index-linked and unit-linked)	4.834.629	5.627.067	-792.438
Technical provisions - health (similar to life)	238	238	0
Technical Provisions calculated as a whole	0		
Best estimate	233		
Risk margin	5		
Technical Provisions - life (excluding health and index-linked and unit-linked)	4.834.391	5.626.829	-792.438
Technical Provisions calculated as a whole	0		
Best estimate	4.731.242		
Risk margin	103.149		
Technical Provisions - index-linked and unit-linked	560.986	588.640	-27.654
Technical Provisions calculated as a whole	0		
Best estimate	552.820		
Risk margin	8.165		
Other technical provisions	0	0	0
Contingent liabilities	0	0	0
Provisions other than technical provisions	13.409	13.409	0
Pension benefit obligations	4.375	4.460	-85
Deposits from reinsurers	1.185	1.185	0
Deferred tax liabilities	53.833	0	53.833
Derivatives	0	0	0
Debts owed to credit institutions	0	0	0
Financial liabilities other than debts owed to credit institutions	46.483	0	46.483
Debts owed to non-credit institutions	46.483	0	46.483
Insurance & intermediaries payables	28.431	28.431	0
Reinsurance payables	999	999	0
Payables (trade, not insurance)	42.402	42.402	0
Subordinated liabilities	185.459	216.494	-31.035
Subordinated liabilities not in BOF	0	0	0
Subordinated liabilities in BOF	185.459	216.494	-31.035
Any other liabilities, not elsewhere shown	14.414	14.414	0
Total liabilities	6.570.098	7.451.999	-881.901
Excess of assets over liabilities	807.812	663.005	144.807

Total liabilities on the Solvency II financial statements amount to 6,570,098 thousand euros as compared with the 7,451,999 thousand euros on the statutory financial statements, thereby revealing a lower value of -881,901 thousand euros. In all, therefore, the surplus assets with respect to liabilities on the Solvency II financial statements amount to 807,812 thousand

D. Valuation for Solvency Purpose

euros as compared with the 663,005 thousand euros on the statutory financial statements, thereby revealing a greater value of 144,807 thousand euros.

D.1.1 Goodwill and Intangible assets

In line with the regulatory provisions, the Company values both goodwill and intangible assets at zero, as it is not possible to identify them and separate them out from the business context, nor indeed assign them a specific market value. On the statutory financial statements, the respective values are 9,356 and 19,195 thousand euros, thereby showing a valuation difference with respect to the Solvency II financial statements, of an equal amount.

D.1.2 Deferred tax assets

Deferred tax assets (or DTA) other than those deriving from tax losses or unused tax credits and deferred tax liabilities (or DTL) are calculated on the basis of the difference between the values of the assets and liabilities measured in compliance with the Solvency II standards and corresponding tax values.

DTA can only be measured if it is likely that there will be future taxable income against which the deferred tax assets can be used, considering the legal or regulatory obligations on the terms for carrying forward tax losses or unused tax credits.

Prepaid and deferred tax is measured separately for IRES and IRAP purposes, according to the tax rates expected to be applied in the year in which the temporary differences will be cancelled out. In accordance with IAS 12, criteria has been met to offset the deferred tax assets deriving from the application of the Solvency II standards against the statutory prepaid tax, which totals 22,083 thousand euros, of which 21,293 for IRES and 910 for IRAP.

The table below shows the deferred tax assets and liabilities calculated on the Solvency II adjustments; the balance is shown in the case in point as deferred tax and amounts to a total of 75,916 thousand euros, of which 59,117 thousand euros for IRES and 16,799 for IRAP, recorded net of the corresponding DTA in the DTL. We therefore have deferred tax liabilities on the Solvency II financial statements amount to 53,833 thousand euros.

The rate applied to the value adjustments is 30.82%; in application of tax regulations, this rate was applied to 5% of the value adjustments relating to positive investments, whilst no deferred tax was calculated on negative adjustments, as the regulations state that such losses are not tax relevant.

SOLVENCY II ADJUSTMENTS		(amounts in EUR thousand)		
	Gross amount	Deferred taxes	Net amount	
Intangible assets	-28.551	8.799	-19.752	
Property	9.492	-2.925	6.567	
Investments	-691.602	213.152	-478.450	
Technical provisions attributable to non-life reinsurers	-13.139	4.049	-9.090	
Technical provisions attributable to life reinsurers	-8.451	2.605	-5.846	
Non-life technical provisions	131.005	-40.376	90.629	
Life technical provisions	820.093	-252.753	567.340	
Subordinated liabilities	31.035	-9.565	21.470	
IAS 19	85	-26	59	
IFRS 16	-4.141	1.276	-2.865	
Adjustment participations	-25.103	-152	-25.255	
Total	220.723	-75.916	144.807	

D.1.3 Property, plant and equipment for own use

This item includes assets, plants, machinery and equipment, the property used to go about the company's business, as well as the registration, in accordance with the accounting standard IFRS 16 - Leasing, of the right to use the leased properties. In the statutory financial statements, tangible fixed assets are entered at cost and systematically depreciated on a straight-line basis, according to their residual possible use, starting from when they are ready for use. In accordance with Solvency II standards, properties and other tangible fixed assets must instead be measured at fair value. More specifically, for property, the adjustment to fair value was calculated with reference to the appraisal prepared to determine the current value as at 31 December 2020, requested from a qualified professional in compliance with the criteria pursuant to Art. 20 of ISVAP Regulation

no. 22 of 04 April 2008. The fair value of property is determined using two different appraisal procedures, according to the type of property to be valued: the market comparison approach (MCA) and discounted cash flow analysis (DCFA). For each property, the specific characteristics were considered, namely the type of property and architectonic features, intended purpose, size, position, type of use, possibility of leasing or sale, the type of occupation and all other factors significant in terms of the market segmentation and choice of the valuation method.

The item includes the property in Rome via S. Angela Merici 90, for a value of 545 thousand euros (same value in the statutory financial statements).

For other tangible fixed assets, the value stated on the statutory financial statements, of 2,322 thousand euros, was considered as representative of fair value.

Finally, the item includes the value of the right to use passive leases, calculated in accordance with IFRS 16, equal to 42,343 thousand euros.

D.1.4 Properties (not for own use)

The item consists entirely of the building in Rome, via Abruzzi 10. The difference between the Solvency II value (38,300 thousand euros) and the statutory value (29,308 thousand euros) is equal to 9,492 thousand euros. The criteria for determining the fair value are shown in the previous paragraph.

D.1.5 Participations

In accordance with Art. 13 of Del. Reg. 2015/35, participations are measured according to the following hierarchy of methods:

- using quoted market prices in active markets;
- using the adjusted equity method;
- using quoted market prices in active markets for similar assets and liabilities with adjustments to reflect the differences, as long as neither valuation in accordance with point (a) nor point (b) is possible and the undertaking is not a subsidiary undertaking, as defined in Article 212(2) of Directive 2009/138/EC.

By way of derogation from this hierarchy of methods, equity investment shall be valued at zero if they are excluded from the scope of the group supervision insofar as they are situated in a third country in which there are legal hindrances to the transfer of the necessary information or if they are deducted from the own funds eligible for the group solvency (if the supervisory authority does not have the necessary information available to calculate group solvency).

The adjusted equity method consists of the valuation of the investment based on the share of the excess of assets over liabilities of the related undertaking held by the participating undertaking, measured in accordance with Solvency II standards.

Alternatively, the IFRS equity method can be used if the valuation of the individual assets and liabilities in accordance with Solvency II standards is not practicable, but in any case the participating undertaking shall deduct from the value of the related undertaking the value of goodwill and other intangible assets that would be valued at zero in accordance with Article 12 of Del. Reg. 2015/35.

The equity investments held by HDI Assicurazioni all related to unlisted companies; they were valued according to the adjusted equity method and, therefore, on the basis of the share held in the equity of the investee, determined in accordance with Solvency II standards, as envisaged by Article 75 of the Directive.

D. Valuation for Solvency Purpose

HOLDINGS IN RELATED UNDERTAKINGS		(amounts in EUR thousand)	
	Solvency II value	Statutory accounts value	Variation
HDI Immobiliare S.r.l.	88.987	95.633	-6.646
InLinea S.p.A.	3.069	3.069	-
InChiaro Life Dac	27.688	17.805	9.883
HDI Italia S.p.A.	197.613	225.953	-28.340
Total	317.357	342.460	-25.103

D.1.6 Equities, bonds, collective investment funds and other investments

The comparison between the Solvency II book values and the statutory book values does not reveal any differences in value with reference to equity instruments, while there is a difference of -700,138 thousand euro with reference to bonds and +10,972 thousand euro with reference to mutual funds.

On the statutory financial statements, equities, bonds and collective investment funds are entered according to whether they are long-term or otherwise. The listed or unlisted fixed securities, set against long-term commitments and which will tend to remain amongst the Company's assets until repaid, are valued at purchase or conferral cost, adjusted for issue and trading differences accrued and impairment deriving from permanent losses of value. Listed and unlisted securities in the non-permanent segment are valued at the lesser of the carrying book value, adjusted for issue differences accrued and market differences, determined according to the average prices on the stock market in December, which is considered as representative of the assumed realization value. Securities for which the reasons for the initial application of impairment have ceased to apply, have been written back within the limits of the cost.

The valuation of the investments in the solvency financial statements is carried out at fair value and, if no market prices should be available on an active market (mark to market), according to the valuation hierarchy established by Solvency II standards and described in paragraph D.1 - Valuation of Assets.

The Company has therefore used the fair value as defined by IFRS 13, i.e. "the price that would be received for the sale of an asset", as it is considered a consistent option for the purposes of the Solvency II valuation.

The tables below provide details of the investments classified according to the fair value hierarchy, as envisaged by IFRS 7 - Financial instruments; this requires a fair value hierarchy to be established for segments of financial assets and liabilities measured at fair value, with the definition of three levels:

- level 1: prices quoted on active markets;
- level 2: input data other than the quoted prices pursuant to level 1, which can be observed for assets or liabilities, both directly (as in the case of prices) and indirectly (i.e. insofar as derived from the prices); this category includes fair value measured using valuation techniques that refer to parameters observable on the market, other than the list prices of the financial instrument on an active market;
- level 3: input data relating to the assets or liabilities that are not based on observable market data (non-observable data); this category includes the fair value measured on the basis of valuation techniques that refer to parameters that cannot be observed on the market or that, although starting out from level 2 market data (i.e. other than prices recorded on an active market), do, however, require significant discretionary adjustments based on data not observable on the market.

INVESTMENTS- FAIR VALUE LEVELS		(amounts in EUR thousand)			
	Level 1	Level 2	Level 3	Total	
Equities - listed	9,295	-	-	9,295	
Equities - unlisted	-	-	1,516	1,516	
Government Bonds	3,740,474	36,410	-	3,776,884	
Corporate Bonds	1,761,814	56,985	31,443	1,850,242	
Structured notes	-	-	-	-	
Collateralised securities	-	-	5,627	5,627	
Collective Investments Undertakings	144,603	-	200,866	345,469	
Derivatives	-	-	-	-	
Deposits other than cash equivalents	-	-	3,002	3,002	
Other investments	-	-	-	-	
Other loans and mortgages	-	-	26,998	26,998	
Total	5,656,186	93,395	269,452	6,019,033	

D.1.7 Assets held for index-linked and unit-linked contracts

The valuation is carried out at fair value and, if no market prices should be available on an active market (mark to market), according to the valuation hierarchy established by Solvency II standards and described in paragraph D.1 - Valuation of Assets. The item amounts to 588,640 thousand euros and includes investments that are indicated as class D on the statutory financial statements and, therefore, investments to the benefit of life class insured parties, who bear the risk, and deriving from the management of pension funds. In the case in point, the valuation criterion of the statutory financial statements is the same as for Solvency II and there are therefore no differences in value.

The table below provides details of the investments classified according to the fair value hierarchy:

INVESTMENTS- FAIR VALUE LEVELS		(amounts in EUR thousand)			
	Level 1	Level 2	Level 3	Total	
Assets held for index-linked and unit-linked contracts	527.229	7.317	54.094	588.640	
Total	527.229	7.317	54.094	588.640	

D.1.8 Loans and mortgages

The amount totals 27,741 thousand euros and consists of infrastructure investments in the form of private debt for 26,998 thousand euros (recording a lower value than the statutory financial statements of 2,435 thousand euros) and policy loans, totaling 743 thousand euros, in addition to interest receivable, for 92 thousand euros. In the financial statements, this item is recorded at nominal value. In the solvency balance, the amount recorded is the same, taking into account the non-significant changes in fair value against generally tight deadlines over time.

D.1.9 Reinsurance recoverables

The reinsurance recoverables was valued using the criteria described below and resulted in a lesser value with respect to the figure on the statutory financial statements of -13,139 thousand euros with reference to the non-life provisions and -8,451 thousand euros with reference to the life provisions.

D.1.10 Adjustment of best estimates transferred reserve

The adjustment for losses due to counterparty default connected with the best estimates transferred is calculated in compliance with Article 61 of Del. Reg. (EU) 2015/35, considering the probability of default of said counterparty during the

D. Valuation for Solvency Purpose

following 12 months, the amounts that can be recovered from the reinsurance contracts with said counterparty, i.e. the best estimates discounted at the base rate and the duration of said amounts.

In the Company's valuations, the adjustment is calculated per individual business line and not per individual counterparty.

To this end, the quantities involved in the calculation referring to a specific counterparty (the probability of default) are aggregated so as to consider all reinsurers with which contracts are stipulated for the following 12 months and the related ratings, which, in turn, coincides with a pre-established probability of default. Starting from this probability of default, the odds ratio is calculated for the rating.

The adjustment for counterparty default to be applied to the best estimate of the claims provision transferred for all non-life segments is 147 thousand euros, whilst the adjustment for counterparty default to be made to the best estimate of the premium provision transferred for all non-life segments is 31 thousand euros.

The adjustment for the counterparty default to consider the best estimate ceded for the total life business amounts to 1,7 thousand euros and does not apply to health guarantees.

D.1.11 Other asset items

The other asset items mainly refer to insurance and reinsurance receivables, other receivables (mainly comprising tax receivables for deposits on tax) and liquid funds.

These items are booked on the statutory financial statements according to their presumed realization value or face value. On the Solvency II financial statements, the same amount is booked, considering the non-significant changes to fair value in view of expiries that tend to be close together.

D.2 Valuation of the technical provisions

According to Directive, the Technical Provisions are defined as the sum of the Best Estimate and the Risk Margin.

The best estimate is therefore the current value expected from future cash flows, discounted using the risk-free rates curve as at the valuation date supplied by EIOPA. The Risk Margin is calculated by determining the cost of establishing an amount of admissible own funds, equal to the solvency capital requirement necessary to meet the insurance and reinsurance obligations for their entire life span, and therefore such as to ensure that the value of the technical reserves is equivalent to the amount that the insurance and reinsurance undertakings would need to undertake and honor the insurance and reinsurance obligations.

D.2.1 Non-life technical provisions

The valuations of the best estimate of the claims provision and premium provision are prepared separately, as established by Article 36 of Del. Reg. 2015/35.

D.2.1.1 Calculation method and main hypotheses

For the best estimate of the claims provision, the chain ladder method applies, after verifying the hypotheses underlying said method (test for calendar year effect, test for linear correlation).

In measuring the claims provision, consideration is given to all cash out relative to claims made (including IBNR) and the related costs. More specifically, liquidation costs that cannot be traced to an individual claim, classed as ULAE (Unallocated Loss Adjustment Expenses) are valued separately, as required by Art. 68 of IVASS Regulation no. 18. Moreover, as defined by Art. 31 of Del. Reg. 2015/35, investment management expenses come under the expenses to be considered when calculating the best estimate. Cash in relative to the claims provision is instead represented by the estimate of the amounts recovered, for which the best estimate is valued separately. Therefore, the claim provision is obtained as the algebraic sum of the best estimate of the claims provision net of ULAE, the best estimate of the ULAE, the best estimate of collections and the best estimate of investment management expenses.

With reference to the premium provision, cash flow forecasts consider the claims that will be made after the valuation date and relative to contracts in place as at the valuation date.

For its estimate, the simplification applies for the premium provision, as set out in annex 6 to IVASS Regulation no. 18.

Cash in regarding the premium provision consists of future premiums relating to annual, multi-year and posthumous policies present in the portfolio as at the valuation date and recoveries considered in the ratios involved in the simplified calculation.

The calculation of the premium provision also includes the estimate of the Investment Management Expenses.

In compliance with Articles 77 and 81 of the Directive, the best estimate is calculated gross of the amounts that can be recovered from the reinsurance contracts, which are calculated separately. These amounts are adjusted to consider potential reinsurer default.

A separate valuation relative to the risks assumed by indirect insurance (accepted proportional reinsurance business) is carried out for both the premium provision and the claim provision.

In the valuations relative to 31 December 2022, there was no unbundling of the contracts in the portfolio.

The volatility adjustment measures were applied while the matching adjustment measures, pursuant to Article 30-bis, paragraph 6, letters a), b) and c) of the Private Insurance Code (Italian Legislative Decree no. 74 of 12 May 2015 – CAP and subsequent modifications), were not applied.

D.2.1.2 Input data

In order to estimate the claim provision, so as to perform an appropriate actuarial analysis, historic data was considered, aggregated into triangular matrices (run-off triangles), in which the rows represent the years when the loss event occurred (year of occurrence) and the columns represent the years when the claim was paid or reserved (year of development).

As regards the premium provision, the input data used was obtained partly from the Company's plan and suitably aggregated into homogeneous risk classes, according to the classification in lines of business (LoB) pursuant to annex 1 to Del. Reg. 2015/35.

The statutory lines of business "Accidents" and "Healthcare" have been reclassified by Solvency II line of business in view of the risks insured.

In the case of the MTPL (Motor Third Party Liability) LoB, when identifying homogeneous groups of risks, CARD and non-CARD claims were considered separately, as indicated by the Supervisory Authority in IVASS Regulation No. 18.

D.2.1.3 Settlement costs

Settlement costs are divided up into two macro categories: expenses relating to individual claims "allocated Loss Adjustment Expenses" (ALAE) and expenses not relating to individual claims "unallocated loss adjustment expenses" (ULAE).

D.2.1.4 Claims provision

As described in the paragraphs above, the amount of the claims provision consists of the algebraic sum of the individual components of cash in and cash out.

The valuations are performed by the Company by means of the software ResQ.

D.2.1.4.1 Best Estimate claims provision (BEL) – direct business

For the valuation of the claims provision, HDI Assicurazioni uses the chain ladder method on the triangles of paid amounts, gross of ALAE expenses only.

The result obtained from the forecast is the ultimate cost of claims, from which the undiscounted best estimate of liabilities (UBEL) can be obtained.

Gross of cessions under reinsurance, the BEL, for each LoB, is obtained by discounting the expected future payments of gross UBEL with the interest rate curve.

Discounting hypothesizes that payments will be made midway through the year.

Valuations are prepared separately for each LoB.

The UBEL value of the claims provision (net of ULAE expenses) for all non-life segments comes to 638,135 thousand euros, whilst the corresponding discounted value is 578,835 thousand euros.

D. Valuation for Solvency Purpose

D.2.1.4.2 Best Estimate ULAE

As for the estimate of the claims provision gross of ALAE expenses only, also for the best estimate of ULAE expenses, the chain ladder method is used, following the same valuation steps.

The UBEL of the ULAE value for all non-life segments comes to 9,317 thousand euros, whilst the corresponding discounted value is 8,498 thousand euros.

D.2.1.4.3. Best estimate of collections

The valuation of the best estimate of collections involves a preliminary analysis of the triangles of the amounts recovered, so as to assess the numerical balance of the information necessary in order to apply the actuarial method rather than the simpler, statistical method.

The BEL of collections, for each LoB, is calculated by discounting the expected future payments of UBEL with the interest rate curves.

The UBEL value of collections for all non-life segments comes to 17,649 thousand euros, whilst the corresponding discounted value is 15,908 thousand euros.

D.2.1.4.4 Best Estimate – Business accepted

The BEL of the claims provision of risks accepted under reinsurance, for each LoB, is calculated by discounting the expected future payments of UBEL, measured in the local GAAP financial statements, with the interest rate curves.

As, as at that date, the General Liability Insurance LoB alone was involved by said business, the undiscounted best estimate is 246 thousand euros and the discounted best estimate is 206 thousand euros.

D.2.1.4.5 Claims provision - Business transferred

The BEL of cessions under reinsurance of the claims provision, for each LoB, is calculated by discounting the expected future payments of the UBEL transferred, with the interest rate curves. The operating procedure used to determine and discount cash flows transferred is similar to that of direct business.

The level of granularity used to calculate the technical provisions corresponds to the lines of business.

The UBEL of the claims provision transferred for all non-life segments comes to 27,404 thousand euros whilst the corresponding discounted value is 24,713 thousand euros.

An adjustment is made to these best estimates to consider any reinsurer default, the amount of which is given in section D.1.10.

D.2.1.5 Premium provision

The UBEL of the premium provision is valued in accordance with the provisions of Annex 6 of IVASS Regulation no. 18 of 15 March 2016 and the related annex "Application clarifications on IVASS Regulation no. 18 concerning the application rules for the determination of technical provisions under the Solvency II system".

D.2.1.5.1 Premium Provision – Direct Business

The Premium Provision is set aside to cope with future costs and claims relating to existing contracts. The UBEL relative to the Premium Provision is calculated by individual LoB, by means of the sum of three components.

- claims component that can be estimated by applying the estimated prospective loss ratio to the UPR (Unearned Premium Reserve) and the FP (Future Premium);
- expense component obtained by applying the estimates of the indicators of the prospective plan relative to costs (acquisition cost ratio and expense ratio) to the UPR and FP;
- premium refund component, relating to the portion of the premium not used due to the early closure of the contract.

Starting from the UBEL thus obtained, the BEL of the premium provision for each LoB is calculated by discounting the expected future payments of the UBEL (cash flow) with the reference interest rate curve.

The UBEL value of the premium provision for all non-life segments comes to 217,106 thousand euros, whilst the corresponding discounted value is 192,507 thousand euros.

D.2.1.5.2 Present Value Future Premium – Direct Business

In order to determine future premiums, only the policies held in the portfolio are considered, which, as at the valuation date, have generated premium provisions by which to cope with the future cost of claims relative to risks that have not been extinguished as at the valuation date.

The value of future premiums for all non-life segments comes to 48,577 thousand euros, whilst the corresponding discounted value is 47,601 thousand euros.

D.2.1.5.3 Premium provision - Risks assumed

The BEL of the premium provision of risks accepted, for each LoB, is calculated by discounting the expected future payments of UBEL, measured in the local GAAP financial statements, with the interest rate curves.

As at that date, only the General liability insurance LoB was involved by this business. The undiscounted best estimate is 17 thousand euros and the discounted best estimate comes in at 14 thousand euros.

D.2.1.5.4 Premium provision - Risks ceded

The Company values the UBEL of the Premium provision transferred by applying the same calculation method as used for direct business.

The UBEL of the premium provision transferred for all non-life segments comes to 12,407 thousand euros whilst the corresponding discounted value is 10,633 thousand euros.

An adjustment is made to these best estimates to consider any reinsurer default, as described in section D.1.10.

D.2.1.5.5 Present Value Future Premium – Risks ceded

For the determination of the transferred future premiums it was carried out an estimation based on future premiums from direct business.

At the valuation date, the value of the future premium ceded for the total non-life business amounts to 2,597 thousand euros, while the corresponding discounted value is 2,543 thousand euros.

D.2.1.6 Investment management expenses

The total UBEL value of investment management expenses comes to 1,411 thousand euros, whilst the corresponding discounted value is 1,253 thousand euros.

D.2.1.7 Discounting

The best estimate is the current value expected of future cash flows discounted using the relevant structure by maturity of risk-free interest rates without volatility adjustment, supplied by EIOPA. Volatility adjustment was used to determine the Technical Provisions, therefore it was considered in all the values shown in the tables.

D.2.1.8 Risk margin

For the valuation YE 2022, method 2 was applied, described in annex 4 to IVASS Regulation no. 18.

The risk margin of all non-life segments is 18,092 thousand euros.

D. Valuation for Solvency Purpose

D.2.1.9 Comparison with the statutory financial statements

The table below gives the values of the non-life technical provisions, calculated according to Solvency II standards related to the YE 2022 valuation, compared with the values of the statutory technical provisions.

NON-LIFE TECHNICAL PROVISIONS		(amounts in EUR thousand)	
	Solvency II value	Statutory accounts value	Variation
Technical Provisions - non life	783.493	914.498	-131.005
Technical Provisions - non life (excluding health)	755.307	875.009	-119.702
Technical Provisions calculated as a whole	-	875.009	-
Best estimate	737.667	-	-
Risk Margin	17.640	-	-
Technical Provisions - health (similar to non-life)	28.187	39.489	-11.302
Technical Provisions calculated as a whole	-	39.489	-
Best estimate	27.734	-	-
Risk Margin	453	-	-

The difference between the solvency and statutory reserves is mainly due to:

- a different aggregation of risks by lines of business;
- a different aggregation of the input data provided separately in the Local gaap and Solvency II principles;
- the actuarial reserve model used for calculating the Best estimates of the direct business claims provisions;
- the inability to include in local GAAP accounts the present value of the foreseeable amount needed for the settlement of future claims and to apply other forms of deduction or discount (Art. 26 of ISVAP Regulation No. 16/2008);
- the different criterion for calculating best estimates of premium provisions that, differently to local valuations, considers claims and expenses deriving from contracts that existed at the time of valuation, obtained starting from the plan indicators and future premiums on contracts in place;
- the other technical provisions required by local GAAP, such as the reserve for unexpired risks, the equalization reserve and the ageing reserve;
- the best estimates of the amounts recovered as envisaged in the Solvency II rules;
- the amount of the risk margin required by the Solvency II rules;
- the adjustment for counterparty default made to the provisions transferred on the Solvency II financial statements.

D.2.1.10 Level of uncertainty associated with the value of the technical provisions

The level of uncertainty associated with the value of the technical provisions depends on endogenous factors of the triangles used for the estimates and external factors such as the incorporation of new regulations, atmospheric events, social phenomena, inflation, return rates, etc.

As regards the claims provision, the issue of new laws and regulations can influence the amounts of compensation. Mere deferral of the timing of claims payments, due, for example, to legal disputes, can create inflation effects that result in larger payments being made than had been estimated.

In the case of the MTPL class, an economic crisis could lower the frequency of claims or, vice versa, an economic recovery could cause them to rise. Worsening of weather conditions, with exceptional events, can result in an increase to the frequency of claims in the MTPL, MOD and Fire segments, and for the latter two, the onset of catastrophe claims (not necessarily linked to the weather conditions).

As regards the Medical class, an increase in the outlay for medical expenses would, presumably, result in an increase in the number of claims reported.

As regards the premium provisions, the uncertainty of the estimate is linked to the ratios estimated on the Company's prospective plan, involved in the calculation and term of policies in the portfolio: for example, for the GTPL and Fire segments, future premiums are considered for a fairly long term, during which the insured party may decide to rescind from the contract

early. However, as mentioned in the previous paragraphs, in order to attenuate this particular type of risk, the relevant hypotheses are applied to the contractors' conduct.

D.2.2 Life technical provisions

The valuation of the best estimate is calculated as established by Article 35 of Del. Reg. 2015/35.

D.2.2.1 Calculation method and main hypotheses

The fair value of the best estimates coincides with the average of future cash flows weighted with probability, considering the time value of cash (current forecast value of future cash flows) on the basis of the relevant structure according to expiry of the risk-free interest rates.

The hypothesised forecasts used are the best estimate assumptions, as regards the technical risk component, the economic scenarios and the management actions for the modelling of market hypotheses.

D.2.2.2 Best estimate hypotheses

The calculation of the best estimate hypotheses is performed using actuarial and statistical techniques that are suitable for the lapse and mortality risks, starting out from a study of the historic series of these two phenomena. As regards the calculation of the hypothesised best estimates of expenses, the model used is analytical and based on the Company's financial statements data.

D.2.2.2.1 Market hypotheses

The forecasting model used to calculate the Best Estimate Liabilities, is dynamic and stochastic. The asset-liability approach is explicit, on a monthly basis, by means of the rebate of the return of separate managements, calculated according to the accounting standards of the funds and linked to the cash flow forecast of the liabilities.

D.2.2.3 Best estimate

The Best Estimate is calculated based on updated, credible information on realistic hypotheses and is developed using actuarial and statistical methods.

The best estimate is the market value of the future commitments with regards to insured parties. The forecast of cash flows used in calculating the Best Estimate, considers all incoming and outgoing cash necessary to settle the insurance and reinsurance obligations for the entire contractual term.

- **Cash in flow:**
 - **Future premiums:** additional single premiums, recurring single premiums, constant and re-evaluable annual premiums;
- **Cash out flow:**
 - **Benefits:** payment made upon expiry of the contract; amount paid in the event of the death of the insured party; amount paid in the event of policy redemption.
 - **Acquisition commissions:** commission on initial premiums, as envisaged by the mandate;
 - **Renewal commissions:** commission relative to recurring single premiums and annual premiums; management fee for single premiums.
 - **Initial and recurring expenses:** expenses incurred by the Company attributed to each policy.

The best estimate is therefore obtained from the current value of the above flows plus the current value of the portfolio still in place at the end of the forecast period.

D. Valuation for Solvency Purpose

D.2.2.3.1 Reinsurance

The amounts that can be recovered from the reinsurance contracts come to approximately 0.10% of the total gross best estimates. Reinsurance recoverables are calculated as the difference between the Gross and Net BELs and corrected with a factor that considers the reinsurer's probability of default.

D.2.2.4 Risk margin

In calculating the risk margin, it is assumed that the Insurance Company transfers the whole of its portfolio to a reference undertaking (RU). This fictitious company does not have any insurance contracts nor own funds and should therefore be considered as "empty".

The Risk Margin can be interpreted and calculated as the cost of establishing an amount of admissible own funds, equal to the solvency capital requirement necessary to meet the insurance and reinsurance obligations for their entire life span.

The approach used to calculate the risk margin is cost of capital (CoC).

The risk margin of all life segments is 111,319 thousand euros.

D.2.2.5 Details by individual line of business

D.2.2.5.1 Insurance with profit participation

The Insurance with profit participation LoB includes products belonging to segregated management. In these contracts, the investment risk is borne by the Company, which in turn rebates part of the return to the insured parties. In calculating the Solvency II technical provisions, consideration is given of the impact of the general market conditions and management decisions.

The value of the best estimates calculated using volatility adjustment is 4,670,830 thousand euros (without using volatility adjustment it is 4,707,477 thousand euros).

D.2.2.5.2 Index-linked and unit-linked insurance

The Index-linked and unit-linked insurance LoB includes the Company's Open Pension Fund and the unit-linked and index-linked products. The investment risk in this type of products is borne by the insured parties. The product offers the possibility of investing the contributions paid by the subscriber and, if envisaged, by the employer, in four different investment lines, on the basis of the insured party's risk profile. The equivalent value of the amounts paid is linked to the performance of units or NAVs of the segment in which the choice has been made to invest. One of the four Company investment lines envisages a guaranteed return of at least the amount paid in.

The value of the best estimates calculated using volatility adjustment is 552,870 thousand euros (without using volatility adjustment it is 553,016 thousand euros).

D.2.2.5.3 Other life insurance

The Other life insurance LoB includes temporary case of death policies and CPI products. Part of the business relating to these products is reinsured through excess treaties or excess units.

The value of the best estimates calculated using volatility adjustment is 60,411 thousand euros (without using volatility adjustment it is 60,859 thousand euros).

D.2.2.5.4 Health insurance

The Health insurance LoB includes long term care contracts. Almost the total of the reserves for this product are subject to reinsurance treaties. The best estimate value calculated is 233 thousand euros.

D.2.2.6 Comparison with the statutory financial statements

The table below gives the values of the life technical provisions, calculated according to Solvency II standards, compared with the values of the statutory technical provisions.

LIFE TECHNICAL PROVISIONS		(amounts in EUR thousand)	
	Solvency II value	Statutory accounts value	Variation
Technical Provisions - life (excluding index-linked and unit-linked)	4,834,629	5,627,067	-792,438
Technical provisions - health (similar to life)	238	238	-
Technical Provisions calculated as a whole	-		
Best estimate	233		
Risk margin	5		
Technical Provisions - life (excluding health and index-linked and unit-linked)	4,834,391	5,626,829	-792,438
Technical Provisions calculated as a whole	-		
Best estimate	4,731,242		
Risk margin	103,149		
Technical Provisions - index-linked and unit-linked	560,986	588,640	-27,655
Technical Provisions calculated as a whole	-		
Best estimate	552,820		
Risk margin	8,165		

No particular differences are noted for the Health insurance LoB. Instead, with reference to the Insurance with profit participation LoB and Other life insurance LoB, the change to Solvency II involves a decrease of approximately 14.08% of the technical provisions with respect to those on the financial statements. This difference is given by the future cash flow discounting process and the performance revaluation mechanism connected with foreseeable returns, calculated from the forecasting model. Finally, in the Index-linked and unit-linked insurance LoB, the move to Solvency II brings about a reduction of approximately 4.70% due to the commission withheld by the Company with respect to the statutory technical provisions, given that the fund units are already at market value.

D.2.2.6.1 Level of uncertainty associated with the value of the technical provisions

The valuation of the best estimates may be affected by changes in elements both external to the company (rate volatility, macroeconomic factors) and internal (such as, for example, redemptions, mortality, claims rates) as well as the time frame chosen for the forecast. The Company carries out independent sensitivity analyses aimed at verifying the level of uncertainty surrounding the technical provisions, when certain significant risk factors change.

D.2.3 Long-term guarantee measures (Volatility Adjustment)

Of all long-term guarantee measures available, the Company only uses volatility adjustment (VA), which adjusts the discount rate reference curve used to calculate the best estimate of insurance liabilities (BEL) for volatility, so as to attenuate the impact deriving from short-term volatility on the financial markets. Volatility adjustment applies to all insurance liabilities in the Company's Life segment portfolio. As at 31 December 2022 the applied VA of the Company is 19bp, as is that of the market. In compliance with Art. 30-bis, paragraph 5 of the Private Insurance Code, the Company has prepared a liquidity plan, with forecast incoming and outgoing cash flows relative to the assets and liabilities subject to volatility adjustment; this can provide:

- evidence that the Company has sufficient liquid funds to cope with its obligations in stress periods, without having to recourse to the sale of non-liquid assets;

D. Valuation for Solvency Purpose

- evidence that the Company suitably manages and monitors the liquidity risk in respect of the business to which the VA is applied.

The table below shows the data related to the impact of the long-term guarantee measures on the Company's main economic variables. Data is composite, i.e. refer to the Company's total business (life + non-life). The zeroing of the VA increases the technical provisions by 0.67% and own funds of the Company drop by 3.00%. The Solvency Capital Requirement goes up by 1.21%, whilst the solvency ratio goes from 256.4% to 267.0%. The Company therefore maintains good coverage of the SCR, even when the VA is zeroed.

IMPACT OF VOLATILITY ADJUSTMENT		(amounts in EUR thousand)	
	Amount with Long Term Guarantee measures and transitionals	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero
Technical provisions	6,179,108	6,220,625	41,517
Basic own funds	951,521	922,911	-28,610
Excess of assets over liabilities	807,812	779,202	-28,610
Restricted own funds due to ring-fencing and matching portfolio	-	-	-
Eligible own funds to meet Solvency Capital Requirement	942,574	916,090	-26,483
Tier I	766,062	737,452	-28,610
Tier II	176,511	178,638	2,127
Tier III	-	-	-
Solvency Capital Requirement	353,023	357,276	4,253
Eligible own funds to meet Minimum Capital Requirement	797,834	769,607	-28,227
Minimum Capital Requirement	158,860	160,774	1,914

D.3 Valuation of other liabilities

Valuation of the specific liabilities and potential liabilities takes place in accordance with the international accounting standards adopted by the European Commission in accordance with Regulation (EC) no. 1606/2002 (IAS/IFRS) and no adjustment is made to consider variations in the credit rating of the insurance or reinsurance undertaking after initial recognition. Potential liabilities, which are normally not booked in accordance with international accounting standards, in compliance with the Solvency II standards are instead valued if they are relevant, i.e. if information relating to current or potential values or the nature of said liabilities could affect the decisions or opinion of the envisaged user of said information, including the supervisory authorities. The value of the potential liabilities is equal to the current value expected of future cash flows required to settle potential liabilities for the entire duration of said potential liabilities, calculated using the structure by expiry of the basic risk-free interest rates.

D.3.1 Other technical provisions and potential liabilities

The Company has not recorded any other technical provisions and potential liabilities on its Solvency II financial statements.

D.3.2 Provisions other than technical provisions

The item contains provisions for risks and charges that represent liabilities of a determined nature, certain or probable, with date of occurrence or undetermined amounts.

In detail, this item, equal to 13,409 thousand euros, comprises provisions made for tax and other non-technical provisions, such as, for example, those made to the benefit of employees.

The evaluation is carried out in accordance with Article 75 of Directive 2009/138 / EC, and their value coincides with that of the statutory financial statements.

D.3.3 Pension benefit obligations

The item includes provisions made for severance indemnity (TFR), expenses for seniority premiums and to the provision for expenses for managers' medical policies, liabilities connected with the employee defined benefits plans that include disbursements subsequent to the termination of the contract of employment and that, in compliance with IAS 19, are subjected to actuarial assessment by using the Project Unit Credit Method. According to this method, the liability is determined considering a series of variables, namely mortality, forecast future changes to salary, the inflation rate envisaged, the expected return on investments, etc. The liability booked represents the current value of the foreseeable obligation, net of any assets to service the plans, and adjusted for any losses or non-amortized actuarial gains. The valuation underlying IAS 19 determined a value of the liabilities that was 85 thousand euros lower than that noted on the statutory financial statements.

D.3.4 Deposits from reinsurers

This item includes deposits received from reinsurers, which amount to 1,185 thousand euros and refer to the associate Hannover Rückversicherungs. There are no value differences between the Solvency II financial statements and the statutory financial statements.

D.3.5 Deferred tax liabilities

As specified above in paragraph D.1.2 - Deferred tax assets, to which we would refer you, prepaid and deferred tax is measured separately for IRES and IRAP purposes, according to the tax rates expected to be applied in the year in which the temporary differences will be cancelled out. Deferred tax liabilities on the Solvency II financial statements amount to 53,833 thousand euros.

D.3.6 Financial liabilities other than debts owed to credit institutions

The item includes the recognition of financial liabilities for future rentals due under lease agreements accounted for in accordance with IFRS 16.

D.3.7 Derivatives and financial liabilities and payables to credit institutes

The Company has not recorded any financial liabilities and payables to credit institutes recorded on its Solvency II financial statements.

D.3.8 Other liability (payables deriving from insurance operations and other payables, other liabilities)

Payables total 71,832 thousand euros and consist of payables due to insured parties, intermediaries and other payables deriving from direct insurance operations for 28,431 thousand euros, payables deriving from reinsurance operations for 999 thousand euros and other non-insurance payables for 42,402 thousand euros. The item other liabilities amounts to 14,414 thousand euros and mainly includes the estimate of the amount for the reward policies towards agents on the basis of the objectives achieved in 2022 and all the liabilities not included in the other balance sheet items, such as accrued liabilities and deferred income.

D. Valuation for Solvency Purpose

These items are booked to the statutory financial statements at face value, which is considered representative of the fair value on the Solvency II financial statements.

D.3.9 Subordinated liabilities

Subordinated liabilities amounted to a total of 185,459 thousand euros.

The subordinated liabilities, valued in compliance with Article 75 of Directive 2009/138/EC, have the characteristics necessary to be classified as elements of level 2 own underlying funds in accordance with Solvency II regulations. Details are given in the section E.1.2.

D.4 Alternative valuation methods

As reported in the introduction to this "Chapter D - Valuation for Solvency Purpose", if the criteria adopted for the use of quoted market prices on active markets are not met, the Company, consistently with the provisions of art. 10, paragraph 7, of the Delegated Acts, has used valuation techniques that are appropriate to the circumstances and for which sufficient data is available for measuring the fair value, always maximizing the use of observable inputs and minimizing those that cannot be observed.

There are no alternative valuation methods for assets and liabilities with respect to what is indicated in the previous paragraphs.

Based on previous experience, there were no significant differences between the estimated valuation on the basis of alternative valuation methods and the corresponding values that can be inferred, for example, from subsequent market transactions involving these assets and liabilities.

D.5 Other information

There is no other substantive information on the valuation of the assets and liabilities for solvency purposes that has not already been included in the previous paragraphs.



INDI

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**E.Capital
Management**

E. Capital Management

E.1 Own funds

The Company holds Own Funds in accordance with the requirements of current legislation.

E.1.1 Capital Management Policy

The Company's capital management policy defines, also in terms of the roles and responsibilities of the actors involved, the procedures aimed at regulating the classification, issue, monitoring, possible distribution, as well as the reimbursement of the elements of own funds, in line with the medium-term capital management plan, part of the broader five-year Strategic Planning process, which the Board of Directors approves, monitoring its correct implementation and ensuring its adequacy and updating over time.

As part of the five-year strategic planning process, the capital management policy, together with the risk management process, is aimed at ensuring the availability of adequate equity, by type and amount, to cover the risks assumed and therefore to maintain the current and prospective economic-equity balance of the Company.

In line with the strategic planning, the capital management plan envisages the issue, redemption or repayment of own funds with the relative classification in the various Tiers, the distribution policy of the elements of own funds is drawn up and the projections in the context of internal risk and solvency assessment.

The internal processes in place provide for the assessment of compliance on an ongoing basis with the minimum level of solvency required by the legislation, the capital requirement required in relation to the risk profile and business strategy and the possible need for corrective actions to the profile risk or capital endowment. With this in mind, a quarterly reporting was established aimed at monitoring the management of the Company's capital with analysis of the solvency, the evolution of the capital requirement, eligible own funds and capital movements. The Company also uses a set of risk-based indicators to target risk-adjusted profitability.

E.1.2 Available own funds

The following table identifies the main components and methods for calculating own funds at Company level, broken down by Tier.

OWN FUNDS

(amounts in EUR thousand)

Fondi Propri di Base	2022	2021	Variation	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary share capital	351.000	351.000	-	351.000	-	-	-
Reconciliation reserve	415.062	450.214	- 35.151	415.062	-	-	-
Subordinated liabilities	185.459	215.295	- 29.836	-	-	185.459	-
Total	951.521	1.016.508	-64.987	766.062	-	185.459	-

Own Funds at 31 December 2022 amounted to 951,521 thousand euros. There are no Ancillary Own Funds in HDI Assicurazioni's Solvency II financial statements.

More specifically, the basic own funds include:

- ordinary share capital;
- subordinated loans (including in tier 2 own funds), whose details are shown below; the cost of subordinated loans was considered net of the tax effects (potential recovery of interest expense) in order to determine the period profit/loss, these loans were underwritten at arm's length;
- reconciliation reserve.

Compared to the previous year, the amount of own funds decreased. The change is mainly due to market changes as well as a reduction in the reconciliation reserve.

As regards this item, the table below shows the components used to determine it, as well as a comparison with the previous year.

RECONCILIATION RESERVE

(amounts in EUR thousands)

	2022	2021	Variation
Excess of assets over liabilities	807,812	838,314	-30,501
Own shares (held directly and indirectly)	-	-	-
Foreseeable dividends, distributions and charges	41,750	37,100	4,650
Other basic own fund items	351,000	351,000	-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced fund	-	-	-
Reconciliation reserve	415,062	450,214	-35,151

Compared to the previous year, the increase in the reconciliation reserve is mainly due to the increase in the excess of assets over liabilities and the share capital included in the item "Other elements of basic own funds" (HDI Italy).

Subordinated Liabilities

The following table shows the details of the subordinated liabilities included in the Company Own funds at 31 December 2022.

SUBORDINATED LIABILITIES

(amounts in EUR thousand)

	Nominal	Issue date	Maturity	Interest rate	Value at 31/12/2022
Prestito HINT - 03/2021	50.000	26/03/2021	26/03/2031	4,11%	41.915
Presto subordinato HDI vs. Banca Sella	27.274	30/06/2016	30/06/2026	5,50%	25.686
Prestito TINT - 2016	42.700	21/06/2016	21/06/2026	4,90%	40.257
Prestito HINT - 06/2020	50.000	05/06/2020	05/06/2030	5,56%	43.057
HDI Global SE - 05/2020	20.000	08/05/2020	08/05/2030	5,76%	17.272
HDI Pensionskasse AG - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.204
Gerling Versorgungskasse - 05/2020	1.000	08/05/2020	08/05/2030	5,76%	864
neue leben Pensionskasse - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.204
Total	209.974				185.459

E.1.3 Own funds used to cover the SCR and MCR

The Company has determined own funds used to cover the SCR and MCR.

The table below shows the situation as at 31 December 2022 of the own funds of HDI Assicurazioni, broken down by tier level.

E. Capital Management

AVAILABLE AND ELIGIBLE OWN FUNDS

(amounts in EUR thousand)

	2022	2021	Variation	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the SCR	951,521	1,016,508	-64,987	766,062	-	185,459	-
Total available own funds to meet the MCR	951,521	1,016,508	-64,987	766,062	-	185,459	-
Total eligible own funds to meet the SCR	942,574	1,016,508	-63,932	766,062	-	176,511	-
Total eligible own funds to meet the MCR	797,834	838,123	-40,289	766,062	-	31,772	-
SCR	353,023	410,105	-57,082				
MCR	158,860	184,547	-25,687				
Ratio of Eligible own funds to SCR	267.0%	245.4%					
Ratio of Eligible own funds to MCR	502.2%	454.2%					

The available Own Funds of the Company comply with the conditions of eligibility for coverage of the SCR and MCR defined by the legislation.

The amount of eligible Own Funds to meet the SCR is equal to 942,574 thousand euros, while the amount thereof to meet the MCR is equal to 797,834 thousand euros.

In 2022, the ratio of eligible own funds to SCR is 267.00%, up of 22 percentage points compared to the previous year, this improvement, despite the decline in own funds, is due to the decrease in Solvency Capital Requirement.

E.1.4 Reconciliation between shareholders' equity from the financial statements and excess of assets over liabilities

The Market Consistent Balance Sheet at 31 December 2022 shows an excess of assets over liabilities equal to 807,812 thousand euros (838,314 thousand euros at 31 December 2021), higher by 144,807 thousand euros (175,966 thousand euros at 31 December 2021) with respect to the shareholders' equity resulting from the financial statements of the Company on the same date. This difference is due to the different evaluation of the equity components, as can be seen from the following reconciliation table:

SHAREHOLDERS' EQUITY RECONCILIATION - FROM LOCAL FINANCIAL STATEMENTS TO MCBS (amounts in EUR thousand)

	2022	2021	Variation
A) Shareholders' equity from the financial statements	663,005	662,348	657
<i>Adjustments by type of asset or liability:</i>			
Goodwill and Intangible assets	-19,751	-21,236	1,485
Property	6,566	5,636	930
Investments	-478,451	241,710	-720,161
Adjustment participations	-25,255	-8,287	-16,968
Technical provisions attributable to non-life reinsurers	-9,090	-8,080	-1,010
Technical provisions attributable to life reinsurers	-5,847	-6,686	839
Non-life technical provisions	90,629	53,696	36,933
Life technical provisions	567,340	-79,133	646,473
Subordinated liabilities	21,470	830	20,640
Employee benefits	59	-199	258
IFRS 16 - Leasing	-2,863	-2,285	-578
B) Total Solvency II Adjustments	144,807	175,966	-31,159
C) Excess Assets over Liabilities Solvency II (A+B)	807,812	838,314	-30,502
D) Deliberate or foreseeable dividends	41,750	-37,100	-4,650
E) Eligible Own Funds Solvency II (C+D)	766,062	801,214	-35,152

For more details about the valuation criteria adopted for the MCBS, as well as the quantitative information about the comparison with the financial statements, please refer to the chapter D. Valuation for Solvency Purpose.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

Under the scope of the integrated risk management, the solvency capital requirement (SCR) was calculated on data as at 31 December 2022. The calculation was performed using the standard formula with use of Undertaking Specific Parameters (USP), as already reported in chapter C. Risk Profile.

As envisaged by Art. 45-duodecies of the Private Insurance Code, a simplified calculation has been used for the catastrophe risk sub-module, for life insurance and obtained as a product between the exposure to risk and a risk factor.

In calculating the Solvency Capital Requirement, the company has not used risk mitigation techniques entailing a significant increase in the basic risk or the creation of other risks in the calculation of the SCR and applied the adjustment for volatility pursuant to Article 36-septies, assessing conformity with capital requirements, both considering and not considering the above adjustments. The impact on the use of the adjustment for volatility on the data YE 2022 is 19 bp.

It also considered that for some life insurance contracts, part of the investment risk is borne by the insured parties, with consequent effects on the calculation of the comprehensive capital requirement.

The following table shows the details of the Company capital requirement related to each risk module, gross of the absorption capacity of the Technical Reserves, showing the effects of diversification and the adjustments considered, as well as a comparison with the previous year.

SOLVENCY CAPITAL REQUIREMENT		(amounts in EUR thousand)	
	2022	2021	Variation %
Market risk	190.626	354.589	-46%
Counterparty default risk	42.997	54.460	-21%
Life underwriting risk	212.605	81.184	162%
Health underwriting risk	17.779	17.105	4%
Non-life underwriting risk	152.459	147.661	3,25%
Diversification	-215.300	-183.766	17,16%
BSCR	401.166	471.232	-14,87%
Operational risk	51.472	53.683	-4,12%
Loss-absorbing capacity of deferred taxes	-99.615	-114.811	-13,24%
SCR	353.023	410.105	-13,92%

The SCR value for FY 2022 amounts to 353,023 thousand euros, with a decrease approximately of 14 percentage points compared to the previous year.

As can be seen from the table, the main changes compared to the previous assessment concern the Market Risk which decreased compared to the previous year against an increase in the life technical risk as already highlighted in the previous paragraphs. The Company, through a specific methodological process, establishes annually its own risk propensity (Risk Appetite) thus identifying the main risk tolerance levels. In order to determine the actions to be taken in the event of approaching or exceeding thresholds and limits that could compromise the Company's financial position, HDI Assicurazioni has drawn up a document called "Recovery Plan".

This document governs the management of emergency situations and the strategies aimed at restoring the conditions of solvency and/or liquidity, identifies the operating methods, roles and responsibilities of the main corporate bodies and functions involved in both the escalation processes that are activated in the event of entering a state of emergency, in the presence of which actions are taken to re-establish the conditions of sufficient solvency and liquidity. These measures may concern, by way of example, interventions on the Company's capitalization or restructuring of the strategic asset allocation.

E. Capital Management

E.2.2 Additional information about LAC DT

Below is the information relating to the adjustment for the absorbing capacity of deferred taxes.

E.2.2.1 Calculation methodology of nDTA

For the determination of the nDTA, in accordance with art. 207 of the EU Delegated Regulation 2015/35, the Company used an analytical approach based on the determination of the impacts of the instant loss (Single Equivalent Scenario - SES) for each item of the Solvency Balance Sheet (also called MVBS), then applying the related tax treatment, in order to be able to promptly determine the taxable amount emerging from the stress situation and the related tax.

The assignment of the SES for each module and under the risk module provided for by the Standard Formula, took place through the application of the Euler principle.

Generally:

1. The tax impact is determined only for IRES tax, while notional deferred taxes emerging from IRAP have not been considered, as these tax losses cannot be carried forward.
2. The LAC DT can be entered only if it is probable that there will be a future taxable profit against which the deferred tax assets may be used, taking into account the legal or regulatory obligations on the terms for carrying forward the tax losses.
3. The Company has decided to adopt a methodology based on a precise definition of the rates applicable to the individual income cases (specific rate), using the tax rates that are expected to be applicable in the year in which the tax activity will be carried out or will be extinguished the tax liability, taking into account that the rules governing the determination of taxable income for IRES purposes differ from those for IRAP purposes, and the temporary differences on which to calculate the deferred taxation for the purposes of these taxes are different.
4. On the basis of IAS 12, steps have been taken where permitted to offset the deferred tax assets and liabilities recorded in the MVBS, taking care to separately offset the DTL for IRES purposes from those for IRAP purposes, as taxes that cannot be offset against each other.

E.2.2.1.1 Deferred tax amount shown in the solvency balance sheet (so-called DTA) eligible for compensation deriving from deferred tax liabilities and probable taxes deriving from future taxable income assessed before stress

Based on art. 15 of the Acts Del. 2015/35, deferred tax assets (DTA) other than those deriving from unused tax losses and unused tax credits and deferred tax liabilities (DTL) are calculated on the basis of the differences between the values of assets and liabilities valued in accordance with Solvency II principles and the corresponding tax values.

The rate applied on value adjustments is 24% for IRES and 6.82% for IRAP. It should also be noted that on the positive sign value adjustments inherent in the equity investments, in application of the tax legislation, the aforementioned rate was applied on 5% of the revaluation, while deferred taxes were not calculated on the negative sign value adjustments, given that the legislation provides for the non-relevance of the aforementioned losses for tax purposes.

Deferred tax assets and liabilities calculated on Solvency II adjustments (differences between the values of statutory balance sheet and the values of solvency balance sheet) amount in total to 75,916 thousand euros, of which 59,117 thousand euros for IRES purposes and 16,799 thousand euros for IRAP purposes and are represented in this case by net deferred tax liabilities.

The Company is therefore not exposed to net deferred tax assets, the allocation of which, in terms of capital quality, is classified in tier 3 of eligible capital as provided for in Article 76 of the Delegated Acts.

On the basis of IAS 12, the conditions have been met to offset the deferred tax liabilities deriving from the application in the Solvency II principles with prepaid statutory taxes and, for IRES purposes, from probable taxes deriving from future taxable income.

The compensation of the DTL for IRES purposes, recorded as a decrease of the corresponding statutory DTA (21,293 thousand euros), lead to a net DTL balance for IRES purposes in the solvency balance sheet of 37,824 thousand euros, while the

compensation of the DTL for IRAP purposes, recorded net of the corresponding statutory DTA (790 thousand euros) lead to a net DTL for IRAP purposes in the solvency balance sheet of 16,009 thousand euros.

E.2.2.1.2 Eligibility of nDTA for compensation

For the purposes of assessing the admissibility of nDTAs for compensation, the Company assessed the emerging recoverability from deferred tax liabilities ("DTL") of the solvency balance sheet net of existing deferred tax assets ("DTA") and probable taxes deriving from future taxable income determined over a defined time horizon.

With regard to the admissibility assessments of the nDTA deriving from future taxable income, pursuant to art. 13 paragraph 4 of IVASS Regulation n. 35/2017, the Company used a projection of these incomes in a scenario of instantaneous loss scenario, with a weighted reduction according to the measures envisaged.

As regards the determination of the projection of future income in the loss scenario, the following main assumptions have been adopted:

- Evolution of the business activity following the instant loss scenario and comparison with the pre-stress hypotheses: the expected evolution of the business activity subsequent to the loss scenario is defined on the going concern assumption, applying to the Company's basic plan the estimate of the impacts of the loss scenario. Consequently, the planning data, which report future profits over a 5-year time horizon, has been extended up to 7 years, with a flat extension of the last year of the approved plan. Subsequently, the prospective evolution of market conditions was hypothesized, both in relation to the financial component and the technical insurance component, in the event of stress.
- No management actions were considered after the instant loss scenario occurred.
- Definition of market recovery scenarios in the event that the instantaneous loss scenario occurred: the recoverability assessments of losses on financial risks were carried out consistently with the Company's portfolio structure, the recoverability of any capital losses on assets, to be attributed to the Business in Force with reference to the plan of future profits, is determined by assuming different recoverability horizons for each type of investment. In particular, assumptions of recoverability are made only for bonds and investment funds, while, for prudential reasons, assumptions of recoverability have not been considered for real estate investments, equity investments (subject to the "participation exemption" regime) and shares.
- Estimates relating to the new business in the event that the instant loss scenario has occurred:
 - **Non-life Technical Risks:** among others, the perimeter of the New Business and the subdivision between premium and reserve risk, and related drivers, are defined for a best estimate of the loss at single Solvency II line of business.
 - **Life Technical Risks:** for life business, the indications of the business plan were taken as new business. The shocks of the standard formula for all the material components of the Company's portfolio were projected onto these volumes in the stress scenario.

As for the provisions of art. 16 of IVASS Regulation n. 2017/35, compliance with the so-called "double counting" was verified, therefore the Company, in compliance with the principles set out in article 15 of the Delegated Regulation, verified that the elements taken as a reference for compensation for the purposes of eligibility of notional deferred tax assets exclude the amounts already underlying the determination of deferred tax assets recognized in the solvency balance sheet, operating as follows:

- in addition to the income from future profits in the event of stress, the Company has considered only the deferred tax liabilities IRES of the solvency balance sheet usable in compensation excluding the deferred assets taxes already recognized in the financial statements;
- has considered the admissibility of the nDTA deriving from future profits in stress conditions net of what is necessary to record the position of deferred tax assets of the Solvency balance sheet.

That said, the future taxable amounts that are used to demonstrate the recognition of deferred tax assets in the Solvency II balance sheet (before stress) were not considered for the purpose of demonstrating the existence of future taxable income in the post stress situation. In determining the post-stress future taxable income, therefore, those income (charges) which in the "MVBS" determined the recognition of deferred taxes were eliminated. In order to avoid violating this provision, the economic result of each year of the Plan was therefore adjusted to exclude said income (charges).

E. Capital Management

E.2.2.1.3 Amount of the LAC DT admissible for compensation deriving from probable taxes from future taxable income assessed post stress, identified pursuant to Article 13, paragraph 4

For the purpose of determining the LAC DT admissible for compensation deriving from probable taxes from future income assessed post stress, the amount of the nDTA net of the net DTL recognized in the solvency balance sheet is determined. The planning data showing the scenario of future profits have been weighted with application of the following parameters of reduction of future taxable income of 20% for the fourth year of projection, of 40% for the fifth year, of 60% for the sixth year and 80% for the seventh and final year. For this purpose, a plan of future profits has been constructed which eliminates the possible double counting effect deriving from the overlapping of plan profits and profits already considered in the DTL present in the solvency balance sheet (adjustment DTL illustrated above).

DETERMINATION OF LAC		(amounts in EUR thousand)
		2022
nDTA		-99,615
Net eligible DTL recognized in Solvency balance sheet		-59,117
Eligible taxes deriving from future profits		-40,498
nDTA not recoverable		-
nDTA		99,615
nDTA not recoverable		-
LAC DT		99,615

DETERMINATION OF LAC		(amounts in EUR thousand)
		2022
Net eligible DTL recognized in Solvency balance sheet		59,117
Eligible taxes deriving from future profits		40,498
LAC DT		99,615

E.2.3 Minimum Capital Requirement

The following table shows Minimum Capital Requirement (MCR) related to FY 2022, as well as a comparison with the previous year.

MINIMUM CAPITAL REQUIREMENT				(amounts in thousands Euros)
	2022	2021	Variation %	
Total eligible own funds to meet the Minimum Capital Requirement (MCR)	797.834	838.123	-4,81%	
MCR	158.860	184.547	-13,92%	
Ratio of eligible own funds to MCR	502,224%	454,151%	10,59%	

The Company's MCR Ratio is an improvement compared to the previous year.

As can be seen from the QRT S.28.02.01 reported in Annex 1 of this document, the Minimum Capital Requirement is calculated on the basis of the combined MCR, represented by the value of the maximum MCR, the value of which is higher than the Absolute Minimum of the MCR.

E.3 Use of the share risk sub-module based on the duration in the calculation of solvency capital requirement

HDI Assicurazioni does not use the term-based share risk sub-module to calculate the solvency capital requirement.

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

The Company does not use approved internal models to calculate the solvency capital requirement.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

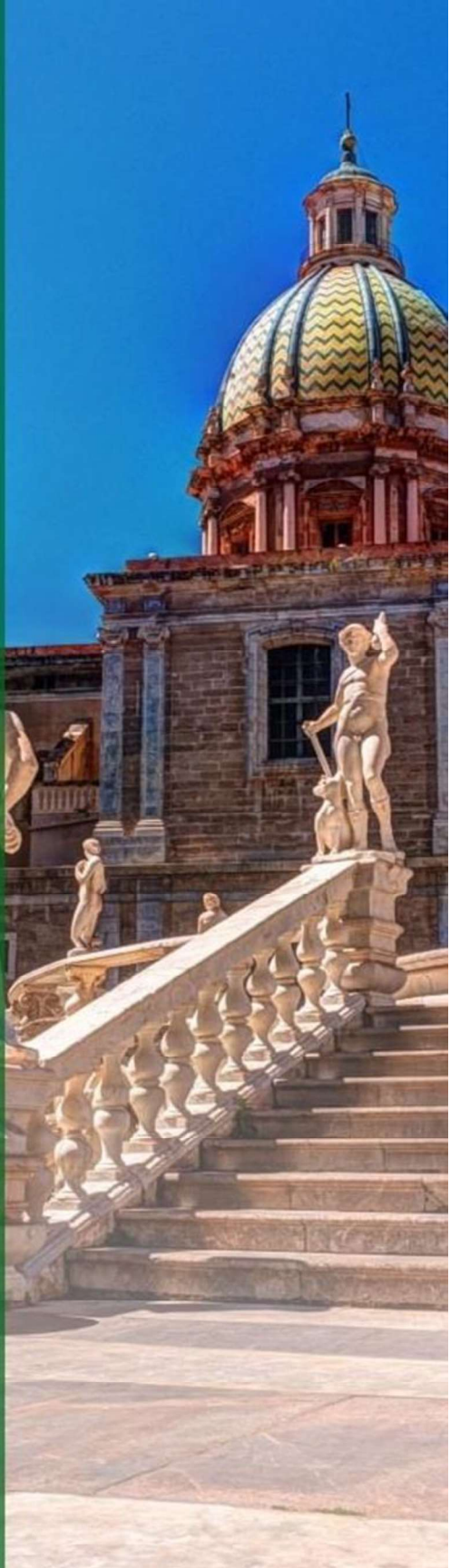
In FY 2022, there are no non-compliances worthy of note committed by the Company in relation to the minimum capital requirement and the solvency capital requirement.

E.6 Other information

With reference to FY 2022, there is no further relevant information on the Company's capital management, worthy of note.



Una visione globale su tutto il territorio italiano



Annex 1. QRT

Annex 1 - QRT

This Annex reports, in line with the requirements of the European Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015, the templates of Solvency and Financial Condition Report of HDI Assicurazioni S.p.A.

The figures are indicated in thousand euros.

The reporting currency is the Euro.

The templates below are:

- S.02.01.02 - Balance Sheet;
- S.05.01.02 - Premiums, claims and expenses by line of business;
- S.12.01.02 - Life and Health SLT Technical Provisions;
- S.17.01.02 - Non-Life Technical Provisions;
- S.19.01.21 - Non-life insurance claims;
- S.22.01.21 - Impact of long term guarantees measures and transitionals;
- S.23.01.01 - Own funds;
- S.25.01.21 - Solvency Capital Requirement - Only Standard Formula;
- S.28.02.01 - Minimum Capital Requirement (MCR) - Both life and non-life insurance activity.

S.02.01.02 - Balance Sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	45.210
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6.348.191
Property (other than for own use)	R0080	38.800
Holdings in related undertakings, including participations	R0090	317.357
<i>Equities</i>	<i>R0100</i>	<i>10.811</i>
Equities - listed	R0110	9.295
Equities - unlisted	R0120	1.516
<i>Bonds</i>	<i>R0130</i>	<i>5.632.753</i>
Government Bonds	R0140	3.776.884
Corporate Bonds	R0150	1.850.242
Structured notes	R0160	0
Collateralised securities	R0170	5.627
Collective Investments Undertakings	R0180	345.470
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	3.002
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	588.640
Loans and mortgages	R0230	27.742
Loans on policies	R0240	743
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	26.998
Reinsurance recoverables from:	R0270	30.089
Non-life and health similar to non-life	R0280	35.167
Non-life excluding health	R0290	35.115
Health similar to non-life	R0300	53
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-5.491
Health similar to life	R0320	186
Life excluding health and index-linked and unit-linked	R0330	-5.677
Life index-linked and unit-linked	R0340	412
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	74.530
Reinsurance receivables	R0370	7.312
Receivables (trade, not insurance)	R0380	146.612
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	102.954
Any other assets, not elsewhere shown	R0420	6.629
Total assets	R0500	7.377.910

S.02.01.02 - Balance Sheet

		Solvency II value C0010
Liabilities		
Technical provisions - non-life	R0510	783.493
Technical provisions - non-life (excluding health)	R0520	755.307
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	737.667
Risk margin	R0550	17.640
Technical provisions - health (similar to non-life)	R0560	28.187
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	27.734
Risk margin	R0590	453
Technical provisions - life (excluding index-linked and unit-linked)	R0600	4.834.629
Technical provisions - health (similar to life)	R0610	238
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	233
Risk margin	R0640	5
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	4.834.391
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	4.731.242
Risk margin	R0680	103.149
Technical provisions - index-linked and unit-linked	R0690	560.986
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	552.820
Risk margin	R0720	8.165
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	13.409
Pension benefit obligations	R0760	4.375
Deposits from reinsurers	R0770	1.185
Deferred tax liabilities	R0780	53.833
Derivatives	R0790	0
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	46.483
Insurance & intermediaries payables	R0820	28.431
Reinsurance payables	R0830	999
Payables (trade, not insurance)	R0840	42.402
Subordinated liabilities	R0850	185.459
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	185.459
Any other liabilities, not elsewhere shown	R0880	14.414
Total liabilities	R0900	6.570.098
Excess of assets over liabilities	R1000	807.812

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

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)										Line of Business for: accepted non-proportional						
	Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120	Health C0130	Casualty C0140	Marine, aviation, transport C0150	Property C0160	Total C0200
Premiums written																	
Gross - Direct Business	3.587	27.725	0	246.066	57.209	1.361	39.270	26.990	30.519	3.572	10.609	322					447.229
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	50	0	0	0	0	0	0	0	0	50
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurers' share	126	973	0	1.094	3.354	56	3.252	2.096	13.992	2.679	7.430	24	0	0	0	0	35.077
Net	3.461	26.752	0	244.971	53.855	1.305	36.018	24.944	16.526	893	3.178	298					412.202
Premiums earned																	
Gross - Direct Business	3.527	28.389	0	242.028	52.905	1.387	37.304	26.421	27.384	3.529	10.355	806					434.035
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	48	0	0	0	0	0	0	0	0	48
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurers' share	128	990	0	1.094	3.354	56	3.175	2.077	11.510	2.653	7.119	55	0	0	0	0	32.212
Net	3.399	27.399	0	240.934	49.552	1.330	34.129	24.392	15.875	876	3.236	751					401.871
Claims incurred																	
Gross - Direct Business	1.939	7.904	0	162.482	30.096	965	21.753	13.146	11.787	592	2.442	-180					252.927
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	-17	0	0	0	0	0	0	0	0	-17
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurers' share	11	46	0	-489	3.137	0	8.290	288	5.048	459	2.032	4	0	0	0	0	18.826
Net	1.928	7.858	0	162.971	26.959	966	13.464	12.841	6.739	133	410	-184					234.084
Changes in other technical provisions																	
Gross - Direct Business	47	-26	0	0	-54	2	69	0	0	0	0	0	0	0	0	0	38
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurers' share	0	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27
Net	47	-53	0	0	-54	2	69	0	0	0	0	0	0	0	0	0	11
Expenses incurred	1.684	12.328	0	78.754	20.629	446	18.486	12.508	4.909	-787	-635	926	0	0	0	0	149.248
Other expenses																	
Total expenses																	149.248

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

	Line of Business for: life insurance obligations							Life reinsurance obligations			Total
	Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to health insurance other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	C0300		
Premiums written											
Gross	R1410	5	940.389	91.514	9.141	0	0	0	0	0	1.041.050
Reinsurers' share	R1420	4	24	0	6.100	0	0	0	0	0	6.128
Net	R1500	2	940.364	91.514	3.041						1.034.921
Premiums earned											
Gross	R1510	5	940.389	91.514	9.141	0	0	0	0	0	1.041.050
Reinsurers' share	R1520	4	24	0	6.100	0	0	0	0	0	6.128
Net	R1600	2	940.364	91.514	3.041						1.034.921
Claims incurred											
Gross	R1610	0	1.661.239	43.082	6.817	0	0	0	0	0	1.711.138
Reinsurers' share	R1620	0	549	0	1.870	0	0	0	0	0	2.419
Net	R1700		1.660.690	43.082	4.946						1.708.719
Changes in other technical provisions											
Gross	R1710	56	-671.372	789	-8.384	0	0	0	0	0	-678.911
Reinsurers' share	R1720	3	-510	0	4	0	0	0	0	0	-503
Net	R1800	53	-670.862	789	-8.388						-678.408
Expenses incurred	R1900	9	24.982	1.625	-894	0	0	0	0	0	25.722
Other expenses	R2500										0
Total expenses	R2600										25.722

S.12.01.02 - Life and Health SLT Technical Provisions

	Insurance with profit participation		Index-linked and unit-linked insurance ¹		Other life insurance ¹		Annuities stemming from non-life insurance contracts and relating to other than health insurance obligations		Accepted reinsurance		Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150		C0160	C0170	C0180			
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RMI																	
Best Estimate																	
Gross Best Estimate	R0030	4.670.830	552.820	0	0	60.412	0	0	0	5.284.062	233	0	0	0	0	0	233
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	802	412	0	0	-6.479	0	0	0	-5.265	186	0	0	0	0	0	186
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	4.670.028	552.408	0	0	66.891	0	0	0	5.289.327	47	0	0	0	0	0	47
Risk Margin	R0100	95.787	8.165	0	7.361	0	0	0	0	111.314	5	0	0	0	0	0	5
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	R0120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0130	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	R0200	4.766.618	560.986	0	67.773	0	0	0	0	5.395.376	238	0	0	0	0	0	238

S.17.01.02 - Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance ^{a)}					
	Medical expense insurance C0020	Income protection insurance C0030	Workers' compensation insurance C0040	Motor vehicle liability insurance C0050	Other motor insurance C0060	Marine, aviation and transport insurance C0070	Fire and other damage to property insurance C0080	General liability insurance C0090	Credit and suretyship insurance C0100	Legal expenses insurance C0110	Assistance C0120	Miscellaneous financial loss C0130	Non-proportional health reinsurance C0140	Non-proportional casualty reinsurance C0150	Non-proportional marine, aviation and transport reinsurance C0160	Non-proportional property reinsurance C0170	Total Non-Life obligations C0180
R0010																	
Total recoverables from reinsurers/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																	
Premium provisions																	
Gross	1.341	12.144		63.193	36.881	488	30.747	8.548	31.779	241	1.546	5.979				192.887	
Total recoverable from reinsurers/SPV and finite Re after the adjustment for expected losses due to counterparty default	-62	29	-88	-88	10	-2	520	117	9.228	107	738	4				10.602	
Net Best Estimate of Premium Provisions	1.403	12.115	63.281	63.281	36.871	490	30.227	8.432	22.551	134	807	5.974				182.286	
Claims provisions																	
Gross	1.459	12.790		423.786	11.699	4.018	32.974	60.812	17.151	2.104	1.077	4.643				572.513	
Total recoverable from reinsurers/SPV and finite Re after the adjustment for expected losses due to counterparty default	36	50	839	839	978	10	7.285	6.794	6.675	1.301	598	0				24.566	
Net Best Estimate of Claims Provisions	1.423	12.740	422.947	422.947	10.721	4.009	25.689	54.019	10.476	803	479	4.643				547.948	
Total Best estimate - gross	2.800	24.934	486.979	486.979	48.580	4.507	63.721	69.361	48.930	2.346	2.623	10.622				765.401	
R0270	2.826	24.855	486.228	486.228	47.591	4.499	55.916	62.450	33.027	937	1.286	10.617				730.233	
Risk margin	44	409	13.816	13.816	339	136	832	1.973	355	24	14	149				18.092	
R0280																	
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0				0	
Best estimate	0	0	0	0	0	0	0	0	0	0	0	0				0	
Risk margin	0	0	0	0	0	0	0	0	0	0	0	0				0	
Technical provisions - total	2.844	25.342	500.795	500.795	48.919	4.643	64.553	71.334	49.285	2.369	2.637	10.771				783.493	
Recoverable from reinsurance contracts/SPV and finite Re after the adjustment for expected losses due to counterparty default - total	-26	79	751	751	989	8	7.805	6.910	15.903	1.408	1.336	4				35.167	
Technical provisions minus recoverables from reinsurance/SPV and finite Re - total	2.870	25.264	500.044	500.044	47.931	4.635	56.748	64.423	33.382	961	1.301	10.767				748.326	

S.19.01.21 - Non-life insurance claims

Gross Claims Paid (non-cumulative)

	Development year										Sum of years (cumulative) C0180	
	0	1	2	3	4	5	6	7	8	9		10 & +
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	
Prior												3.992
2013	65.156	52.080	16.699	6.022	3.765	4.053	4.579	1.770	1.254	785		821.513
2014	62.664	55.394	19.884	7.298	3.537	2.215	1.818	790	654			156.165
2015	72.664	57.684	18.466	7.260	5.093	3.674	1.139	1.635				154.255
2016	76.830	73.279	23.596	5.504	5.882	2.060	2.310					167.614
2017	84.592	70.662	23.185	5.384	4.667	826						189.461
2018	86.727	70.184	16.311	8.045	5.539							189.316
2019	95.124	66.604	18.725	6.542								186.807
2020	81.713	52.754	19.353									186.995
2021	96.322	72.986										153.819
2022	114.069											169.308
Total												2.489.321

	In Current year C0170	Sum of years (cumulative) C0180
R0100	3.992	821.513
R0160	785	156.165
R0170	654	154.255
R0180	1.635	167.614
R0190	2.310	189.461
R0200	826	189.316
R0210	5.539	186.807
R0220	6.542	186.995
R0230	19.353	153.819
R0240	72.986	169.308
R0250	114.069	114.069
Total	228.690	2.489.321

Gross undiscounted Best Estimate Claims Provisions

	Development year										Year end (discounted) C0360	
	0	1	2	3	4	5	6	7	8	9		10 & +
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	
Prior												33.874
2013	0	0	0	69.154	56.171	44.381	36.860	30.212	16.861	12.695		12.316
2014	0	0	83.878	69.060	56.454	50.069	41.580	31.777	16.639			15.838
2015	0	110.043	80.824	61.312	54.347	46.079	38.376	33.927				30.322
2016	172.787	105.029	77.260	63.304	49.547	42.692	38.206					32.768
2017	154.254	86.882	64.486	50.785	39.191	36.296						33.064
2018	162.042	88.999	66.581	51.944	45.651							41.680
2019	152.340	84.577	61.459	53.657								50.941
2020	158.615	89.278	65.717									58.398
2021	150.910	107.538										96.962
2022	159.975											145.177
Total												548.072

	Year end (discounted) C0360
R0100	30.605
R0160	12.316
R0170	15.838
R0180	30.322
R0190	32.768
R0200	33.064
R0210	41.680
R0220	50.941
R0230	58.398
R0240	96.962
R0250	145.177
Total	548.072

S.22.01.21 - Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010			41.517	
Basic own funds	R0020			-28.610	
Eligible own funds to meet					
Solvency Capital Requirement	R0050			-26.483	
Solvency Capital Requirement	R0090			4.253	
Eligible own funds to meet					
Minimum Capital Requirement	R0100			-28.227	
Minimum Capital Requirement	R0110			1.914	

S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	351.000	351.000		0	
Share premium account related to ordinary share capital	R0030		0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040		0		0	
Subordinated mutual member accounts	R0050			0	0	0
Surplus funds	R0070		0			
Preference shares	R0090			0	0	0
Share premium account related to preference shares	R0110			0	0	0
Reconciliation reserve	R0130	415.062	415.062			
Subordinated liabilities	R0140	185.459		0	185.459	0
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180		0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	951.521	766.062		185.459	

Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Available and eligible own funds						
Total available own funds to meet the SCR	R0500	951.521	766.062		185.459	
Total available own funds to meet the MCR	R0510	951.521	766.062		185.459	
Total eligible own funds to meet the SCR	R0540	942.574	766.062		176.511	
Total eligible own funds to meet the MCR	R0550	797.834	766.062		31.772	
SCR	R0580	353.023				
MCR	R0600	158.860				
Ratio of Eligible own funds to SCR	R0620	267,00%				
Ratio of Eligible own funds to MCR	R0640	502,22%				

C0060						
Reconciliation reserve						
Excess of assets over liabilities	R0700	807.812				
Own shares (held directly and indirectly)	R0710					
Foreseeable dividends, distributions and charges	R0720	41.750				
Other basic own fund items	R0730	351.000				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Reconciliation reserve	R0760	415.062				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life Business	R0770	46.576				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	5.485				
Total Expected profits included in future premiums (EPIFP)	R0790	52.061				

S.25.01.21 - Solvency Capital Requirement - Only Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	377.770		
Counterparty default risk	R0020	42.997		
Life underwriting risk	R0030	368.568		
Health underwriting risk	R0040	17.779		
Non-life underwriting risk	R0050	152.459		
Diversification	R0060	-302.311		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	657.262		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	51.472
Loss-absorbing capacity of technical provisions	R0140	-256.096
Loss-absorbing capacity of deferred taxes	R0150	-99.615
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	353.023
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	353.023
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-99.615
LAC DT justified by reversion of deferred tax liabilities	R0650	-59.117
LAC DT justified by reference to probable future taxable economic profit	R0660	-40.498
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-99.615

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

		Non-life activities	Life activities
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	106.493	

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2.826	3.461	0	0
Income protection insurance and proportional reinsurance	R0030	24.855	26.752	0	0
Workers' compensation insurance and proportional reinsurance	R0040			0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	486.228	244.971	0	0
Other motor insurance and proportional reinsurance	R0060	47.591	53.855	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	4.499	1.305	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	55.916	36.018	0	0
General liability insurance and proportional reinsurance	R0090	62.450	24.944	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	33.027	16.526	0	0
Legal expenses insurance and proportional reinsurance	R0110	937	893	0	0
Assistance and proportional reinsurance	R0120	1.286	3.178	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	10.617	298	0	0
Non-proportional health reinsurance	R0140			0	0
Non-proportional casualty reinsurance	R0150			0	0
Non-proportional marine, aviation and transport reinsurance	R0160			0	0
Non-proportional property reinsurance	R0170			0	0

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0		4.305.703	
Obligations with profit participation - future discretionary benefits	R0220	0		364.325	
Index-linked and unit-linked insurance obligations	R0230	0		552.455	
Other life (re)insurance and health (re)insurance obligations	R0240	0		66.891	
Total capital at risk for all life (re)insurance obligations	R0250		0		3.683.451

		Non-life activities	Life activities
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		148.216

Overall MCR calculation		C0130
Linear MCR	R0300	254.709
SCR	R0310	353.023
MCR cap	R0320	158.860
MCR floor	R0330	88.256
Combined MCR	R0340	158.860
Absolute floor of the MCR	R0350	7.400
Minimum Capital Requirement	R0400	158.860

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	106.493	148.216
Notional SCR excluding add-on (annual or latest calculation)	R0510	147.597	205.426
Notional MCR cap	R0520	66.419	92.442
Notional MCR floor	R0530	36.899	51.356
Notional Combined MCR	R0540	66.419	92.442
Absolute floor of the notional MCR	R0550	3.700	3.700
Notional MCR	R0560	66.419	92.442



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**Annex 2
Auditors' report**



HDI Assicurazioni SpA

Relazione della società di revisione indipendente
ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005,
n° 209 e dell'articolo 4, comma 1, lettere a) e b), del Regolamento
IVASS n° 42 del 2 agosto 2018

Modelli “S.02.01.02 - Stato Patrimoniale” e
“S.23.01.01 - Fondi propri” e relativa informativa
contenuti nella Relazione sulla Solvibilità e
Condizione Finanziaria al 31 dicembre 2022

Relazione della società di revisione indipendente

ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, e dell' articolo 4, comma 1, lettere a) e b), del Regolamento IVASS n° 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
HDI Assicurazioni SpA

Modelli "S.02.01.02 - Stato Patrimoniale" e "S.23.01.01 - Fondi propri" e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2022

Giudizio

Abbiamo svolto la revisione contabile dei seguenti elementi dell'allegata Relazione sulla Solvibilità e Condizione Finanziaria (la "SFCR") di HDI Assicurazioni SpA (la "Società") per l'esercizio chiuso al 31 dicembre 2022, predisposta ai sensi dell'articolo 47-septies del DLgs 7 settembre 2005, n° 209:

- modelli "S.02.01.02 - Stato Patrimoniale" e "S.23.01.01 - Fondi propri" (i "modelli di MVBS e OF");
- sezioni "D. Valutazione ai fini di Solvibilità" e "E.1 Fondi Propri" (l'"informativa").

Le nostre attività non hanno riguardato:

- le componenti delle riserve tecniche relative al margine di rischio (voci Ro550, Ro590, Ro640, Ro680 e Ro720) del modello "S.02.01.02 - Stato Patrimoniale";
- il Requisito patrimoniale di solvibilità (voce Ro580) e il Requisito patrimoniale minimo (voce Ro600) del modello "S.23.01.01 - Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli di MVBS e OF e l'informativa, con le esclusioni sopra riportate, costituiscono nel loro insieme i "modelli di MVBS e OF e la relativa informativa".

A nostro giudizio, i modelli di MVBS e OF e la relativa informativa inclusi nella SFCR di HDI Assicurazioni SpA per l'esercizio chiuso al 31 dicembre 2022, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISAs). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa* della presente relazione.

Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants (IESBA Code) emesso dall'International Ethics Standards Board for Accountants applicabili alla revisione contabile dei modelli e della relativa informativa.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Richiamo di informativa - Criteri di redazione, finalità e limitazione all'utilizzo

Richiamiamo l'attenzione alla sezione "D. Valutazione ai fini di Solvibilità" della SFCR che descrive i criteri di redazione. I modelli di MVBS e OF e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che costituiscono un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Altri aspetti

La Società ha redatto il bilancio d'esercizio al 31 dicembre 2022 in conformità alle norme italiane che ne disciplinano i criteri di redazione, che è stato da noi assoggettato a revisione contabile a seguito della quale abbiamo emesso la nostra relazione di revisione datata 4 aprile 2023.

La Società ha redatto i modelli "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita" e la relativa informativa presentata nella sezione "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" dell'allegata SFCR in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che sono stati da noi assoggettati a revisione contabile limitata, secondo quanto previsto dall'articolo 4 comma 1 lett. c) del Regolamento IVASS n° 42 del 2 agosto 2018, a seguito della quale abbiamo emesso in data odierna una relazione di revisione limitata allegata alla SFCR.

Altre informazioni contenute nella SFCR

Gli Amministratori sono responsabili per la redazione delle altre informazioni contenute nella SFCR in conformità alle norme che ne disciplinano i criteri di redazione.

Le altre informazioni della SFCR sono costituite da:

- i modelli “S.05.01.02 - Premi, sinistri e spese per area di attività”, “S.12.01.02 - Riserve tecniche per l’assicurazione vita e l’assicurazione malattia SLT”, “S.17.01.02 - Riserve tecniche per l’assicurazione non vita”, “S.19.01.21 - Sinistri nell’assicurazione non vita”, “S.22.01.21 - Impatto delle misure di garanzia a lungo termine e delle misure transitorie”, “S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard” e “S.28.02.01 - Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita”;
- le sezioni “A. Attività e Risultati”, “B. Sistema di Governance”, “C. Profilo di Rischio”, “E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo”, “E.3 Utilizzo del sottomodulo del rischio azionario basato sulla durata nel calcolo del requisito patrimoniale di solvibilità”, “E.4 Differenze tra la Formula Standard e il Modello Interno”, “E.5 Inosservanza del requisito patrimoniale minimo e inosservanza del requisito patrimoniale di solvibilità” e “E.6 Altre informazioni”.

Il nostro giudizio sui modelli di MVBS e OF e sulla relativa informativa non si estende a tali altre informazioni.

Con riferimento alla revisione contabile dei modelli di MVBS e OF e della relativa informativa, la nostra responsabilità è svolgere una lettura critica delle altre informazioni e, nel fare ciò, considerare se le medesime siano significativamente incoerenti con i modelli di MVBS e OF e la relativa informativa o con le nostre conoscenze acquisite durante la revisione o comunque possano essere significativamente errate. Laddove identifichiamo possibili incoerenze o errori significativi, siamo tenuti a determinare se vi sia un errore significativo nei modelli di MVBS e OF e nella relativa informativa o nelle altre informazioni. Se, in base al lavoro svolto, concludiamo che esista un errore significativo, siamo tenuti a segnalare tale circostanza. A questo riguardo, non abbiamo nulla da riportare.

Responsabilità degli Amministratori e del Collegio Sindacale per i modelli di MVBS e OF e la relativa informativa

Gli Amministratori sono responsabili per la redazione dei modelli di MVBS e OF e della relativa informativa in conformità alle norme che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di MVBS e OF e la relativa informativa che non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un’entità in funzionamento e, nella redazione dei modelli di MVBS e OF e della relativa informativa, per l’appropriatezza dell’utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione dei modelli di MVBS e OF e della relativa informativa a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l’interruzione dell’attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che i modelli di MVBS e OF e la relativa informativa, nel loro complesso, non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base dei modelli di MVBS e OF e della relativa informativa.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:


- abbiamo identificato e valutato i rischi di errori significativi nei modelli di MVBS e OF e nella relativa informativa, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile dei modelli di MVBS e OF e della relativa informativa allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei criteri di redazione utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento.



Abbiamo comunicato ai responsabili delle attività di governance, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Milano, 4 aprile 2023

PricewaterhouseCoopers SpA


Alberto Buscaglia
(Revisore legale)



HDI Assicurazioni SpA

Relazione di revisione contabile limitata della società di revisione indipendente

*ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005,
n° 209 e dell'articolo 4, comma 1, lettera c), del Regolamento IVASS
n° 42 del 2 agosto 2018*

***Modelli "S.25.01.21 - Requisito patrimoniale di
solvibilità per le imprese che utilizzano la formula
standard" e "S.28.02.01 - Requisito patrimoniale
minimo (MCR) - Sia attività di assicurazione vita che
attività di assicurazione non vita" e relativa
informativa contenuti nella Relazione sulla Solvibilità
e Condizione Finanziaria al 31 dicembre 2022***

Relazione di revisione contabile limitata della società di revisione indipendente

ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, n° 209 e dell'articolo 4, comma 1, lettera c), del Regolamento IVASS n° 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
HDI Assicurazioni SpA

Modelli “S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard” e “S.28.02.01 – Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita” e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2022

Introduzione

Abbiamo svolto la revisione contabile limitata dei modelli “S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard” e “S.28.02.01 - Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita” (i “modelli di SCR e MCR”) e dell’informativa presentata nella sezione “E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo” (l’“informativa” o la “relativa informativa”) dell’allegata Relazione sulla Solvibilità e Condizione Finanziaria (“SF CR”) di HDI Assicurazioni SpA (nel seguito anche la “Società”) per l’esercizio chiuso al 31 dicembre 2022, predisposta ai sensi dell’articolo 47-septies del DLgs 7 settembre 2005, n° 209.

I modelli di SCR e MCR e la relativa informativa sono stati redatti dagli Amministratori sulla base delle disposizioni dell’Unione Europea direttamente applicabili, della normativa nazionale di settore e dei parametri specifici dell’impresa così come descritto nell’informativa della SF CR e come approvato da parte di IVASS.

Responsabilità degli Amministratori

Gli Amministratori sono responsabili per la redazione dei modelli di SCR e MCR e della relativa informativa in conformità alle disposizioni dell’Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell’impresa così come descritto nell’informativa della SF CR e come approvato da parte di IVASS e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di SCR e MCR e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

PricewaterhouseCoopers SpA

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Responsabilità del revisore

È nostra la responsabilità di esprimere una conclusione sui modelli di SCR e MCR e sulla relativa informativa. Abbiamo svolto la revisione contabile limitata in conformità al principio internazionale sugli incarichi di revisione contabile limitata (*ISRE*) 2400 (*Revised*), *Incarichi per la revisione contabile limitata dell'informativa finanziaria storica*. Il principio *ISRE* 2400 (*Revised*) ci richiede di giungere a una conclusione sul fatto se siano pervenuti alla nostra attenzione elementi che ci facciano ritenere che i modelli di SCR e MCR e la relativa informativa non siano redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS. Tale principio ci richiede altresì di conformarci ai principi etici applicabili.

La revisione contabile limitata dei modelli di SCR e MCR e della relativa informativa conforme al principio *ISRE* 2400 (*Revised*) è un incarico di assurance limitata. Il revisore svolge procedure che consistono principalmente nell'effettuare indagini presso la Direzione e altri soggetti nell'ambito dell'impresa, come appropriato, e procedure di analisi comparativa, e valuta le evidenze acquisite. Le procedure svolte in una revisione contabile limitata sono sostanzialmente minori rispetto a quelle svolte in una revisione contabile completa conforme ai principi di revisione internazionali (ISAs).

Pertanto non esprimiamo un giudizio di revisione sui modelli di SCR e MCR e sulla relativa informativa.

Conclusione

Sulla base della revisione contabile limitata, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che i modelli di SCR e MCR e la relativa informativa inclusi nell'allegata SFCR di HDI Assicurazioni SpA per l'esercizio chiuso al 31 dicembre 2022, non siano stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS.

Criteri di redazione, finalità e limitazione all'utilizzo

Senza esprimere la nostra conclusione con modifica, richiamiamo l'attenzione alla sezione "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" della SFCR che descrive i criteri di redazione dei modelli di SCR e MCR. I modelli di SCR e MCR e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che costituiscono un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. In particolare, in conformità a quanto previsto dall'articolo 45-sexies, comma 7, del DLgs 7 settembre 2005, n° 209, l'utilizzo dei parametri specifici dell'impresa, sinteticamente descritti nell'informativa della SFCR è stato approvato dall'IVASS nell'esercizio delle proprie funzioni di vigilanza.



Come previsto dall'articolo 13 del Regolamento IVASS n° 42 del 2 agosto 2018, le nostre conclusioni non si estendono alle determinazioni assunte dall'IVASS nell'esercizio delle sue funzioni di vigilanza e quindi, in particolare, all'idoneità dei parametri specifici dell'impresa rispetto allo scopo definito dalle disposizioni dell'Unione Europea direttamente applicabili e dalla normativa nazionale.

Milano, 4 aprile 2023

PricewaterhouseCoopers SpA


Alberto Buscaglia
(Revisore legale)



HDI Assicurazioni S.p.A.

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