HDI ASSICURAZIONI

2023

Solvency and Financial Condition Report

HDI ASSICURAZIONI

HDI ASSICURAZIONI S.p.A.

Solvency and Financial Condition Report

2023

Approved by the Board of Directors on March 22, 2024.

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SIGNIFICANT DATA OF THE COMPANY AS OF 31 DECEMBER 2023

Solvency Capital Requirement
SCR
471,344 thousands of euros
+33.5%

Solvency Ratio
SR
195.0%
-72bp

Minumum Capital Requirement
MCR
212,105 thousands of euros
+33.5%

Eligible Own Funds to meet the SCR
EOF
919,288 thousands of euros
-2.5%

Eligible Own Funds to meet the MCR
EOF
726,037 thousands of euros
-8.9%

Premiums Written
1,597,225 thousands of euros
+109.0%

Net Profit
$ TAX
42,619 thousands of euros
+12.9%

Profit before taxes
54,687 thousands of euros
+9.3%

Net Assets
663,874 thousands of euros
+0.1%

Investments
$
5,732 thousands of euros
-9.7%

Employees

578 employees

SUSTAINABLE INVESTMENTS

1.818,41 million of €

Sustainable Investments

attributable to portfolios underlying sustainable products (art. 8)

SUSTAINABLE FINANCE

Membership of the Forum for Sustainable Finance since 2011

SUSTAINABLE FINANCE

8 SGDs pursued in 2023 via investment portfolios

SUSTAINABLE FINANCE

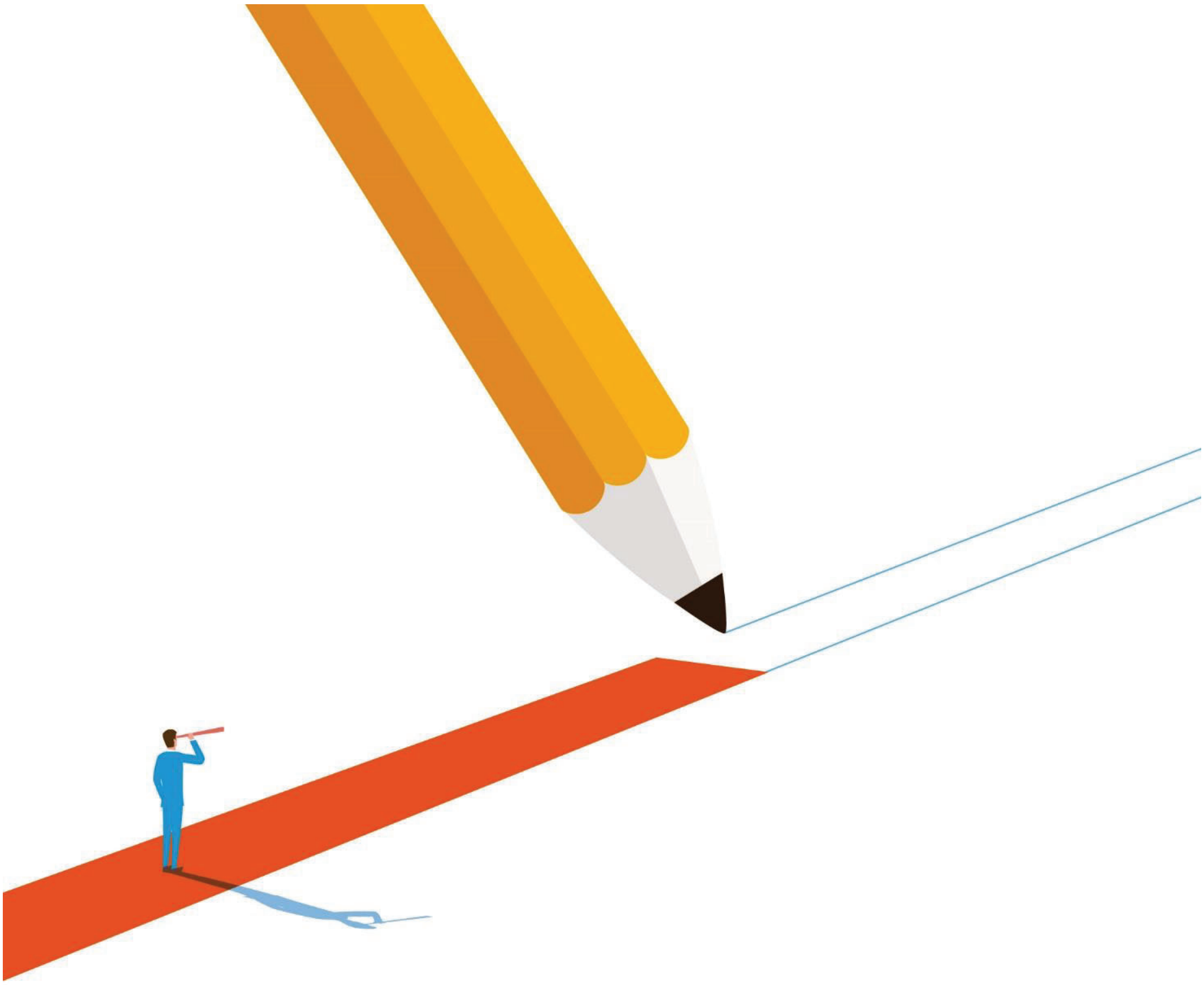
PRI subscription

With the Talanx AG Group, of which we are part, we have signed the UN PRI ("Principles for Responsible Investment") with the aim of encouraging diffusion of sustainable and responsible investment among investors institutional

FINANZA SOSTENIBILE

Members of Sustainable Finance Partnership of the Italian Stock Exchange

Summary



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 2023.

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 operates with a defined and selected clientele by offering systems composed of products and services designed to create value for customers and produce a competitive advantage for its business.

The customer base is mainly composed of the Retail segment and is divided into the following segments in order to best identify insurance needs: households, merchants, artisans, small professionals, and small and medium-sized businesses.

The Company closes 2023 with a pre-tax profit of 54,687 thousand euros and shows an overall increase of +4,653 thousand euros compared to 50,034 thousand euros in 2022. Net income 2023, on the other hand, amounted to 42,619 thousand euros, an increase of +12.9 percent compared to the previous year, which ended with a profit of 37,757 million euros.

Specifically, pre-tax profit related to non-life business increased by 10,617 thousand euros, from 37,460 thousand euros in 2022 to 48,077 thousand euros in 2023, while pre-tax profit related to life business decreased by 5,964 thousand euros, from 12,574 thousand euros in 2022 to 6,610 thousand euros in 2023.

Figures as of December 31, 2023 include balances arising from the merger by incorporation of HDI Italia S.p.A., which will be charged for accounting purposes as of January 1, 2023.

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

The non-life technical account result decreases by EUR 5,713 thousand, while the life technical account result increases by EUR 4,545 thousand. The net investment income of life business amounted to 93,900 thousand euros (98,906 thousand euros in 2022, a decrease of 5,006 thousand euros), while non-life business recorded a positive result of 18,316 thousand euros (10,747 thousand euros in 2022, an increase of 7,569 thousand euros). Specifically, in 2023, other income and expenses are negative by EUR -16,842 thousand and worsen compared to the previous year by EUR -7,070 thousand, including EUR -1,440 thousand non-life and EUR -5,630 thousand life. Extraordinary income and expenses increased by +€16,320 thousand, of which +€21,990 thousand non-life and -5,670 thousand life. With reference to net financial income, there is a decrease in life business of -€11,262 thousand; in particular, investment income decreases by -€5,006 thousand, while net extraordinary income decreases by -€6,256 thousand. Net financial income in non-life business increased by +€5,322 thousand, with investment income increasing by +€7,948 thousand and net extraordinary income decreasing by -€2,626 thousand.

The technical performance of the non-life classes - direct business - shows worsening results compared to the previous year, with reference to the combined ratio, which increases from 96.97% in 2022 pro-forma to 103.4% in 2023 (+6, 43 percentage points). The worsening of the combined ratio recorded is mainly attributable to the impact of the atmospheric events which, in July, hit northern Italy with wind storms and hail.

Net assets amount to 663,874 thousand euros, of which 439,716 thousand euros for non-life and 224,158 thousand euros for life. Compared to the net equity at 31 December 2022, which was equal to 663,005 thousand euros, of which 447,035 thousand euros for non-life and 215,970 thousand euros for life, it increased by the profit for the period, a total of 42,619 thousand euros and decreased following of the distribution to shareholders which took place in May 2023, of dividends entirely paid by the non-life classes for 41,750 thousand euros.

Direct business premium income stood at 1,597,225 thousand euros with an increase of -7.3% compared to 1,488,27 in the previous year. Non-life premiums issued, equal to 715,742 thousand euros, increased by +60.0% compared to 447,229 thousand euros in the previous year. Life premiums issued, equal to 881,483 thousand euros, recorded a decrease of -15.3% compared to 1,041,049 thousand euros in 2022. If the 2022 pro-forma data were considered, i.e. aggregating the data from HDI Assicurazioni and HDI Italy as if the merger had been effective in the 2022 financial year, the change in non-life premiums issued would have been equal to +22,389 thousand euros.

The above results were obtained despite the fact that the global macroeconomic and financial situation continues to be characterized by enormous uncertainty, largely a consequence of the growing, dramatic tensions at a geopolitical level, accentuated in the last period by the worrying conflict situation in the Israeli area -Palestinian. In this context, the insurance industry (especially life insurance) has suffered the negative impacts deriving from the significant erosion of families' disposable income which was reflected in the sharp fall in the propensity to save.

Despite the still overall favorable conditions of the labor market, family consumption was held back by the stagnation of disposable income in real terms. The gross domestic product, after the unexpected contraction in the second quarter, according to ISTAT estimates, would have remained stationary in the third quarter of 2023. The change would have been nil even in trend terms. GDP would grow in the order of 0.7%-0.8% on average both in 2023 (3.9% in 2022) and in 2024. Growth would be affected by the restrictive effects of the tightening of financing conditions and the weakness of international trade, which would attenuate the opposite impulse deriving from the PNRR measures and the gradual recovery of families' purchasing power.

The sudden and significant misalignment between the returns of the insurance portfolios, to which the revaluable Life policies are linked, and the current returns that an investor can access by investing in bonds, in the last two years and for the entire Italian Life insurance market, and in particularly in the segment of revaluable policies, it has generated significant outflows of insurance investments towards other forms of savings.

The Company was also involved in this phenomenon and promptly took action with management and commercial actions which also took shape through the offer of new investment insurance products. This phenomenon, however, which has been appreciably downsizing since the third quarter of 2023, has been absorbed and managed without causing critical situations worthy of note.

In the insurance sector, the impact of natural disasters on Italy has upset all the companies' annual estimates. The Tuscany region has estimated the damage caused by the floods at 300 million, while in Emilia-Romagna the figure varies between 500 and 600 million. It is estimated that the damage resulting from storms and floods alone amounts to approximately 2.5 billion euros. In relation to these events, the Company, although recording an increase in the frequency of natural accidents (particularly hail), has not recorded any particularly significant economic impacts, also thanks to functional reinsurance agreements.

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

On 29 April 2023, the deed of merger by incorporation of HDI Italia into HDI Assicurazioni was signed. The merger deed was registered in the Milan Company Register on 4 May 2023 and in the Rome Company Register on 5 May 2023, the date from which the legal effects of the merger take effect. The accounting and tax effect, as established in the merger deed, was instead brought forward to 1 January 2023. We remind you that HDI Italia (formerly Amissima Assicurazioni) was acquired on 1 April 2021, following authorization from IVASS. on 10 March 2021 (IVASS Order no. 51594). The integration project between the two companies was concretely launched immediately after the acquisition and, on 4 October 2022, HDI Assicurazioni and HDI Italia submitted a joint application to IVASS to request authorization for the merger. The authorization for the merger was issued by IVASS with Provision no. 0037363/23 of 15 February 2023 and on 22 February 2023 the extraordinary meetings of the Companies which resolved the merger by incorporation into HDI Assicurazioni were held, resolutions then filed with the Companies Register of Milan on 27 February 2023 and of Rome on February 28, 2023.

The merger of HDI Italia gave rise to the recognition of goodwill of 36.13 million euros, deriving from the reversal of the investment, recorded for a value of 225.95 million euros against the net equity of the subsidiary as at 31 December 2022 equal to 189.82 million euros.

Subsequently, on 8 May 2023, the Supervisory Authority granted the "new" HDI Assicurazioni «the authorization to use company-specific parameters to replace the subset of parameters defined in the standard formula for calculating the capital requirement of solvency".

In relation to the turbulent situation in the financial markets recorded during 2022, the Legislative Decree of 21 June 2022, n. 73, containing urgent provisions regarding tax simplification and issuing work permits, 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 compliance with the legislative decree of 26 May 1997, n. 173, to temporarily and extraordinary derogate from the rules established by 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 exemption allowed insurance companies that had recorded capital losses on securities in the non-durable portfolio to value them at the value resulting from the duly approved annual financial statements or, for securities not present in the portf olio at 31 December 2021, at the acquisition cost. This option does not apply to losses of value of a lasting nature.

In September 2023, the legislator intervened again on the aforementioned primary law with Legislative Decree of 29 September 2023, n. 131, converted with amendments by law 27 November 2023, n. 169, reformulating article 45 of Legislative Decree no. 73/20223. Following this rule, insurance companies can deduct from the amount of the unavailable reserve the portion, attributable to the insured, of the lack of devaluation of the securities, referring to the financial year and up to five subsequent years if so provided. by decree of the Minister of Economy and Finance pursuant to paragraph 3-duodecies of the aforementioned article 45, in relation to the evolution of the turbulent situation in the financial markets. The Minister of Economy and Finance, with Decree of 8 February 2024, published in the Official Journal of 26 February 2024, considering the persistence of a situation of price volatility and therefore market turbulence, extended to the entire financial year 2023 the right for insurance companies to also take into account the effect on existing commitments towards insured persons relating to the financial year and up to five subsequent financial years. The same decree provided that companies determine the amount of distributable profits taking into account the amount already distributed for the 2022 financial year. IVASS, with provision no. 143 of 12 March 2024, has therefore again amended Regulation no. 52 of 30 August 2022 to implement the provisions issued by the Minister of Economy and Finance. For the purposes of preparing the 2023 budget, in continuity with the previous year, the Company decided to make use of the provisions in question and therefore use the option to derogate from the normal valuation criteria of securities provided for by the Civil Code.

The geopolitical and macroeconomic events as well as those relating to the natural disasters mentioned above did not prevent the Company from achieving the economic results estimated during the planning stage, reaffirming its solid financial situation.

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 activity carried out which allows the Company to identify, evaluate, including prospectively, and control the risks linked to the business activity carried out, together with a system of limits and thresholds, are the fundamental elements that allow the Company to monitor its risk profile in order to achieve the set objectives, avoiding those risks that could undermine its solvency.

With reference to the valuation at 12/31/2023, the overall amount of the Solvency Capital Requirement (SCR) is equal to 471,344 thousand, while the Minimum Capital Requirement (MCR) is equal to 212,105 thousand. Within the Basic Solvency Capital Requirement, the most significant risk modules are Non-Life underwriting risk, market risk and Life underwriting risk.

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

	2023
Market risk	173,69
Counterparty default risk	73,690
Life underwriting risk	141,344
Health underwriting risk	30,768
Non-life underwriting risk	259,347
Diversification	-236,934
BSCR	**441,909**
Operational risk	56,812
Loss-absorbing capacity of deferred taxes	-27,377
SCR	**471,344**

D. Valuation for Solvency Purpose

The total assets of the Solvency II balance sheet amount to 7,314,950 thousand euros and compared to 7,826,148 thousand euros of the statutory balance sheet, it shows a lower value of -511,198 thousand euros.

The total liabilities of the Solvency II balance sheet amount to 6,520,790 thousand euros and compared to 7,162,274 thousand euros of the statutory balance sheet, it shows a lower value of -641,484 thousand euros. Overall, therefore, the excess of assets over liabilities in the Solvency II balance sheet amounts to 794,160 thousand euros and compared to 663,874 thousand euros in the statutory balance sheet it shows a greater value of 130,286 thousand euros.

The technical reserves of the non-life business relating to the Solvency II valuation at 31 December 2023 amount to 1,342,562 thousand euros, while the technical reserves of the life business, again according to the Solvency II valuation, at 31 December 2023 amount to 3,918,875 thousand EUR.

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

E. Capital Management

With regards to solvency, as at 31 December 2023, the Company has eligible Own Funds to cover the SCR amounting to 919,288 thousand euros, of which 683,616 thousand euros classified in Tier 1, 217,714 thousand euros classified in Tier 2 and 17,958 thousands of euros classified in Tier 3. The solvency capital requirement is equal to 471,344 thousand euros and therefore the Company's Solvency Ratio, given by the ratio between the eligible own funds and the solvency capital requirement, is equal to 195.0%.

In relation to the MCR, the Company holds Own Funds eligible for coverage amounting to 726,037 thousand euros, of which 683,616 thousand euros classified in Tier 1 and 42,421 thousand euros classified in Tier 2. The minimum capital requirement is equal to 212,105 thousand euros; therefore, the MCR Ratio is equal to 342.3%.

AVAILABLE AND ELIGIBLE OWN FUNDS (amounts in EUR thousand)

	2023
Total available own funds to meet the SCR	**957,524**
Total available own funds to meet the MCR	**901,330**
Total eligible own funds to meet the SCR	**919,288**
Total eligible own funds to meet the MCR	**726,037**
SCR	471,344
MCR	212,105
Ratio of Eligible own funds to SCR	195.0%
Ratio of Eligible own funds to MCR	342.3%

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".

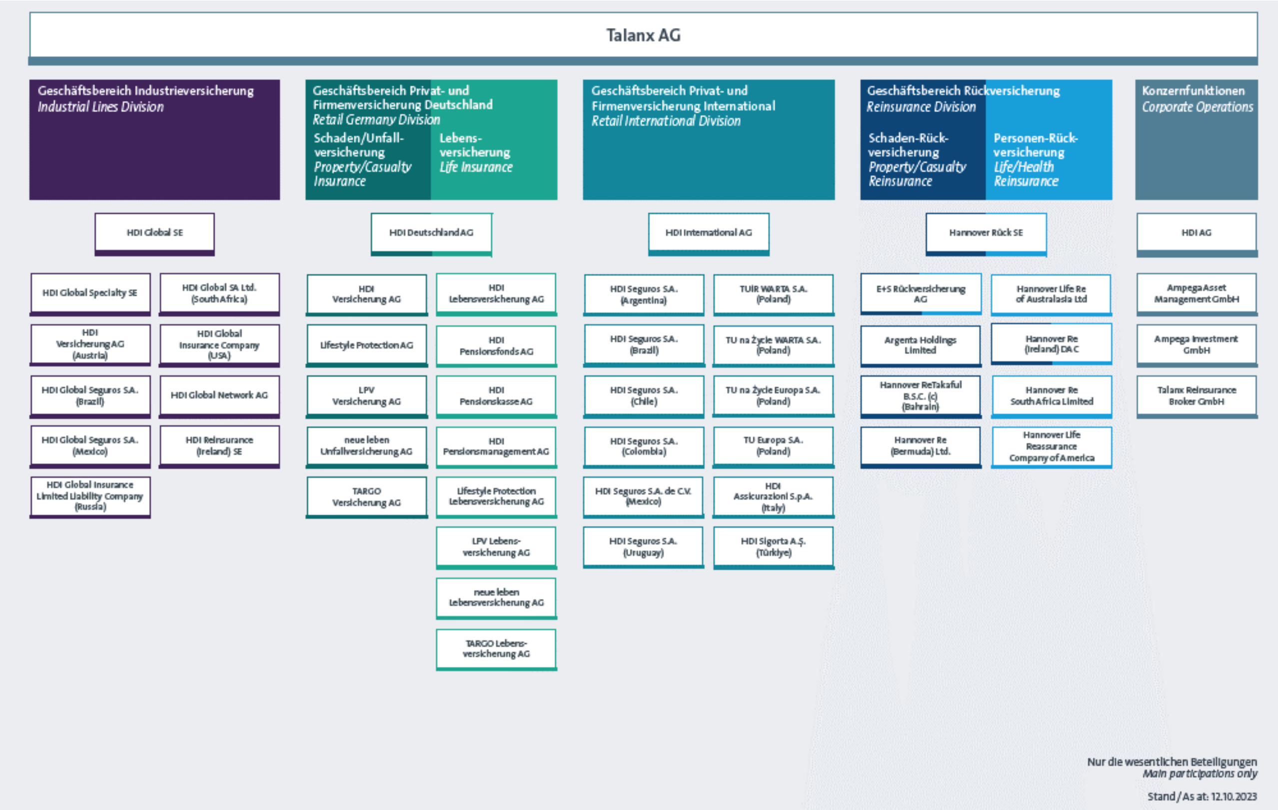
At 31 December 2023, the Group is formed of the following Companies:

- HDI Assicurazioni S.p.A. (parent company), with registered office in Rome in Rome at Piazza Guglielmo Marconi, 25;
- HDI Immobiliare S.r.l., with registered office in Rome in Rome at Piazza Guglielmo Marconi, 25, property management company held 100% by HDI Assicurazioni S.p.A.;
- InLinea S.p.A., with registered office in Romein 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 175 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.

The company mission is summarized in the claim "at your side, every day": proximity to the customer is the element that differentiates us. The claim expresses with conviction HDI Assicurazioni's vision of the insurance relationship, which must be based on precise values such as proximity, service, transparency, honesty and competence.

The Company operates with a defined and selected clientele by proposing offering systems made up of products and services aimed at creating value for customers and producing a competitive advantage for its activities. The clientele is mainly composed of the Retail segment.

The origins of the Company have their roots in our country, Italy, where in 1881 the "Mutual Aid Society" was founded by a group of railway workers. HDI Assicurazioni is today the result of that journey that began more than a century ago.

Since 1997, HDI has taken another step forward, becoming part of the Talanx Group of Hannover (born HDI Group), a large German insurance group of international importance.

In Italy, HDI can count on over 800 agents distributed equally throughout the territory and a presence made even more widespread by the partnership with important players in the banking sector who complete the Company's sales network. In 2021, with the acquisition of Amissima Assicurazioni SpA, HDI Assicurazioni moved to 11th place among non-life insurers in Italy.

The strategic vision of HDI Assicurazioni, in line with the Group's principles, is based first and foremost on the centrality of its Customers. We want to be an insurance company that is always connected with the customer, capable of improving the quality of the offer and service. Constantly improve the service to policyholders by differentiating our offer and optimizing rates.

In summary, being "At your side, every day" for HDI means:

- create offer profiles and tailor-made services, distributed through specific channels;
- act according to the principles of social responsibility and with particular attention to the community in which we live;
- build, over time, a relationship of loyalty, mutual esteem and trust with people who believe in the importance of insurance as a useful tool for safeguarding and growing their standard of living.

A.1.2 Significant events

Merger by incorporation of HDI Italia S.p.A. in HDI Assicurazioni S.p.A.

On 29 April 2023, the deed of merger by incorporation of HDI Italia into HDI Assicurazioni was signed. The merger deed was registered with the Milan Companies Register on 4 May 2023 and with the Rome Companies Register on 5 May 2023, the date from which the legal effects of the merger take effect. The accounting and tax effect, as established in the merger deed, was brought forward to 1 January 2023.

We remind you that HDI Italia (formerly Amissima Assicurazioni) was acquired on 1 April 2021, following authorization from IVASS on 10 March 2021 (IVASS Order no. 51594). The integration project between the two companies was concretely launched immediately after the acquisition and, on 4 October 2022, HDI Assicurazioni and HDI Italia submitted a joint application to IVASS to request authorization for the merger. The authorization for the merger was issued by IVASS with Provision no. 0037363/23 of 15 February 2023 and on 22 February 2023 the extraordinary meetings of the Companies which resolved the merger by incorporation into HDI Assicurazioni were held, resolutions then filed with the Companies Register of Milan on 27 February 2023 and of Rome on February 28, 2023.

Authorization to use USP parameters

On 8 May 2023, the Supervisory Authority granted HDI Assicurazioni (Merged Company) «the authorization to use company-specific parameters to replace the subset of parameters defined in the standard formula for calculating the solvency capital requirement ».

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 60,816 thousand euros in the non-life segments and to 1,514 thousand euros in life segments. Non-life management expenses include acquisition costs for 72,995 thousand euros, administrative costs for 20,106 thousand euros and general expenses for 81,319 thousand euros. Life management expenses include acquisition costs for 1,171 thousand euros, administrative costs for 4,796 thousand euros and general expenses for 15,624 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	4.542	17.224	947	-396	1.910	14.763
Income protection insurance	50.602	39.368	21.118	94	21.281	-3.125
Motor vehicle liability insurance	361.641	349.480	271.418	-	85.898	-7.836
Other motor insurance	77.203	71.363	44.794	107	24.414	2.048
Marine, aviation and transport insurance	1.863	1.931	-262	2	485	1.706
Fire and other damage to property insurance	71.512	65.132	43.378	117	26.991	-5.354
General liability insurance	-4.333	-5.413	-13.272	-	6.479	1.380
Credit and suretyship insurance	20.632	17.675	10.600	-	3.329	3.746
Legal expenses insurance	1.801	2.437	-531	-	-1.110	4.078
Assistance	11.825	11.195	2.920	-	4.585	3.690
Miscellaneous financial loss	944	362	577	-	158	-373
Total Non Life	598.232	570.754	381.687	-76	174.420	14.723
Health insurance	1	1	10	-4	-	-5
Insurance with profit participation	809.482	809.482	2.104.037	-1.248.149	20.389	-66.795
Index-linked and unit-linked insurance	62.988	62.988	57.179	-898	1.460	5.247
Other life insurance	2.928	2.928	1.440	-8.880	-258	10.626
Total Life	875.399	875.399	2.162.666	-1.257.931	21.591	-50.927
Total	**1.473.631**	**1.446.153**	**2.544.353**	**-1.258.007**	**196.011**	**-36.204**

As already reported, the data as of 31 December 2023 include the balances resulting from the merger by incorporation of HDI Italia S.p.A. in HDI Assicurazioni S.p.A., with allocation for accounting purposes from 1 January 2023. It should be noted that the tables below in this document do not include the 2022 pro-forma data for the aforementioned merger.

Written premiums

The gross written premiums of direct business amounted to 1,597,225 thousand euros and recorded an increase of +7.3% compared to the 1,488,278 thousand euros of the previous year. Non-life premiums issued, equal to 715,742 thousand euros, increased by +60.0% compared to 447,229 thousand euros in the previous year. Life premiums issued, equal to 881,483 thousand euros, recorded a decrease of -15.3% compared to 1,041,049 thousand euros in 2022. If the 2022 pro-forma data were considered, i.e. aggregating the data from HDI Assicurazioni and HDI Italy as if the merger had been effective in the 2022 financial year, the change in non-life premiums issued would have been equal to +22,389 thousand euros.

The percentage composition of the total premiums issued highlights a growth in the non-life classes from 30.1% to 44.8%, while the life classes decreased from 69.9% in 2022 to 55.2% in 2023.

The motor classes, with 463,239 thousand euros, represent 64.7% of the total non-life classes (67.8% in 2022) and compared to the previous year they recorded an increase of 159,965 thousand euros (+26,522 thousand euros compared to the 2022 pro-forma data), while the other non-life classes, with 252,503 thousand euros, represent 35.3% of the total non-life classes (32.2% in 2022) and compared to the previous year recorded an increase of +108,548 thousand euros (+75.4%) (-4,133 thousand euros compared to the 2022 pro-forma data).

WRITTEN PREMIUMS (amounts in EUR thousand)

Direct Business	2023		2022		Variation	
	Amount	%	Amount	%	Amount	%
Motor vehicle liability insurance	381.179	23,87%	246.065	16,5%	135.114	54,9%
Other motor insurance	82.060	5,1%	57.209	3,8%	24.851	43,4%
Total Motor segments	**463.239**	**29,0%**	**303.274**	**20,4%**	**159.965**	**52,7%**
Medical expense insurance	4.625	0,3%	3.587	0,2%	1.038	28,9%
Income protection insurance	51.525	3,2%	27.725	1,9%	23.800	85,8%
Marine, aviation and transport insurance	1.930	0,1%	1.361	0,1%	569	41,8%
Fire and other damage to property insurance	77.792	4,9%	39.270	2,6%	38.522	98,1%
General liability insurance	50.260	3,1%	26.990	1,8%	23.270	86,2%
Credit and suretyship insurance	38.574	2,4%	30.519	2,1%	8.055	26,4%
Legal expenses insurance	7.548	0,5%	3.572	0,2%	3.976	111,3%
Assistance	19.229	1,2%	10.609	0,7%	8.620	81,3%
Miscellaneous financial loss	1.020	0,1%	322	0,0%	698	216,8%
Total other non-life segments	**252.503**	**15,8%**	**143.955**	**9,7%**	**108.548**	**75,4%**
Total Non-Life	**715.742**	**44,8%**	**447.229**	**30,1%**	**268.513**	**60,0%**
Health insurance	4	0,0%	5	0,0%	-1	-20,0%
Insurance with profit participation	809.490	50,7%	940.389	63,2%	-130.899	-13,9%
Index-linked and unit-linked insurance	62.988	3,9%	91.514	6,1%	-28.526	-31,2%
Other life insurance	9.001	0,6%	9.141	0,6%	-140	-1,5%
Total Life	**881.483**	**55,2%**	**1.041.049**	**69,9%**	**-159.566**	**-15,3%**
Total direct business	**1.597.225**	**100,0%**	**1.488.278**	**100,0%**	**108.947**	**7,3%**
Total indirect business	**144**		**50**		**94**	**188,0%**
Total written premiums	**1.597.369**		**1.488.328**		**109.041**	**7,3%**

The collection of the Motor Vehicle Third Party Insurance class amounted to 381,179 thousand euros and represents 23.9% of the total non-life classes while the collection of the Other motor insurance class amounted to 82,060 thousand euros, equal to 5.1% of the total classes damage. If the 2022 pro-forma data were considered, the change in the Motor Vehicle Third Party Insurance class and the Other car insurance class would have been equal to +21,692 thousand euros and +4,830 thousand euros respectively.

The increase in TPL premiums Auto was determined by a growth both in the number of policies in portfolio (+5.3%) and in the relative average premium (+3.3%).

Within the other non-life classes, among the most significant classes we note the increase in the Fire and other property damage insurance class (+922 thousand euros compared to the 2022 pro-forma data) in the Credit and surety insurance class (+5,861 thousand euros compared to the 2022 pro-forma data) while there was a decrease in the General Civil Liability Insurance class (-155 thousand euros compared to the 2022 pro-forma data) and in the Medical Expenses Insurance and Personal Protection Insurance classes. income (total -9,840 thousand euros compared to the 2022 pro-forma data).

Within the life classes, the decrease in premiums issued, equal to -159,566 thousand euros, is mainly attributable to the premium collection of the insurance class with profit sharing, which stands at 809,490 thousand euros and decreases by -130,899 thousand euros (-13.9%), the premium collection relating to the Insurance branch linked to an index and linked to units recorded a decrease and went from 91,514 thousand euros in 2022 to 62,988 in 2023 (-31.2%). Finally, the collection of the Other Life Insurance branch recorded a decrease of -1.5% compared to 2022 and amounted to 9,001 thousand euros.

New production amounted to 804,602 thousand euros, with a decrease of 16.16% compared to 2022. In particular, single premiums and recurring premiums, with 801,612 thousand euros, decreased by 16.35%, while the annual premiums, with 2,990 thousand euros, increase by 100.67%.

Below is the detail of the premiums issued (direct business) in the year for Line of Business (LoB) Solvency II:

GWP al 31/12/2023 per LoB — (Importi in migliaia di euro) — Variazione 2023 - 2022

HDI Assicurazioni S.p.A.	2023	2022	Assoluta	%
Assicurazione spese mediche	4.873	8.662	-3.789	-43,7%
Assicurazione sulla protezione del reddito	51.278	57.326	-6.048	-10,6%
Assicurazione infortuni sul lavoro	0	0	0	0,0%
Assicurazione di responsabilità civile automobilistica	381.179	359.487	+21.692	+6,0%
Altre assicurazioni auto	82.060	77.229	+4.831	+6,3%
Assicurazione marittima, area e di trasporto	1.930	1.976	-46	-2,3%
Incendio e altri danni all'assicurazione sulla proprietà	77.792	76.869	+923	+1,2%
Assicurazione di responsabilità civile generale	50.260	50.415	-155	-0,3%
Assicurazione di credito e cauzione	38.574	32.714	+5.860	+17,9%
Assicurazione spese legali	7.548	7.898	-350	-4,4%
Assistenza	19.228	18.631	+597	+3,2%
Varie perdite finanziarie	1.020	2.143	-1.123	-52,4%
Aviazione	0	0	0	0,0%
Totale	715.742	693.350	+22.392	+3,2%

Technical performance in claims and operating expenses

The technical performance of the non-life classes - direct business - shows worsening results compared to the previous year, with reference to the combined ratio which increases from 95.01% in 2022 to 103.41% in 2023.

The total loss to premium ratio increased by 8.10 points, going from 65.49% to 73.59%.

The cost ratio recorded an increase from 29.51% to 29.82%.

The aforementioned ratios are calculated considering the settlement costs within the claims costs, consistently with the classification present in the statutory financial statements.

TECHNICAL PERFORMANCE

	2023	2022	Variation
Total C/P	73.59%	65.49%	8.10
Cost ratio	29.82%	29.51%	0.30
Combined ratio	103.41%	95.01%	8.40

Even considering the change with the 2022 pro forma data, i.e. aggregating the data of HDI Assicurazioni and HDI Italia as if the merger had been effective in the 2022 financial year, the technical performance of the non-life classes - direct business - would be worsening compared to the previous year, with reference to the combined ratio, which would increase from 96.97% in 2022 pro-forma to 103.41% in 2023 (+6.44 percentage points). The worsening of the combined ratio recorded in 2023 is mainly attributable to the impact of the atmospheric events which, in July, hit Northern Italy with wind storms and hail.

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	2023			2022			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	Claims/ Premiums
Medical expense insurance	988	17.421	5,67%	2.127	3.527	60,31%	-54,63
Income protection insurance	22.033	41.564	53,01%	8.669	28.389	30,54%	22,47
Motor vehicle liability insurance	283.601	369.901	76,67%	181.289	242.028	74,90%	1,77
Other motor insurance	60.080	76.220	78,82%	33.122	52.905	62,61%	16,22
Marine, aviation and transport insurance	409	1.999	20,46%	1.052	1.387	75,85%	-55,39
Fire and other damage to property insurance	83.260	71.525	116,41%	24.669	37.304	66,13%	50,28
General liability insurance	37.106	49.202	75,42%	14.891	26.421	56,36%	19,06
Credit and suretyship insurance	13.527	33.138	40,82%	13.645	27.384	49,83%	-9,01
Legal expenses insurance	-546	7.713	-7,08%	601	3.529	17,03%	-24,11
Assistance	6.082	19.256	31,58%	3.613	10.355	34,89%	-3,31
Miscellaneous financial loss	600	1.173	51,15%	587	806	72,83%	-21,68
Total	**507.140**	**689.112**	**73,59%**	**284.265**	**434.035**	**65,49%**	**8,10**

OPERATING EXPENSES INCURRED / EARNED PREMIUMS

(amounts in EUR thousand)

Description	2023			2022			Variation
	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	Expenses/ Earned premiums
Medical expense insurance	1.912	17.421	10,98%	1.499	3.527	42,50%	-31,53
Income protection insurance	21.307	41.564	51,26%	11.590	28.389	40,83%	10,44
Motor vehicle liability insurance	93.016	369.901	25,15%	59.101	242.028	24,42%	0,73
Other motor insurance	24.414	76.220	32,03%	17.590	52.905	33,25%	-1,22
Marine, aviation and transport insurance	489	1.999	24,46%	365	1.387	26,32%	-1,85
Fire and other damage to property insurance	27.544	71.525	38,51%	15.728	37.304	42,16%	-3,65
General liability insurance	18.246	49.202	37,08%	10.701	26.421	40,50%	-3,42
Credit and suretyship insurance	10.446	33.138	31,52%	8.559	27.384	31,26%	0,27
Legal expenses insurance	2.192	7.713	28,42%	758	3.529	21,48%	6,94
Assistance	5.702	19.256	29,61%	2.050	10.355	19,80%	9,81
Miscellaneous financial loss	192	1.173	16,37%	159	806	19,73%	-3,36
Total	**205.460**	**689.112**	**29,82%**	**128.100**	**434.035**	**29,51%**	**0,30**

With reference to the most significant budget branches in terms of premiums issued, Motor Vehicle Third Party Liability Insurance shows an increase of approximately 1.77 points in the total S/P ratio (from 74.90% to 76.67%).

Overall direct business management costs amounted to 229,525 thousand euros (of which 205,460 non-life and 24,065 life). The incidence on total premiums, as highlighted in the following table, is increasing and stands at 14.4%; in non-life the incidence increases by +0.1 points and stands at 28.7% while in life it increases by 0.7 points (from 2.0% to 2.7%).

EXPENSES INCURRED

(amounts in EUR thousand)

	2023			2022			Variation %		
	Non-Life	Life	Total	Non-Life	Life	Total	Non-Life	Life	Total
Administrative expenses	20.106	4.795	24.901	12.727	4.751	17.478	57,98%	0,93%	42,47%
Acquisition expenses	104.035	3.646	107.681	63.004	2.434	65.438	65,12%	49,79%	64,55%
Overhead expenses	81.319	15.624	96.943	52.367	13.692	66.059	55,29%	14,11%	46,75%
Total operating expenses	205.460	24.065	229.525	128.098	20.877	148.975	60,39%	15,27%	54,07%
Expenses to premiums ratio	28,70%	2,70%	14,40%	28,60%	2,00%	10,00%	0,10	0,70	4,40
Investment management expenses	1.989	5.495	7.484	1.460	5.552	7.012	36,23%	-1,03%	6,73%
Claims management expenses	60.816	1.513	62.329	31.336	1.519	32.855	94,08%	-0,39%	89,71%
Total expenses incurred	**268.265**	**31.073**	**299.338**	**160.894**	**27.948**	**188.842**	**66,73%**	**11,18%**	**58,51%**

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*

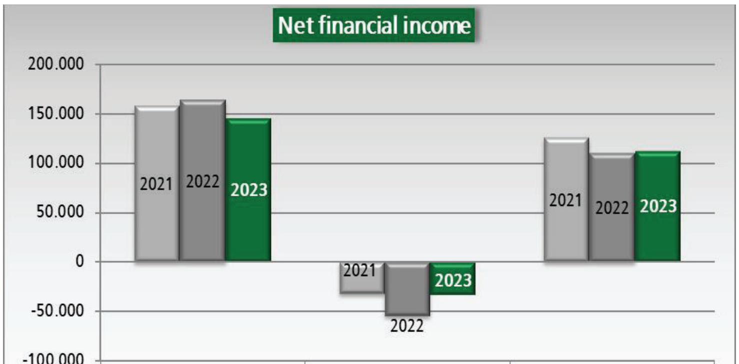
Investments, excluding Assets held for index-linked and unit-linked contracts, amount to 5,732,628 thousand euros, down by -615,565 thousand euros compared to 6,348,193 thousand euros in 2022; the Fair Value valuation resulted in a lower value in the Solvency II valuation compared to the statutory financial statements of 388,048 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)

	2023			2022		
	Solvency II value	Statutory accounts value	Variation	Solvency II value	Statutory accounts value	Variation
Property (other than for own use)	43.539	33.844	9.695	38.800	29.308	-
Holdings in related undertakings, including participations	151.902	146.256	5.646	317.357	342.460	-25.103
Equities	**6.520**	**6.401**	**119**	**10.811**	**10.811**	**-**
Equities - listed	5.184	5.065	119	9.295	9.295	-
Equities - unlisted	1.336	1.336	-	1.516	1.516	-
Bonds	**5.219.511**	**5.625.765**	**-406.254**	**5.632.753**	**6.332.891**	**-700.138**
Government Bonds	3.639.941	3.959.925	-319.984	3.776.884	4.298.239	-521.355
Corporate Bonds	1.573.603	1.659.312	-85.709	1.850.242	2.028.128	-177.886
Structured notes	-	-	-	-	-	-
Collateralised securities	5.967	6.528	-561	5.627	6.524	-897
Collective Investments Undertakings	311.126	306.904	4.222	345.470	334.498	10.972
Derivatives	-	-	-	-	-	-
Deposits other than cash equivalents	1.506	1.506	-	3.002	3.002	-
Other investments	-	-	-	-	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	**5.734.104**	**6.120.676**	**-386.572**	**6.348.193**	**7.052.970**	**-704.777**
Assets held for index-linked and unit-linked contracts	**643.121**	**643.121**	**-**	**588.640**	**588.640**	**-**

Net investment income at the end of the year amounted to 112,213 thousand euros, compared to 109,655 thousand euros in 2022, an increase of 2,558 thousand euros (+2.3%). Net investment income from the life business amounted to 93,898 thousand euros (98,907 thousand euros in 2022, a decrease of -5,009 thousand euros), while the non-life business recorded a positive result of 18,315 thousand euros (10,748 thousand euros in 2022, an increase of 7,567 thousand euros).



	Gross financial income	Financial charges	Net financial income
2021	157.383	-31.969	125.414
2022	163.562	-53.907	109.655
2023	144.809	-32.596	112.213

Specifically, in 2023, there was lower net ordinary income compared to last year of -14,867 thousand euros, of which -19,697 thousand euros life and +4,830 thousand euros non-life, higher net valuation income of 6,163 thousand euros, of which +7,533 thousand euros life and -1,370 thousand euros non-life, and higher net realized income of 11,263 thousand euros, of which +7,155 thousand euros life and +4,108 thousand euros non-life.

Extraordinary financial income, net of related charges, showed a negative result of -5,751 euros thousand, of which -5,281 thousand euros came from life operations and -470 thousand euros from non-life operations, a decrease of -8,800 thousand euros from the previous year, when a positive result of 3,129 thousand euros was recorded, of which +974 thousand euros came from life operations and +2,155 thousand euros from non-life operations.

INCOME AND CHARGE ON FINANCIAL INVESTMENTS (amounts in EUR thousand)

	2023			2022			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
a) Income on equities	455	62	517	646	3	649	-29,6%	1966,7%	-20,3%
b) Income on other investments:									
lands and buldings	-	387	387	-	-		0,0%	0,0%	0,0%
debt securities and other fixed income securities	102.692	20.318	123.010	121.097	14.771	135.868	-15,2%	37,6%	-9,5%
other income	7.944	128	8.072	9.100	762	9.862	-12,7%	-83,2%	-18,2%
	110.636	**20.833**	**131.469**	**130.197**	**15.533**	**145.730**	**-15,0%**	**34,1%**	**-9,8%**
c) Write-backs:									
lands and buildings	-	17	17	-	-	-	-	0,0%	0,0%
equities	811	203	1.014	209	194	403	+ 288,0 %	4,6%	151,6%
debt securities and other fixed income securities	-	-	-	-	-	-	0,0%	-	0,0%
other financial investments	2.367	216	2.583	697	-	697	239,6%	0,0%	270,6%
	3.178	**436**	**3.614**	**906**	**194**	**1.100**	**250,8%**	**124,7%**	**228,5%**
d) Gains on the realisation of investments:									
equities	910	-	910	400	-	400	127,5%	0,0%	127,5%
debt securities and other fixed income securities	967	41	1.008	10.750	-	10.750	-91,0%	0,0%	-90,6%
other financial investments	5.207	2.084	7.291	3.860	1.073	4.933	34,9%	94,2%	47,8%
	7.084	**2.125**	**9.209**	**15.010**	**1.073**	**16.083**	**-52,8%**	**98,0%**	**-42,7%**
Total Income (A)	121.353	23.456	144.809	146.759	16.803	163.562	-17,3%	39,6%	-11,5%
a) Management charges:									
equities	39	25	64	90	-	90	-56,7%	0,0%	-28,9%
lands and buldings	995	174	1.169	362	15	377	174,9%	1060,0%	210,1%
other financial investments	4.438	1.706	6.144	5.068	1.445	6.513	-12,4%	18,1%	-5,7%
interest on deposits from reinsurers	-	-	-	-	-	-	0,0%	0,0%	0,0%
general expenses and mortisation	23	84	107	32	-	32	-28,1%	0,0%	234,4%
	5.495	**1.989**	**7.484**	**5.552**	**1.460**	**7.012**	**-1,0%**	**36,2%**	**6,7%**
b) Value adjustments:									
lands and buldings	922	45	967	893	10	903	3,2%	350,0%	7,1%
equities	338	-	338	2.120	78	2.198	-84,1%	-100,0%	-84,6%
debt securities and other fixed income securities	655	62	717	7.324	-	7.324	-91,1%	0,0%	-90,2%
other financial investments	14.433	1.689	16.122	11.270	97	11.367	28,1%	1641,2%	41,8%
	16.348	**1.796**	**18.144**	**21.607**	**185**	**21.792**	**-24,3%**	**870,8%**	**-16,7%**
c) Losses on the realisation of investments:									
equities	-	-	-	9	-	9	-100,0%	0,0%	-100,0%
debt securities and other fixed income securities	5.580	1.356	6.936	18.168	4.411	22.579	-69,3%	-69,3%	-69,3%
other financial investments	32	-	32	2.515	-	2.515	-98,7%	0,0%	-98,7%
	5.612	**1.356**	**6.968**	**20.692**	**4.411**	**25.103**	**-72,9%**	**-69,3%**	-72,2%
Total charges (B)	27.455	5.141	32.596	47.851	6.056	53.907	-42,6%	-15,1%	-39,5%
Net financial income (A-B)	**93.898**	**18.315**	**112.213**	**98.908**	**10.747**	**109.655**	**-5,1%**	**70,4%**	**2,3%**
Extraordinary income (C)	3.881	133	4.014	14.657	2.161	16.818	-73,5%	-93,8%	-76,1%
Extraordinary financial charges (D)	9.162	603	9.765	13.684	6	13.690	-33,0%	9950,0%	-28,7%
Net extraordinary income (C-D)	-5.281	-470	-5.751	973	2.155	3.128	-642,8%	-121,8%	-283,9%
Total net income from investments	**88.617**	**17.845**	**106.462**	**99.881**	**12.902**	**112.783**	**-11,3%**	**38,3%**	**-5,6%**

Real estate management generated a negative net result, mainly determined by depreciation and general expenses, of -1,732 thousand euros and recorded a negative change of -462 thousand euros compared to 2022.

Securities management generated a positive result of +2,039 thousand euros in the equity segment (of which +456 thousand euros is the positive result from group companies), compared with a negative result of -858 thousand euros in 2022 (of which 368 thousand euros is the positive result from group companies).

The result of ordinary operations of the bond segment, showed a positive result of 110,219 thousand euros (of which 287 thousand euros was from group companies), compared with a positive result of 111,277 thousand euros recorded in 2022 (of which 603 thousand euros was from group companies). Finally, other investments generated a positive result of 1,687 thousand euros, compared with a positive result of 505 thousand euros recorded in 2022.

INVESTMENT INCOME BY TYPE OF MANAGEMENT (amounts in EUR thousand)

	2023			2022			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
Property	-1.916	184	-1.732	-1.255	-15	-1.270	-661	199	-462
Equities	1.799	240	2.039	-966	108	-858	2.765	132	2.897
Bonds	92.984	17.235	110.219	101.289	9.988	111.277	-8.305	7.247	-1.058
Other investments	1.031	656	1.687	-160	665	505	1.191	-9	1.182
Total	93.898	18.315	112.213	98.908	10.746	109.654	-5.010	7.569	2.559

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)

	2023	2022	Variation
Interest income from cash and cash equivalent	3.295	80	3.215
Income from services	497	4.161	-3.664
Income from other insurance related services	562	290	272
Income from releases of other provision	5.975	21.251	-15.276
Other various income	794	807	-13
Interest income from reicevables	664	238	426
Currency gains	257	130	127
Income form figurative rents	210	5.509	-5.299
Realized gains on land and buildings	-	-	-
Extraordinary income for taxes	131	2	129
Non-technical contingent assets	25.612	17	25.595
Total	37.997	32.485	5.512

Included in the use of funds is withdrawal from the provision for taxes amounting to 563 thousand euros, from the provision for executive health care expenses amounting to 132 thousand euros, from the provision for bad debts from agencies, co-insurance and reinsurance companies totaling 2,186 thousand euros, from the provision for corporate reorganization amounting to 2,791 thousand euros, from the provision for fraudulent checks amounting to 200 thousand euros, and withdrawal from other funds totaling 103 thousand euros.

Foreign exchange gains amounted to 210 thousand euros.

Interest on accounts receivable, amounting to 257 thousand euros, refers mainly to interest income accrued on the receivable from agents for retaliation.

Interest on cash and cash equivalents amounted to 3,295 thousand euros.Recoveries from other companies for foreign claims handling fees amounted to 562 thousand euros.

Income from tax credits refers to the purchase of tax credits from lending institutions, which in turn had purchased credits from other companies such credits have already been fully utilized in offsetting through F24 by the end of the fiscal year, resulting in a total economic benefit of 794 thousand euros.Recoveries from third parties for administrative expenses and charges amounted to 497 thousand euros and refer to the recovery of the cost of seconded personnel and revenues for administrative services provided to the Subsidiaries, as shown in the following table; an additional 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)

	2023	2022	Variation
InChiaro Life	68	58	10
InLinea S.p.A.	407	296	111
HDI Immobiliare S.r.l.	22	19	3
HDI Italia S.p.A.	-	3.783	-3.783
Total	497	4.156	-3.659

Non-technical contingent assets amounting to 25,612 thousand euros included BPER's compensation as a penalty of 23,500 thousand euros for non-performance of the contract that HDI Italia had entered into in March 2021 with Banca Carige for the exclusive distribution of non-life insurance products, which expired on December 31, 2024 and was automatically renewed unless terminated by the Company for a period of an additional 10 years. During 2022, Banca Carige was acquired and then subsequently merged into BPER, which ceased distribution of HDI Italia's products, notifying the market of the renewal of its distribution agreements with another non-life insurance company.

Other expenses

Other expenses come to 29,528 thousand euros and are down of -10,141 thousand euros on last year. The table below provides details of other expenses compared with last year.

OTHER EXPENSES (amounts in EUR thousand)

	2023	2022	Variation
Other taxes and penalties	415	230	185
Provision for doubtful debts	2.090	155	1.935
Goodwill amortization	7.634	3.118	4.516
Provision for taxes	-	-	-
Provision for miscellaneous risks and charges	7	-	7
Provision for litigation fund	7	-	7
Administrative charges for third parties	3.808	5.946	-2.138
Charges related to employees	-	-	-
Interest on subordinated liabilities	12.535	10.726	1.809
Interest expense	2.043	26	2.017
Losses on receivables	316	18.134	-17.818
Losses on foreign exchange	99	25	74
IVASS Sanctions	14	4	10
Notional rental charges (cost of non-life business)	-	-	-
Provision for anz. premium and executive health policy	121	62	59
Miscellaneous charges	8	9	-1
Capital losses on disposal of movable property	8	-	8
Impairment of intangible assets	-	-	-
Contingent liabilities for taxes	34	179	-145
Extraordinary acc. Corporate reorganization fund	-	-	-
Non-technical contingent liabilities	389	55	334
Total	29.528	39.669	-10.141

Administrative costs for third parties amount to 3,808 thousand euros and refer to expenses incurred for personnel who manage foreign claims and provide services to subsidiary companies; consist of personnel expenses for 3,419 thousand euros (of which 2,980 thousand euros consist of expenses incurred for redundant staff), general expenses for 367 thousand euros, expenses incurred on behalf of the UCI for 9 thousand euros and other charges for 14 thousand euros.

Losses on credits amounted to 317 thousand, the item contained in 2022 the reversal of the credit claimed from Veneto Banca, following the closure of the dispute relating to the actions for which, based on the contractual agreements signed, Veneto Banca had the obligation repurchase for 18,086 thousand euros.

Interest expense amounts to 12,535 thousand euros and includes interest expense accrued on subordinated loans subscribed by the shareholder HDI International for 6,924 thousand euros, by affiliates for 1,698 thousand euros and by third-party companies for 3,913 thousand euros.

Interest expense amounts to 2,043 thousand euros and mainly includes the interest accrued on the repurchase agreement for 1,939 thousand euros.

The provision for bad debts is equal to 2,090 thousand euros and mainly includes the provision made during the year equal to 2,043 thousand euros for IRPEG and IRES reimbursement credits from previous years.

Finally, other charges include the relevant portion of the amortization of goodwill, equal to 7,634 thousand euros, of which 3,118 thousand euros of amortization of goodwill deriving from the merger by incorporation of CBA Vita and InChiaro Assicurazioni into HDI Assicurazioni and 4,516 thousand euros deriving from the merger by incorporation of HDI Italia into HDI Assicurazioni.

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

The 2023 financial year closes with a positive net result of 42,619 thousand euros, of which 8,188 thousand euros for life and 34,431 thousand euros for non-life.

PERIOD RESULT (amounts in EUR thousand)

	Life	Non-Life	Total
Profit 2023	8,188	34,431	42,619

The proposal to the assembly envisages the following operations.

- Allocation of the profit from the non-life classes, equal to 34,431 thousand euros, to the legal reserve of the non-life classes for 3,000 thousand euros, to the unavailable reserve pursuant to IVASS Regulation no. 52 of 30 August 2022 of the non-life classes for 627 thousand euros, so that the unavailable reserve pursuant to IVASS Regulation 52 of 30 August 2022 of the non-life classes will amount to a total of 23,713 thousand euros.
- Distribution of the residual profit of the non-life classes, equal to 30,804 thousand euros, and of the extraordinary reserve of the non-life classes for 23,546 thousand euros, so that a total dividend of 54,350 thousand euros will be distributed, equal to 0.015484 euros per share .
- Allocation of the non-distributable reserve for foreign exchange gains in the non-life classes to the extraordinary reserve for the non-life classes for 11 thousand euros.
- Allocation of the non-distributable reserve for the revaluation of investments in the non-life classes to the extraordinary reserve for the non-life classes for 455 thousand euros.
- Allocation of the profit from the life classes, equal to 8,188 thousand euros, to the extraordinary reserve for the life classes.
- Destination of the reserve not available pursuant to IVASS Regulation no. 52 of 30 August 2022 of the life classes to the extraordinary reserve of the life classes for 4,828 thousand euros, so that the reserve not available pursuant to IVASS Regulation 52 of 30 August 2022 of the life classes will amount to a total of 20,588 thousand euros.
- Allocation of the non-distributable reserve for the revaluation of life insurance investments to the extraordinary life insurance reserve for 455 thousand euros.
- Allocation of the non-distributable reserve for exchange gains in the life classes to the extraordinary reserve for the life classes for 1,399 thousand euros.

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

As a consequence of the above, the Company's net assets will be constituted as indicated in the following table, separately for each non-life and life management and with a total summary.

SHAREHOLDERS' EQUITY

(amounts in EUR thousand

	Life segments			Non-Life segments		
	2023	Variation	Final balance	2023	Variation	Final balance
Share Capital	76.000	-	76.000	275.000	-	275.000
Legal Reserve	15.200	-	15.200	22.000	3.000	25.000
Non-distributable reserve rev. part.	653	-455	198	653	-455	198
Non-distributable reserve profit on exchange	1.399	-1.399	-	11	-11	-
Non-distributable reserve Reg.52	25.416	10.322	35.738	23.086	627	23.713
Extraordinary reserve	97.303	-280	97.023	79.534	-23.080	56.454
Capital injection reserve	-	-	-	5.000	-	5.000
Operating result	8.188	-8.188	-	34.431	-34.431	-
Total	224.159	-	224.159	439.715	-54.350	385.365

(amounts in EUR thousand)

	2022	Variation	Final balance
Share Capital	351.000	-	351.000
Legal Reserve	37.200	3.000	40.200
Non-distributable reserve rev. part.	1.306	-910	396
Non-distributable reserve profit on exchange	1.410	-1410	-
Non-distributable reserve Reg.52	48.502	10.949	59.451
Extraordinary reserve	176.837	-23360	153.477
Capital injection reserve	5.000	-	5.000
Operating result	42.619	-42619	-
Totale	663.874	-54.350	609.524

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 current Board of Directors , 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;

- 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 and coincides with the members of the Internal Control and Risk Committee, 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;
- 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;
  - he 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.
- *"Gender Equality Committee"*: promotes, manages, monitors and organizes activities aimed at ensuring gender equality within the Company, creating an inclusive work environment without discrimination based on gender. The Committee is chaired by the head of the Human Resources Department and meets at least quarterly - and in any case whenever the need arises - upon his convocation or the Representative delegated by the Top Management or the General Manager.

  It should be noted that as of January 2024, the following committee was also established:
- *"Assumptions Committee"*, responsible for evaluating and updating current and prospective assumptions regarding assets, liabilities, technical reserves, and more generally assumptions that may have material impacts on the Company's economic-financial and technical valuations and its risk profile. In its activities, the Committee ensures:
  - the study, verification and validation of the assumptions adopted by the Company that are material according to the thresholds established in the "Materiality Concept Policy" time to time in force;
  - the monitoring of the Expert Judgements applied by the Company and defined in accordance with the provisions of the "Expert Judgement Policy" in force from time to time;
  - the monitoring of assumptions.

The committee is chaired by the head of the Finance & Administrative Services Department.

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.

The Chairman of the Board of Statutory Auditors officially tendered his resignation to the Company - effective as of 1/11/2022, and on 17/10/2022, the Company's Ordinary Shareholders' Meeting met in full session and appointed, effective as of 1/11/2022, a new Statutory Auditor - to reconstitute the number of three Statutory Auditors.

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.

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 Function[1] : 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.

[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.

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 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.

Continuous cooperation between the Fundamental Functions is expressed, among other things, through participation in the drafting of the evidence reported to the Risk Committee, and through participation in specific meetings organized by the Board of Auditors, the Endoconsulting Committee for Internal Control and Risks, and the Supervisory Board; through reporting about the annual planning of the activities of the Functions themselves and information flows involving the mutual 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.1.4 Changes to the Governance System

As of December 31, 2023, there are no changes to the governance system.

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;
  - environmental, social or governance sustainability goals, i.e., concerning commitment to the environment, respect for corporate values and principles such as sharing, equity, diversity and inclusion.
- The fixing of limits to the disbursement of the variable component: the maximum amount that can be disbursed by way of variable remuneration at period end is predetermined.

- Sustainability: a 40% share of the variable remuneration of executive directors is paid through the awarding of Performance Units, the value of which is determined taking into account corporate performance parameters. Performance Units are paid out over a period of five years. 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 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 2023, 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;
- 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” updated attached to the Policy "Risk Management Framework"" periodically updated to reflect the Company's organizational changes..

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.

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, process is designed to ensure that all material risks to which the Company is exposed are adequately identified. It has as its main objective the identification, through formal and substantive analysis, of all the Company's risks. This process involves the identification of risk sources, events and their causes, and possible consequences. The risk identification process may involve the use of historical data risks, theoretical analyses, expert opinions and is carried out on at least an annual basis under the coordination of the Risk Management function. The results obtained and the methodologies used are brought to the attention of the Risk Committee, senior management and the Company's Board of Directors.
- Risk evaluation, the Solvency regime introduced by the Solvency II Directive requires insurance companies to calculate a Solvency Capital Requirement (SCR) that reflects their risk profile, also considering the impact of possible mitigation techniques as well as diversification effects. To date, the methodology applied consists of the assessment of the capital requirement from a Solvency II perspective evaluated through the application of both the Standard Formula with and without the use of Undertaking Specific Parameters for the assessment of Non-Life underwriting risk, and the TX Group's internal model used for Group strategic purposes, so as to provide a complete picture of the Company's solvency situation. The distinctive element of the methodology is to determine a capital requirement for each of the main risks assumed and to aggregate the capital absorption, related to each risk, into an overall capital requirement for the Company, also considering correlation assumptions between the different risks. This makes it possible to provide timely evidence of the Company's degree of capitalization with respect to the risks borne. The analyses performed are aimed at monitoring the capital absorption of the risks borne by the Company. 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: risk monitoring activities are based on the line controls put in place by operational functions (application of business procedures and processes), which allow for ongoing verifications of operational risk limits. 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. 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 purpose of this process is to ensure the timely and effective definition of the actions to be put in place. The Company has specific organizational and procedural safeguards designed to manage specific types of risks such as underwriting, reserving and financial risks. The risk treatment process operates directly on the risks themselves through appropriate mitigation actions. The escalation process is implemented in the event of non-compliance with the limits set by the Board of Directors and involves, as appropriate, the heads of operating structures at different levels, senior management or the Board of Directors, as well as the Group. The escalation process includes the involvement of the Risk Management function, which is called upon to provide its assessments of the effects of the overrun and possible mitigation actions and/or plans to return to the limits put in place..
- **Risk reports:** risk reporting represents the form of communication intended to inform specific stakeholders, both internal and external, by providing them with information on the current status of risk and its management, including through specific ad hoc reports. The objective of risk reporting is to provide the Board of Directors, senior management, the Risk Committee and other corporate functions involved with information in a systematic, uniform and timely manner on risks and their potential effects, providing an overview of the development of risks and the success of any mitigation measures taken. Responsibility for risk reporting lies with the Group Risk Management function of HDI Assicurazioni. The risk reporting system currently in place at HDI Assicurazioni provides for the preparation of specific reports meeting the information needs of the various recipients. In accordance with statutory and regulatory requirements, adequate information is also provided to the Supervisory Authority.
  The reporting also contains the outcomes of the Internal Risk and Solvency Assessment process. The main reporting on the solvency is constituted by the ORSA report, coordinated by the function of Risk Management, which has the purpose of providing an evaluation of the global risk and requirements of the basic global requirement on the basis and prospectus. The ORSA process ensures the ongoing assessment of the Company's solvency position in line with the process inherent in the management of its strategic plan and capital management plan. The outcomes of the assessments contained in the ORSA Report are sent to the Supervisory Authority after approval by the Board of Directors.

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, a 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:

- 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;
    - 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 with regard to the conformity of the organizational structure in place as well as the policies, procedures and processes in force, compliance with the rules relating to the process of governance and control of insurance products, management and prevention of conflicts of interest, transparency and correctness of conduct towards policyholders and injured parties, pre-contractual and contractual information to the proper execution of contracts, with specific reference to the management of claims and, more generally, to the protection of policyholders and others entitled to insurance benefits by means of checks aimed at detecting any misalignments or situations of incomplete transposition of binding regulatory requirements and to provide evidence of the level of risk associated with each vulnus detected;
    - 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 form 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 2023, 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;
- 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);
- contributes, with the support of the relevant functions, to the selection and evaluation of the methods and assumptions adopted by the Company to demonstrate the extent and recoverability of the loss-absorbing capacity of deferred tax assets (LAC DT);
- 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:

OUTSOURCED ACTIVITIES Update 31 December 2023

Name of the supplier	Essential or Important Outsourcing outsourced	Registered office of the supplier
OneWelf S.r.l. (già NEXI S.P.A.)	Administrative service for pension fund management and use Fondip - web for pension fund memberships	Via Emilia 272 – San Lazzaro di Savena (BO)
Reactive S.r.l.	Facility management services contract	Via dei Missaglia 97 -20142 Milano (MI)
Banca Sella S.p.A.	Archiving services for paper insurance documentation	Piazza Gaudenzio Sella 1 - 13900 Biella (BI)
Bucap SpA	Storage, preservation, optical acquisition and management of paper materials, warehouse management service	Via Innocenzo XI, 8 – 00165 Roma (RM)
Westpole S.p.A.	Service of dematerialization and preservation of document flows between agencies and management	Via Savona 33 - Milano (MI)
Reactive S.r.l.	Application operational management contract	Via dei Missaglia 97 -20142 Milano (MI)
VAR GROUP S.p.A.	SAP in Cloud	Via della Piovola 138, 50053 Empoli (FI)
QINSERVIZI (ex IN.SE.CO. INTERNATIONAL SERVICE CONSULTING S.r.l.)	Management and Settlement of Employment Risk Claims	Via Felice Casati 1/A, 20124 Milano (MI)
EUROP ASSISTANCE ITALIA S.p.A.	Management of hospital medical expense reimbursement claims	Via del Mulino 4, 20057 Assago (MI)
AXA FRANCE IARD S.A. (già AXA PARTNERS e FINANCIAL INSURANCE COMPANY Ltd)	Mortgage and Loan/Pecuniary Loss Claims Management - PPI (Service Genworth Contract)	Corso Como 17, 20154 Milano (MI)
PREMIA	Management of claims related to run-off medical malpractice policies	The Minster Building 21 Mincing Lane, London

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.

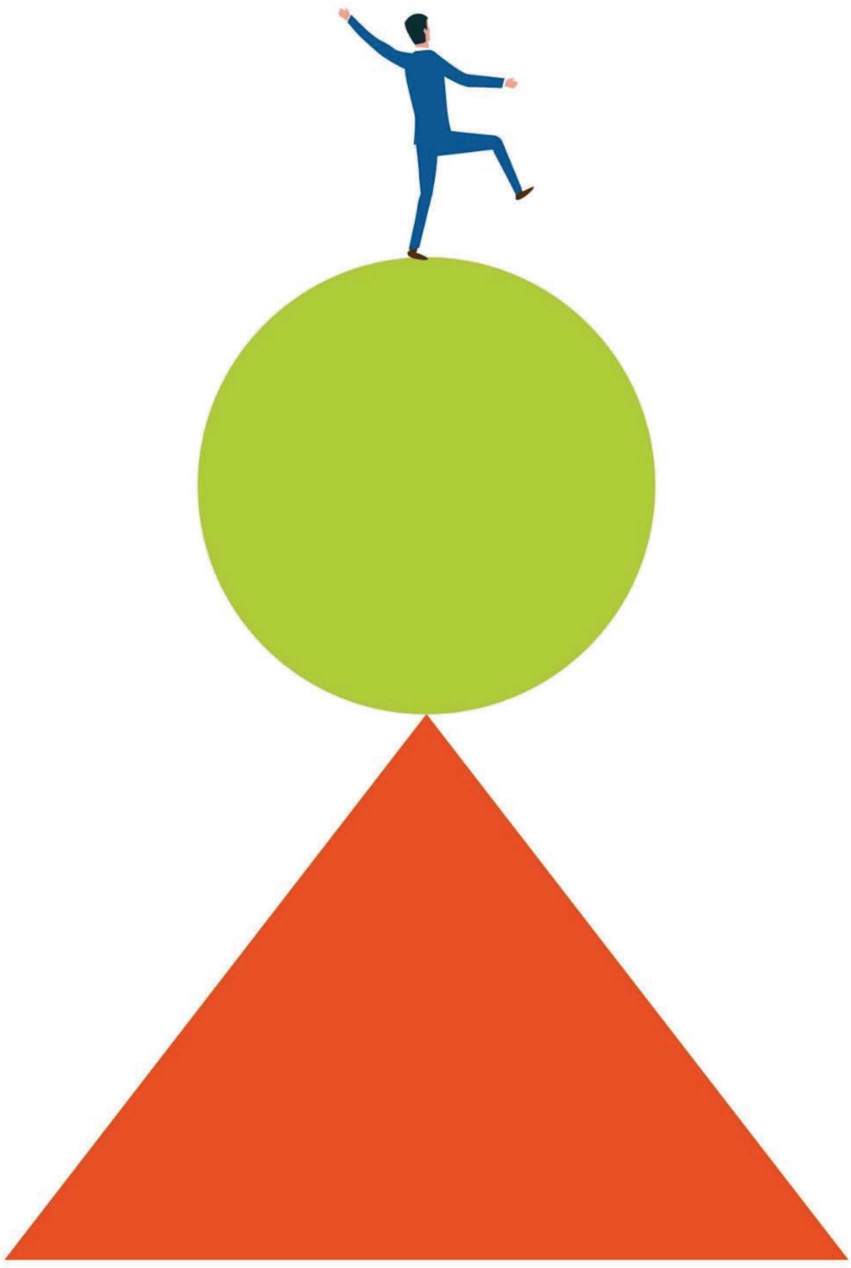
On the basis of the results of the activities indicated above, there are no particular deficiencies in the internal control system and risk management system during FY 2023.

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.

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:

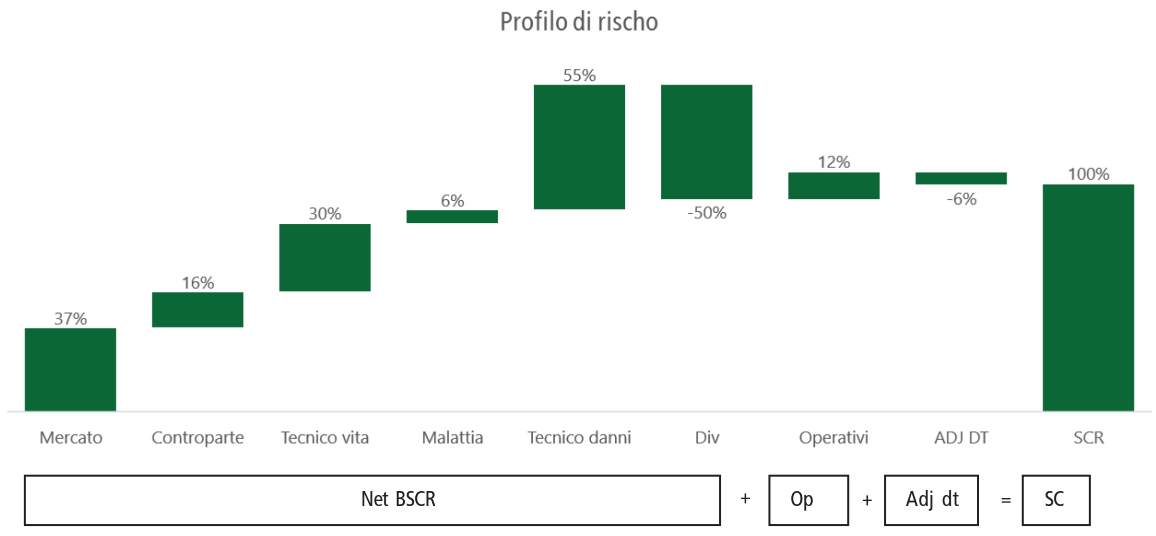
- Underwriting Risk;
- Market Risk;
- Credit Risk;
- Liquidity Risk;
- Operational Risk;
- Other Substantial Risks.

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).

With reference to the risks measured through the Standard Formula, the following figure depicts the Company's risk profile as of 12/31/2023 with an indication of the relative weight of each risk determined with respect to the overall capital requirement net of the absorption capacity of technical reserves.



About operational risks, in addition to the quantification by Standard Formula, the Company also carries 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 quanti/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.

Regarding operational risks, in addition to quantification using Standard Formula, the Company also carries out an exposure assessment carried out 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 may 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/quantitative analyses. Therefore, the assessment of these risks is essentially aimed, rather than at quantifying the possible loss, at verifying the effectiveness of the control measures in place and the good functioning of the management and monitoring processes.

In more detail, the following paragraphs describe and analyze the main risks to which the Company is exposed, making a comparison between the results obtained in the current year with those obtained in the previous year. In this regard, it should be noted that, as reported in the previous paragraphs, the Company successfully concluded the merger with HDI Italia (formerly Amissima) during 2023 and that therefore the results taken as reference for comparison with the current data reflect the risk profile prior to the merger. The Company also assessed the pro forma Solvency ratio in the scenario of the merger with HDI Italia and with the application of the USP which, for last year, was equal to 203.57%.

The Company does not transfer risks to special purpose vehicles.

C.1 Underwriting risk

Article 13 point 30) of Directive 2009/138/EC defines underwriting risk as the risk of loss or unfavorable variation in the value of insurance liabilities due to inadequate assumptions regarding the setting of prices and the creation of reserves.

The identification and assessment of underwriting risks are part of the risk management system described in section B.3.1. The underwriting policy defines the rules and principles which the Company must comply with as part of the risk underwriting process in the various insurance branches, and includes the underwriting limits established by the Board of Directors.

As part of the risk control process, the Risk Management function supports the Board of Directors in defining/revising the operating limits and checks on a monthly basis that they are respected. In addition to the control process, the function monitors, at least monthly, the underwriting risk through the use of specific KPIs, including for example the monitoring of settlements concluded by redemption, claim and expiry and by type of channel, comparing these results with what was foreseen in the budget.

The results of monitoring and limit checks are reported to the Risk Committee, Top Management, the Board of Directors and the Control Body.

Life insurance technical risks

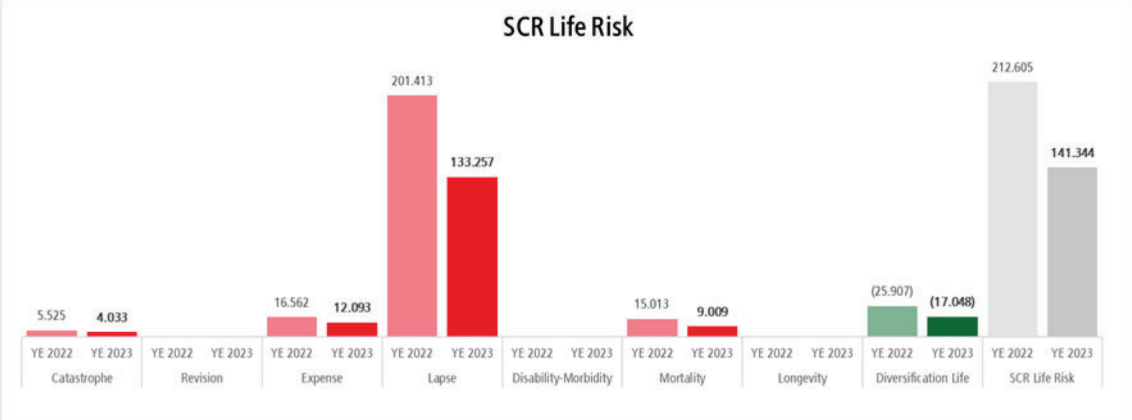
The underwriting risk for life insurance reflects the risk arising from life insurance obligations, taking into account the insured risks covered and the procedures used in carrying out business.

The life technical risks from a Solvency II perspective to which the Company is exposed are:

- Mortality risk: risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate gives rise to an increase in the value of the liabilities insurance.
- Life insurance expense risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of expenses incurred in connection with insurance or reinsurance contracts.
- Early lapse risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of early lapses, withdrawals, renewals and surrenders of the policies.
- Catastrophe risk for life insurance: the risk of loss or unfavorable change in the value of insurance liabilities, resulting from the significant uncertainty of the assumptions regarding pricing and the creation of reserves in relation to extreme or sporadic events.

The valuations are carried out net of reinsurance transfers.

The graph below illustrates the analytical detail of the risk sub-modules on the total Life underwriting risk, together with the comparison with the assessments carried out in the previous year:



Exposure to life underwriting risks has decreased compared to the previous year, mainly due to the decrease in volumes generated by the increase in surrenders resulting from the economic scenario of rising rates and inflation.

In this context, the most relevant risk among the redemption risks is that of mass lapse which assumes a mass exit of 40% of the policy portfolio.

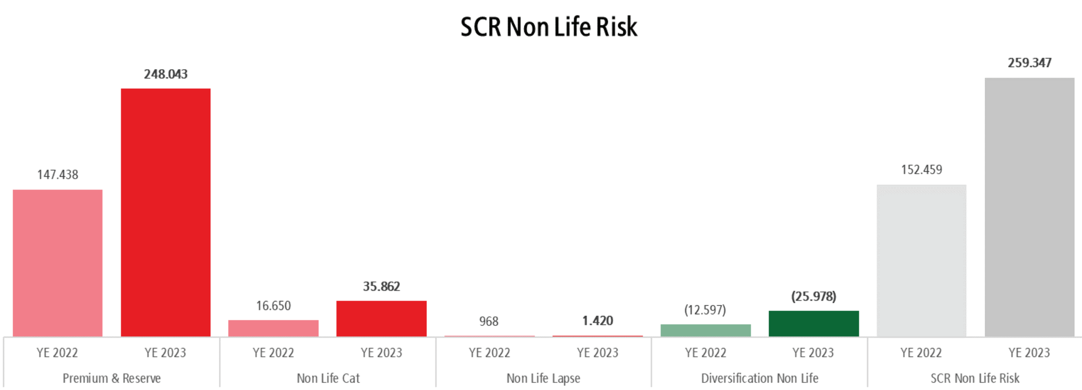
Non-life insurance technical risks

The underwriting risk for non-life insurance reflects the risk arising from non-life and health insurance obligations, taking into account the perils covered and the procedures used in carrying out business.

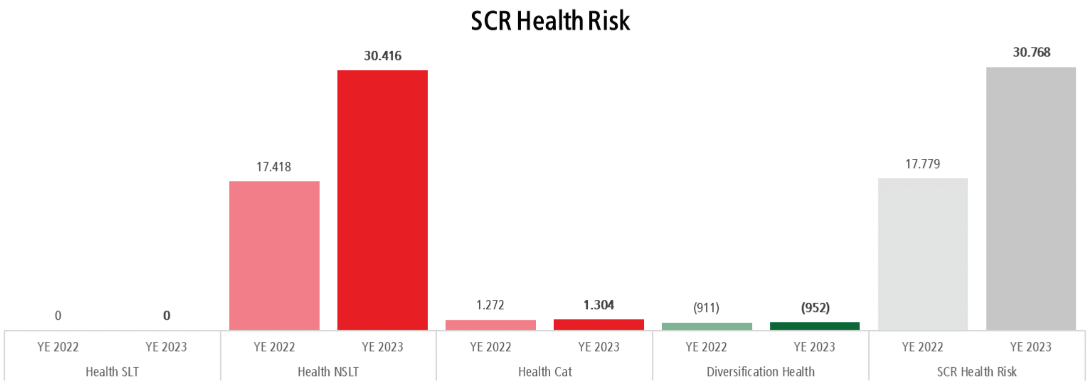
The technical risks for damage and illness from a Solvency II perspective to which the Company appears to be exposed are:

- Pricing and reservation risk: the risk of loss or unfavorable variation in the value of insurance liabilities, deriving from fluctuations regarding the time of occurrence, frequency and severity of insured events as well as the time of occurrence and the amount of settlements of the accidents;
- Risk of early repayment: the risk of loss or unfavorable change in the value of insurance liabilities, deriving from the use of options exercisable by the insured which significantly influence the commitments deriving from the contract;
- Catastrophe risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty in pricing and reserve building assumptions in relation to extreme or exceptional events, as well as major epidemics or of unusual accumulation of risks that occurs in such extreme circumstances.
- The valuations are carried out net of reinsurance transfers.

The graph below illustrates the analytical detail of the risk sub-modules on the total Non-Life underwriting risk, together with the comparison with the assessments carried out in the previous year:

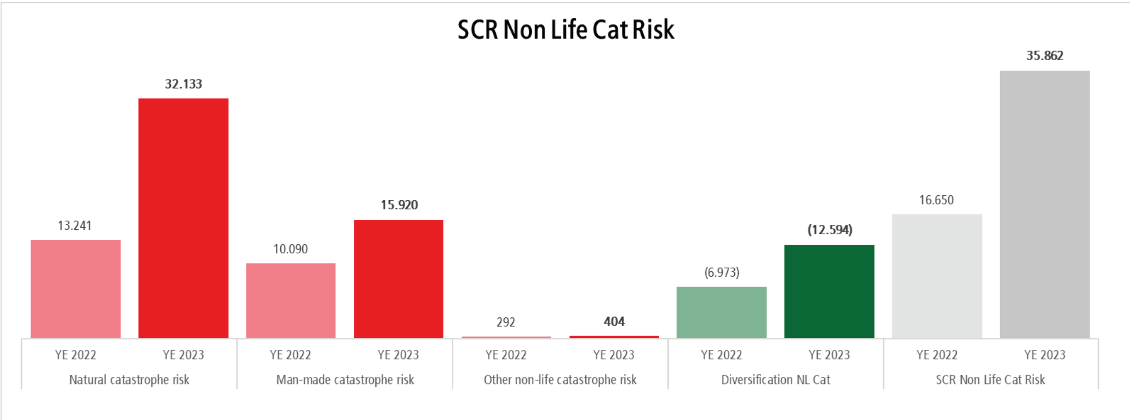


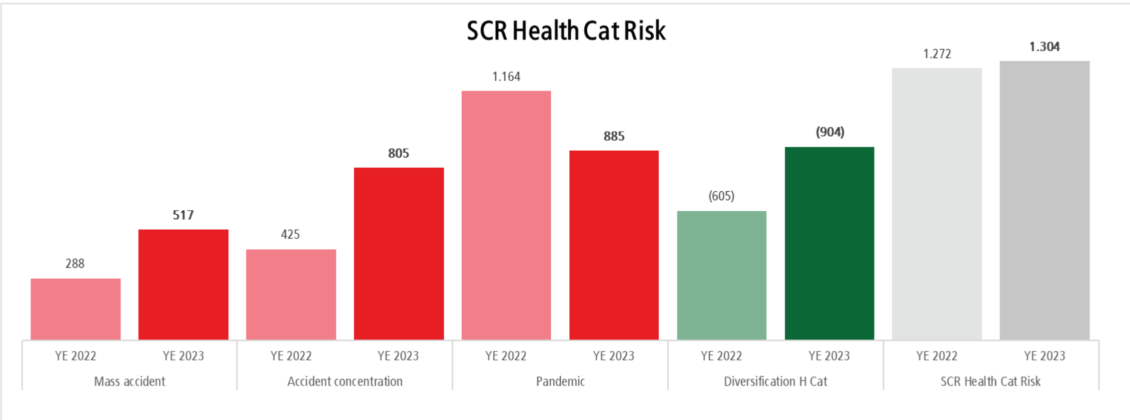
The results for health underwriting risks are instead given in the graph below:



Exposure to non-life and health underwriting risks increased compared to the previous year. This increase is mainly due to the merger with HDI Italia which led to a significant increase in volumes (premiums and reserves).

The results for catastrophe risks are shown in the graphs below:





Exposure to catastrophe risks, damage and illness does not give rise to particular critical issues in terms of the basic capital requirement and has not undergone particular changes compared to previous data except as a result of the merger with HDI Italia.

The main non-life underwriting risk to which the Company is exposed is pricing and reservation risk.

Risk concentration

The following table shows the percentage impact of the technical risk sub-modules on the total SCR[2] gross of correlation effects and gross of deferred tax benefits.

SCR Life	
Mortality risk	1,1%
Longevity risk	0,0%
Disability-morbidity risk	0,0%
Lapse risk	15,6%
Life expense risk	1,4%
Revision risk	0,0%
Life catastrophe risk	0,5%

SCR Health	
Health SLT	0,0%
Catastrophe H	0,2%
Health NSLT	3,6%
Premium & Reserve H	3,6%
Lapse H	0,1%

SCR Non Life	
Premium & Reserve	29,0%
Lapse	0,2%
Catastrophe	4,2%

Risk mitigation techniques

With regard to underwriting risk mitigation techniques, the Company uses risk transfer techniques (reinsurance instruments) defined in the reinsurance guidelines, in a mandatory and/or optional form, with the aim of mitigating unfavorable technical trends, increasing the own underwriting capacity, while maintaining within predefined levels the amount of exposure on individual insured risks and thus achieving adequate homogenisation of the portfolio of risks to which it is exposed.

Although provided for by the Reinsurance policy and additional risk mitigation techniques of the Company, at the moment there are no non-traditional treaties and/or financial reinsurance treaties, but a treaty is in the process of being approved by the Supervisory Body "Lapse Mass" risk coverage which provides for the transfer of part of the redemption risk borne by the Company to a reinsurer, specifically to Hannover Re Ireland.

For life classes, from an analysis of the risk portfolio, considering the characteristics of the products marketed, the forms of reinsurance that best suit the characteristics of the portfolio are:

- EXCESS (at Risk Premium),
- FEE (commercial premium),
- QUOTA SHARING (at Risk Premium).

Furthermore, other types of reinsurance coverage are provided, such as optional ones and those on catastrophe risks.

With the exception of the Surety Bonds, Legal Protection, Assistance classes and some specific insurance forms linked to the Accident and Illness classes, the coverages that best suit the Company's balance needs tend to be Non-Proportional ones. Nonetheless, when non-life coverage is linked to life insurance coverage or connected to mortgages or other financing, proportional coverage 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 ratio of about 15 percent across 6 Lines of Business (non-life technical risk). This analysis resulted in a decrease in the Company's Solvency Ratio of about 16 percentage points.

[2] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include not only the modules present in this table but also the market risk sub-modules, counterparty and operational risk.

- With regard to non-life and health underwriting risk, in addition, the scenario without the application of specific parameters (USP) to the MVL, OMI, FODP and GLI segments was tested. In this context, with the use of Market Wide parameters on the segments for which the Company adopts USP parameters, there is a worsening of the Solvency Ratio by about 16 percentage points.
- Inflation: the impact on the Best Estimate Claims, of all Lob, of a worsening of inflation in 2024 and 2025 was assessed, which would lead to a decrease in the Company's Solvency Ratio of about 2 percentage points.
- An instantaneous increase in surrenders on the Life business of 40 percent. This analysis resulted in a decrease in the Company's Solvency Ratio of about 17 percentage points.

C.2 Market risk

Article 13 of Directive 2009/138/EC, point 31), defines market risk as the risk of loss or unfavorable change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of prices market of assets, liabilities and financial instruments.

The identification and assessment of market risks are part of the risk management system described in section B.3.1.

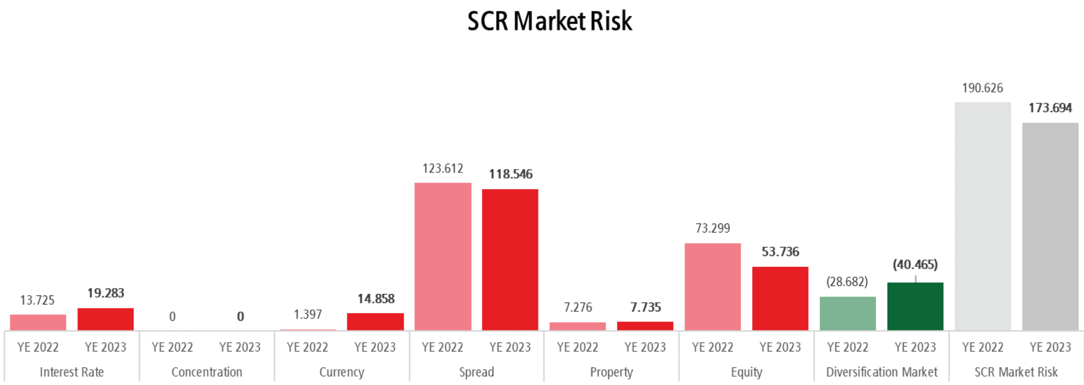
The framework resolution on investments, in line with the provisions of IVASS regulation 24 of 6 June 2016, defines the rules and principles which the Company must comply with in the investment process and includes the operational limits established by the Board of Directors.

As part of the risk control process, the Risk Management function supports the Board of Directors in defining/revising the framework resolution and therefore the operational limits which, at least monthly, it checks to be respected. In addition to the control process, the function monitors, with the same frequency, the market risk through the use of specific KPIs and, with a specific process, also the so-called assets. "Complexes". The results of monitoring and limit checks are reported to the Risk Committee, Top Management, the Board of Directors and the Control Body.

Specifically, the market risks, from a Solvency II perspective, to which the Company is exposed are:

- Interest Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the maturity structure of interest rates.
- Spread Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads compared to the maturity structure of risk-free interest rates.
- Concentration Risk: additional risks for the insurance or reinsurance company resulting from the lack of diversification of the asset portfolio or from large exposures to the risk of default by a single issuer of securities or a group of related issuers.
- Currency Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level of volatility of currency exchange rates.
- Property Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of property market prices.
- Equity Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of the market prices of capital instruments

The graph below illustrates the analytical detail of the risk sub-modules on the total market risk, together with the comparison with the assessments carried out in the previous year:



The prevailing risk is the spread whose SCR is equal to 55% of the total non-diversified market risks.

Compared to the previous year, a slight decrease in the Market Risk SCR is observed due to the decrease in spread risk (less risky asset allocation) mainly due to the decrease in volumes.

Risk concentration

As regards market risk, the framework of established limits, on the basis of which the Company's financial portfolio is invested, provides specific limits for each individual counterparty and geographical area which mitigate the risk of particular concentrations. The counterparty with the greatest exposure is the Italian state. This exposure is however consistent with the investment policy and the liquidity risk policy adopted.

The following table shows the percentage impact of the technical risk sub-modules on the total SCR[3] gross of correlation effects and gross of deferred tax benefits.

SCR Market	
Interest Rate risk	2,3%
Equity Risk	6,3%
Property Risk	0,9%
Spread risk	13,8%
Concentration	0,0%
Currency Risk	1,7%

Risk mitigation techniques

In order to maintain a balanced risk profile and consistent with the risk strategy, the Company adopts various risk mitigation strategies, as better defined in the investment framework resolution, which also includes the ALM risk management policy and the of liquidity, who prefer the diversification of investments as the main tool to mitigate risks and the definition of limits on the financial portfolio which allow guaranteeing a risk profile in line with the Company's risk appetite established in the Risk Appetite Framework (RAF).

The Company, depending on the nature, scope and complexity of the risks inherent to the business activity carried out, defines investment policies consistent with the prudent person principle (provided for in Article 132 of Directive 2009/138/EC) and with the portfolio risk of the liabilities held, in order to ensure the continuous availability of suitable and sufficient assets to cover the liabilities, as well as the safety, profitability and liquidity of the investments, ensuring their adequate diversification. 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 interests of the insured and the beneficiaries.

The Board of Directors of HDI Assicurazioni defines the rules and principles which the entire Company must comply with for the operational management of financial risks also following the results of the Strategic Asset Allocation, including any limits and thresholds relating to the CVaR, the ALM Var and to Liquidity and monitoring the ESG rating of investments.

[3] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include, in addition to the modules present in this table, also the sub-modules of underwriting risks, counterparty and operational risk.

Furthermore, the Risk Management function has put in place a process which involves the monitoring of the main identified market risks, also carried out through monitoring of the main risk drivers which could be indicative of anomalous market trends (EWI) such as, for example , the BTP vs BUND spread.

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

Furthermore, in this context, calculation models such as Strategic Asset Allocation and Asset Liability Management allow assets and liabilities to be managed in an integrated manner, with the aim of mitigating risk.

The Company may also use additional risk mitigation strategies through, for example, the use of derivative instruments, 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: decrease of 50 basis points (-50bp) on the risk free rate curve which resulted in an increase in the Company's Solvency Ratio of about 8 percentage points.
- Interest Up: increase of 50 basis points (+50bp) on the risk free rate curve that resulted in a decrease in the Solvency Ratio of almost 11 percentage points.
- Spread Risk: 50 basis points (+50bp) increase in the Spread for corporate bonds resulting in a Solvency Ratio decrease of about 1 percentage point.

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

Article 13 of Directive 2009/138/EC, point 32), defines credit risk as the risk of loss or unfavorable change in the financial situation resulting from fluctuations in the creditworthiness of issuers of securities, counterparties and debtors to which the insurance or reinsurance undertaking is exposed, in the form of counterparty default risk, spread risk or concentrations of market risk.

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Credit risk is linked to contractual breaches by counterparties, such as reinsurers, banks or intermediaries.

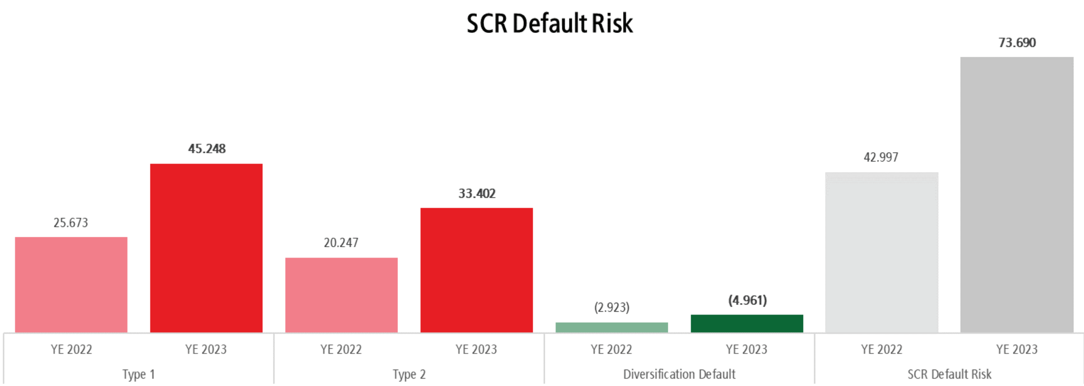
The counterparty default risk module reflects possible losses due to unexpected default or deterioration in the creditworthiness of counterparties and obligors of insurance and reinsurance undertakings over the next twelve months. The counterparty default risk module covers risk mitigation contracts, such as reinsurance agreements, securitisations and derivatives, as well as claims on intermediaries and any other exposures not covered in the spread risk sub-module. The form takes adequate account of collateral or other guarantees held by the insurance or reinsurance undertaking or on its behalf and the risks associated therewith.

The graph below illustrates the analytical detail of the risk sub-modules on the total transfer risk, together with the comparison with the assessments carried out in the previous year:

to is linked to the contractual breach of the counterparties, such as reinsurers, banks or intermediaries.

The counterparty default risk module reflects possible losses due to unexpected default or deterioration in the creditworthiness of counterparties and obligors of insurance and reinsurance undertakings over the next twelve months. The counterparty default risk module covers risk mitigation contracts, such as reinsurance agreements, securitisations and derivatives, as well as claims on intermediaries and any other exposures not covered in the spread risk sub-module. The form takes adequate account of collateral or other guarantees held by the insurance or reinsurance undertaking or on its behalf and the risks associated therewith.

The graph below illustrates the analytical detail of the risk sub-modules on the total transfer risk, together with the comparison with the assessments carried out in the previous year:



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

Risk concentration

As regards the risk of counterparty default, there are no particular concentrations.

Contributors to type 1 counterparty default risk are primarily exposures to banks and reinsurers.

The following table shows the percentage impact of the technical risk sub-modules on the total SCR[4] gross of correlation effects and gross of deferred tax benefits.

SCR Default	
Type 1	5,3%
Type 2	3,9%

[4] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include, in addition to the modules present in this table, also the sub-modules of underwriting risks, market and operational risk.

Risk mitigation techniques

A first measure adopted to mitigate this risk is represented by the partner selection process, mainly based on the assessment of creditworthiness and diversification.

In particular, for the selection of reinsurance partners, specific limits and methods established in the Reinsurance policy and additional Risk Mitigation Techniques approved by the Board of Directors are approved, in line with IVASS Regulation no. 38 of 3 July 2018.

The verification of the consistency of risk mitigation through the defined reinsurance strategies and the criteria used for the selection of reinsurers is an integral part of the Company's risk management system, whose ultimate responsibility is the Board of Directors in terms of completeness, functionality and effectiveness.

Risk Management carries out annual monitoring of the approved limits.

The Actuarial Function expresses its opinion at least annually, through 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 donwgrading of all reinsurers. This led to a change in the Company's solvency ratio of approximately 2 percentage points.

C.4 Liquidity risk

Article 13 of Directive 2009/138/EC, point 34), defines liquidity risk as the risk that the insurance or reinsurance undertaking is unable to liquidate investments and other assets to settle its obligations financial statements when the latter expire.

Liquidity risk, therefore, means the risk that the Company may incur when it has to meet cash commitments (forecast or unexpected) and the available liquidity is not sufficient.

The occurrence of these conditions could generate costs both for the forced realization of capital losses, given the need to disinvest investments, and for access to the credit market at unfavorable conditions.

Timeliness and adequacy in meeting economic commitments must be ensured both in conditions of ordinary administration and under stress scenarios.

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

In accordance with the Solvency II approach proposed by the Standard Formula, liquidity risk is partially modeled in the credit risk module, as presented in the previous paragraph, regarding the insolvency of banking counterparties.

The Company monitors the level of liquidity of each individual investment and also measures and monitors the short, medium and long-term liquidity profile, through:

- the Cash Flow Ratio (CFR) defined as the ratio between the sum of the expected incoming flows and the liquid assets in the portfolio and the expected outgoing flows with a variable time horizon depending on the objective of the analysis;
- Coverage rate of technical reserves, defined as the ratio between the value of eligible assets and the amount of technical reserves;
- Liquidity rate of investments, defined as the ratio between salable assets and technical reserves.

These indicators measure the Company's ability to cope with a negative financial result due to insufficient liquidity resources. In the event that one of the ratios is lower than the limits set in the Investment Framework Resolution, the Company may not be able to meet the most immediate deadlines. In this case the Company, consistently with the provisions of the Emergency Plan, immediately adopts the measures envisaged to deal with any such situation.

On 5 June 2020 IVASS, in collaboration with EIOPA, started a survey on a monthly basis to monitor the evolution of liquidity by collecting an information flow on a representative sample of companies.

The request occurred following the effects deriving from the COVID-19 epidemiological emergency which, if prolonged over time, can also negatively impact the liquidity position.

For this purpose, starting from the March 2020 data, the Company monitors the evolution of liquidity on a monthly basis and, as requested, provides the results obtained 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	8.917
Total Life	47.600

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 based, defined within the Liquidity Risk Management Policy included in the "Framework Resolution on Investments", can be summarized in the following points:

- management of short-term liquidity with the aim of maintaining the balance between short-term incoming and outgoing flows and an adequate level of activity in bank deposits and readily liquidatable securities;
- medium-term liquidity management by maintaining a balance between assets and liabilities, optimizing cash-flow matching in both best estimate and stress conditions.

Furthermore, on a monthly basis, in compliance with IVASS Regulation no. 24 of 2016, the Company verifies compliance with the limits set out in the Investment Guideline for the liquidity held, applied to all assets without distinction of portfolio. The results are then brought to the attention of the Risk Committee, Top Management and the Board of Directors.

Stress test and sensitivity analyses

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

The metric used by the Company to measure liquidity risk is the Cash Flow ratio, which measures the Company's ability to cope with a negative financial result due to insufficient liquidity resources. In the event that the ratio is less than 100%, the Company may not be able to meet the most immediate deadlines.

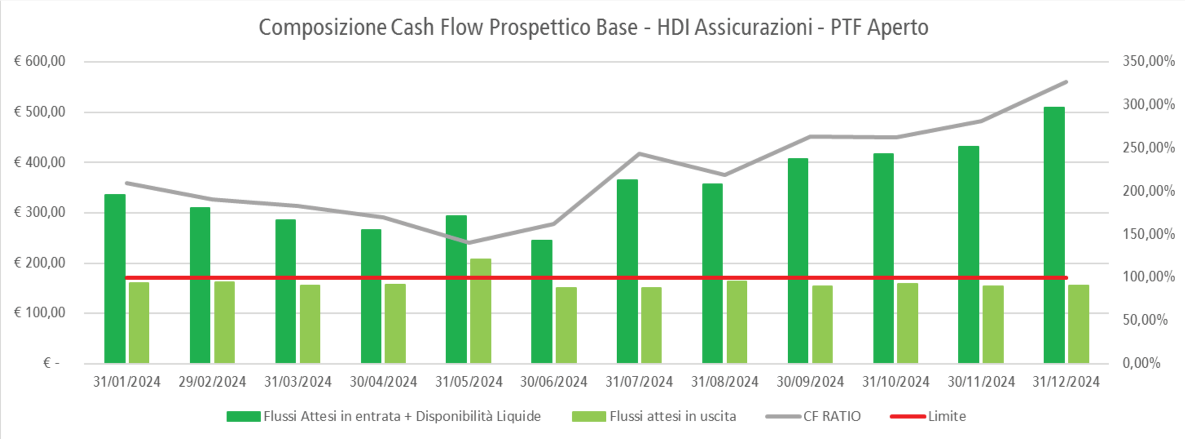
In the analysis, carried out with an open portfolio, relating to class C, with a time horizon of 12 months starting from the valuation date, the following expected incoming cash flows were considered:

- the premiums issued deriving from new production, consistently with what is reported in the Corporate Strategic Plan;
- liquid assets;
- income deriving from financial investments (coupons, dividends and reimbursements, etc.).

As regards outgoing cash flows, the following were considered:

- in the Life segment, surrender payments, payments for claims, deadlines and expenses.
- in the Non-Life segment, claims for the current financial year and previous financial years and expenses.
- the distribution of the dividend was also considered.

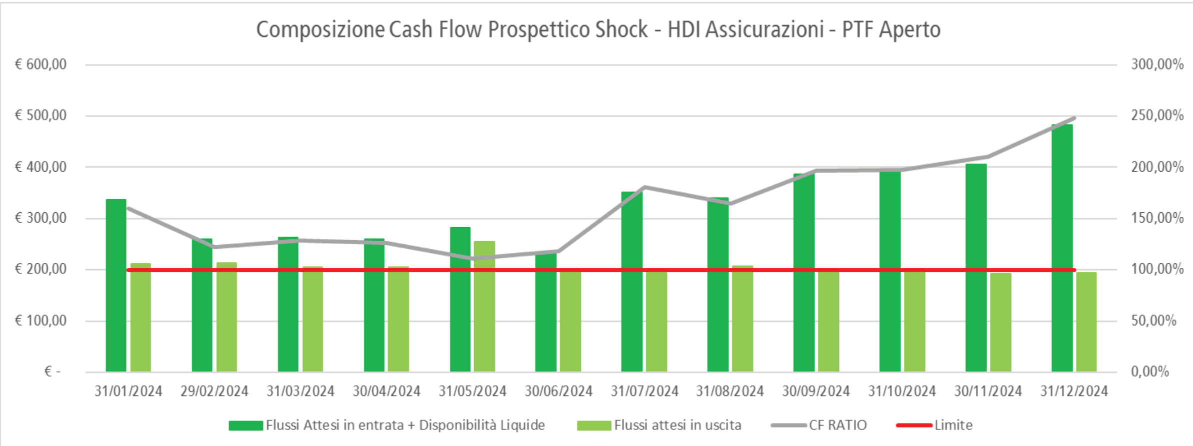
As can be seen from the graph below, in the basic scenario, the Company is able to meet future commitments towards policyholders in the reference time horizon.



The stressed scenario considers:

- a 50% increase in redemptions in 2024 in the Life segment;
- a 15% increase in claims in 2024 in the Non-Life segment.

The results showed that, even in the event of stress, the Company obtains cash flow ratio levels above 100% for each month considered in the interval under analysis.



C.5 Operational risk

Article 13 of Directive 2009/138/EC, point 33), defines operational risk as the risk of losses resulting from the inadequacy or dysfunction of internal procedures, human resources or systems, or from exogenous events.

Operational risk is the risk of losses resulting from the inadequacy or failure of internal procedures, human resources or systems, or from external events.

From a Solvency II perspective, the Company calculates this risk quarterly with the methodology defined by the Standard Formula, which is a function of premiums and reserves. The exposure does not give rise to particular critical issues in terms of the basic available capital requirement.

There are no significant concentrations on this risk.

As of 31 December 2023, the SCR relating to operational risks is equal to 56,812 thousand euros.

However, to manage these risks, also in compliance with the provisions of current legislation (Reg. 38 - Chapter II Risk management system Art. 17 (Objectives of the risk management system) the Company must:

a) identify processes aimed at tracing, analyzing and reporting events related to operational risk, defining a process for collecting and monitoring events related to this risk;
b) develop and analyze adequate scenarios, including particularly serious ones as long as they are plausible and at least take into account:
   i) the failure of a fundamental element, be it a process, a role, or a system;

ii) the onset of external events.

This evaluation, among other things, allows us to verify whether the evaluation according to the Standard Formula metrics is adequate. The methodological approach that HDI Risk Management has recently developed integrates qualitative-quantitative evaluation, based on the selection of value ranges to which qualitative judgments are associated, with a quantitative analysis consistent with leading market practices.

The operational risk assessment process currently defined by HDI Assicurazioni S.p.A. uses the Risk Self Assessment (RSA), a self-diagnosis conducted by the various company structures with the support of Risk Management for the identification and evaluation of potential risk events of an operational nature to which the Company is exposed, for the identification of control measures and the definition of any mitigation actions in line with what is indicated by the relevant legislation and with the Talanx Group guidelines

The operational risk assessment process, conducted through RSA, follows the application of the "cause-event-effect" chain and is carried out on an annual basis in order to identify the Company's actual exposure to risks and the areas of greatest criticality, quantify the related impact and define, where possible, the most suitable mitigation actions to strengthen the safeguards put in place to cover operational risks.

The risk event arises from inefficiencies of people, processes and systems or from external events, which has had or could have a harmful effect and the task of Risk Management is to identify operational risk events that could generate losses on the Company's activities. The risk events identified are classified according to the standard taxonomy of operational risks, which is divided into three levels of specificity and derives from the model proposed by Basel II, adapted to the insurance sector. Specifically, the catalog adopted by HDI Assicurazioni consists of:

- 7 first level macro-risks;
- 20 second level categories;
- 47 third level subcategories.

Therefore, the Risk Catalog is made up of three levels of specificity. For the sake of brevity, the 7 first level macro-risks are reported below:

- Internal Fraud;
- External Fraud;
- Employment relationship and safety in the workplace;
- Practices connected with customers, products and commercial practices;
- Damage to material assets from external events;
- Interruption of operations and system dysfunction;
- Execution, delivery and management of processes.

The causes are defined as any element of the operational context, internal and/or external to the Company, which contributes to the determination of the detrimental event. Once the operational risk event has been identified, it is necessary to identify the causes that can generate it and categorize them according to what is reported in the dedicated taxonomy, divided into two levels of specificity. It is necessary to attribute a precise category to the causes based on the risk factors defined in order to identify the weaknesses inherent in the processes and the possible mitigation actions that allow the event to be prevented from occurring or the risk exposure to be reduced/transferred . Therefore, this activity allows you to:

- provide support for estimating the frequency of occurrence of the event;
- identify the interdependencies existing between the different causes and the different company structures;
- define the controls capable of mitigating the causes of the risk event;
- verify the failure or ineffectiveness of existing controls.

The effects are the consequences that derive from the occurrence of the risk event, which can lead to economic impacts. The analysis of the effects is fundamental to improve knowledge of the negative economic impacts directly resulting from the occurrence of an operational risk event and allows us to optimize the identification of mitigation actions.

The controls consist of a series of procedures, methods and measures useful for mitigating the risk itself and must be designed appropriately with respect to the risk itself and the process considered.

The operational risk management process involves the following distinctive steps:

1. Risk identification
2. Risk assessment
3. Mitigation Actions
4. Reporting
5. Monitoring

1. Risk identification is conducted by carrying out two types of analysis:
   - Risk Self Assessment ("RSA"), or process of collecting the Expert Judgment with a "forward looking" meaning: self-diagnosis conducted by the various company structures in which the process managers (Risk Owner or Process Owner) evaluate, through Expert Judgment, the possible risk events during the interview, considering typical and particularly serious scenarios as long as they are plausible, evaluating the adequacy of the controls in use and identifying solutions to improve the management of any critical situations. The hypothetical risk events are analyzed following the "cause-event-effect" chain (described above) with the aid of standard taxonomies, using the dimensions of expected frequency and typical and worst impact.
   - Loss Data Collection ("LDC" or "Collection of loss data") with a "backward looking" meaning: aims to collect historical operational risk events with the related losses incurred and all other information useful for the purposes of their measurement and management, including recoveries, both direct and deriving from insurance coverage. The information collected is recorded following predefined taxonomies highlighting the loss event, the causes triggering this event, the economic effects linked to this event and other additional information. At the end of the LDC process, a validation activity is carried out on the data collected and the quality control of the analysis carried out (for further application details, reference can be made to the Loss Data Collection methodological document).

2. The operational risk measurement activity involves the quantitative assessment of the impact, frequency and worst case of the identified risks, the control of the appropriateness and accuracy of the hypothesized scenarios and the calculation of the capital requirement relating to operational risk. In particular, HDI Assicurazioni adopts a "frequency-severity" methodology which involves modeling the frequency of occurrence and the economic impact relating to the single risk event through distinct and independent distribution forms.

3. Once the operational risk events identified have been analyzed in qualitative and quantitative terms, the actions to mitigate the possible exposure of the Company are identified which can prevent and contain the effects of the occurrence of the risk event. This analysis involves organizational interventions (definition of new processes and changes to existing processes), on IT resources (purchase or implementation of hardware or software) and on controls (definition of new controls and updating of controls already envisaged), it is conducted on the basis of cost-benefit analyzes and shared with all the figures involved in the process of identifying and evaluating operational risk.

4. It is the task of the Risk Management Function to collect and rationalize the results emerging from the processes of identification and management of operational risks and prepare ad hoc reports for the structures involved in the analysis.

Risk Champions receive the results of the operational risk assessment relating to their area of responsibility.

The Risk Committee receives reports relating to the evidence emerging during the RSA and Loss Data Collection process and the results of monitoring exposure to operational risks and the related compliance with tolerance levels.

The Board of Directors receives the documentation relating to the outcomes of the operational risk assessment and management process and the Risk Appetite objectives as well as information on its monitoring on a quarterly basis.

5. The Risk Management Function carries out periodic monitoring of the risk profile and checks the progress of the measures implemented for the risks identified.

The possibility of quarterly updates on the risk events recorded is envisaged to ensure constant, timely and adequately granular updating of the evolution of the exposure to operational risk of the various business units.

In the survey relating to the 2023 financial year, no critical issues emerged in the assessment of the aforementioned risk categories.

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

Defined under European legislation as the current or potential risk of an impact on revenues or capital resulting from incorrect business decisions, improper implementation of such 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, which could determine the emergence of a strategic risk for the Company, with the involvement of the Risk Owners and the examination of any supporting documentation;
- definition of indicators (Key Risk Indicator) that can highlight the onset of the risk;
- analysis of the potential effects deriving from the identified risk sources;
- qualitative assessment of the strategic risk identified, also making use of the opinion of experts;
- development of mitigation activities that can lead to a reduction in the probability of occurrence or can minimize the economic loss;
- reporting by the Risk Management function to the Risk Committee, Top Management and the Board of Directors as part of risk reporting.

- By way of example but not limited to, risk management is ensured by monitoring:
  - Profitable growth objectives;
  - Market share analysis;
  - Achievement of planned economic results;
- Maintenance of an adequate product portfolio mix.

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

Reputational risks are risks that are linked to possible damage to a company's reputation, as a consequence of a negative public perception (e.g. among customers, business partners, shareholders, authorities, etc.). Reputational risks often emerge in combination with other risks, but can also occur individually.

Article 19 of IVASS Regulation n.38/2018 defines reputational risk as:

"the risk of deterioration of the company image and increase in conflict with the insured, also due to the poor quality of the services offered, the placement of inadequate policies or behavior during the sales, post-sales and liquidation phases".

The deterioration of the Company's reputation is therefore mainly due to a negative perception of the corporate image by its stakeholders.

In quantitative terms, the main impacts deriving from a failure to identify and evaluate reputational risk can be traced back to:

- financial losses resulting from an increase in disputes with customers;
- lost revenues linked to both the loss of customers and any strategic opportunities;
- increase in costs linked for example to the need for advertising campaigns to recover reputation on the market.

The impacts can be divided into direct (fines and sanctions, judicial costs, reduction in revenues, etc.) and indirect (reduction in share price, loss of strategic relationships/agreements, rating downgrade, etc.).

Reputational risks can emerge as a consequence of other risks that can be considered original factors such as:

- operational risks: such as, but not limited to, the temporary interruption of service to customers, the customer/sales unit relationship, the quality of the products offered on the market, etc.
- legal risks: such as, again by way of example, violation of the Code of Ethics, the increase in legal cases, possible sanctions from the authorities that have an impact on the market;
- strategic risks: such as, by way of example, incorrect business practices, errors in commercial policies.

Therefore, it seems clear how the action of some variables that are not purely reputational can trigger a process capable of modifying the judgment and reputation of the company.

To assess reputational risk, the Risk Management function uses Key Risk Indicators which can highlight the onset of the risk. The main indicators used are: complaints, information from a Media Monitoring service and other events.

With regards to complaints, the function calculates every six months the ratio between the number of complaints received in the semester out of one million premiums and compares the result with the average of the Italian insurance market for the same period. The data used for the calculation are those made available by IVASS.

A further indicator used by the function is the ratio between the number of complaints received and the number of contracts in existence on the date in question. In particular, the trend of this indicator over the years is analyzed both for the overall portfolio and separately for the life business and the non-life business. Furthermore, the trend of the indicator for the RCA branch only is also considered. If the trend remains almost constant the risk is placed in the "Low" risk band, otherwise the function delves into the cause of the variation by evaluating the risk based on the results emerging from the analysis.

In relation to the information deriving from the Media Monitoring service, the function monitors the trend of use of the word "HDI" in negative terms on websites and social media on a quarterly basis. Based on the information that has emerged, it investigates the causes and carries out a risk assessment based on them, making use of the judgment of experts if necessary.

With reference to other events, events of various nature which may have an impact on the reputation of the Company are taken into consideration for the evaluation. Examples include large fines by the Supervisory Authority, fraud that has an impact on the media or the press, solvency margin below a certain limit for a prolonged period of time, significant legal actions towards the Company. The risk assessment in the event of this type of event is carried out using the judgment of experts.

Emerging risks

Emerging risks are attributable to new future risks for which neither the extent nor the effects of the risk are known with certainty and therefore can be difficult to assess. This type of risk evolves over time, moving from “weak signals” to clear trends with high risk potential. Therefore, it is important to identify, evaluate and manage these signals promptly.

Recent years have shown how the world can change quickly and in unexpected directions. It is therefore essential to think quickly and outline possible future scenarios to address what is not yet known. In this changing context, the ability to adapt and preparation are two key elements. Therefore, insurance companies must turn their gaze towards the future, looking beyond the events of the present and analyzing the external environment to anticipate those emerging risks that may not be evident today, but which, on the other hand, could significantly influence tomorrow is significant. The Talanx group is also very attentive to emerging risks and during 2023 you sent the Risk Management of HDI Assicurazioni the request to evaluate what are currently the emerging risks that according to HINT cause the greatest concern:

- climate change – physical risks (rising sea levels due to man-made global warming: the world is facing the consequences of rising sea levels. In recent decades, global warming and melting of the polar ice caps have led to a significant rise in sea levels around the world. The effects of this phenomenon are becoming increasingly evident, putting a strain on coastal regions and their inhabitants);
- geopolitical instability (growing tensions between the world's major economic powers, e.g. the potential conflict between China and Taiwan, the war between Russia and Ukraine, the conflict in the Israeli-Palestinian area and the rise of the new BRICS economic bloc);
- artificial intelligence (e.g. ChatGPT, a type of artificial intelligence that has been trained through deep learning algorithms to recognize, generate, translate and/or summarize large amounts of written human language and textual data. These models have the potential to revolutionize various sectors, including the insurance one);
- Critical infrastructures under attack (e.g. large-scale electricity interruption lasting several days which would have serious consequences and lead to the collapse of the vital functions of our society. The causes of such an interruption can be multiple, including cyber attacks/ terrorist attacks against utilities/power plants, extreme weather events, human or technical errors or malfunctions in power plants, damage to transmission lines, complexity overloads, solar storms, etc.);
- PFAS (acronym for PerFluorinated Alkylated Substances), molecules formed by a chain of carbon and fluorine. A very powerful type of bond which on the one hand ensures performance of the materials, on the other makes them difficult to decompose in the environment. They are in fact defined as forever chemicals, because they do not degrade in the environment or in our body, and the accumulation in the body is linked to serious health effects.

The results of the process of identifying and evaluating emerging risks are reported in the reports of the Risk Management function to the Parent Company, the Risk Committee and the Board of Directors of the Company.

ESG Risk

The Risk Management function of HDI Assicurazioni, during 2023, launched a project with the aim of guaranteeing an adequate process of identification and evaluation of all the risks and opportunities deriving from the sustainability factors that affect the Company, to promote a better understanding of the actual exposure to risk and disseminate adequate knowledge and awareness throughout the organization of the implications deriving from the risks and opportunities associated with ESG factors.

The fundamental element on which the approach is based is the Risk Inventory, the tool that defines and collects the ways in which ESG risks manifest themselves through transmission channels and impact in the short-medium term (horizon to 2030) and in the long term (horizon to 2050) on the Company's balance sheet. Currently, the Risk Inventory has been developed with reference to the risks and opportunities arising from climate change. However, the Company envisages its extension in the near future in order to include further sustainability risks (for example the risks of biodiversity loss and social risks), thus obtaining an even more exhaustive framework which also allows to evaluate the interconnection aspects between the different types of risks.

As widely discussed, in particular, in recent EIOPA papers on the topic, it is common practice to consider sustainability risks as non-direct, that is, they impact the Company's balance sheet in the form of solvency risks (market risk, underwriting risk or operational risk), through so-called transmission channels. Consistent with the most widespread approach, transmission channels can be classified into two macro categories: physical risks and transition risks.

- Physical risk: risk originating from the direct physical consequences of sustainability risks and can be distinguished into:
  - Acute physical risks: risk of impacts determined by the increase in the frequency or impact of events (for example, meteorological events when talking about climate change) attributable exclusively or mainly to ESG factors;
  - Chronic physical risks: risk of impacts originating from progressive changes that occur over the long term (if it concerns climate change, for example, rise in average temperature levels, rise in sea levels, changes in land and soil productivity , etc.) attributable exclusively or mainly to ESG factors;
- Transition risk: risk that derives from the transition of the economy towards greater sustainability of production, economic and social processes (for example, in the context of climate change, the transition is towards a low carbon economy) and which, therefore, it involves changes in the political, legal, technological, market and reputational context.

The main objective of the sustainability risk identification and assessment framework is to provide the organization with a complete picture of all the ways in which sustainability risks and opportunities can influence the Company's risk profile and produce financial impacts , in all business areas, both in a short-medium term and long-term perspective.

The identification and evaluation process is based on the following phases:

1. Definition of the analysis perimeter: in order to obtain full coverage of the operations carried out by the Company, the analysis perimeter considered was organized into business areas;
2. Pre-assessment: for each asset class, business line and operational area and for each transmission channel, all the potential risk drivers have been identified which in the short-medium term and long term may have an impact on the business, combining information obtained through external research with the knowledge of subject matter experts within the company. All the risk drivers identified have been documented in detail within the Risk Inventory, so as to precisely represent the ways in which the single ESG driver can generate financial impacts (for example, in terms of reduction in the value of assets or increase in accidents). In addition to the risks, potential opportunities have also been identified for each driver (for example, the transition towards electric vehicles, in addition to constituting a risk driver, can also be considered a business development opportunity).
3. Definition of the risk assessment methodology: for the attribution of a score to each risk and opportunity driver and in the two time horizons (short-medium and long term), a qualitative evaluation scale has been defined: "high", "medium" and "low". The meaning of "high", "medium", "low" has been declined for each business area.
4. Assessment: the assessment phase consists of the qualitative evaluation of each risk driver and opportunity identified in the pre-assessment phase, in accordance with the methodology defined in the previous point. The assessment was conducted through a series of meetings organized by the Risk Management function, in which all the relevant business functions participated in relation to the business areas being analyzed and which assigned a rating on the "high", "medium" scale " and "low" for each driver, both in the short-medium term and in the long term. The assessments assigned to the risk drivers, in particular, constitute the inherent risk, as they do not take into account any mitigation actions implemented by the Company.
5. Identification of mitigation actions: for those risk drivers that in the previous phase were assessed with a "high" score, the existence of company policies, guidelines and procedures was assessed (for example, Investment Policy, Policy subscription, etc.) which can contribute to the mitigation of the identified risks.

The Risk Inventory was developed with reference to the risk of climate change. Overall, 172 drivers (of risk and opportunities) were identified for the different areas of activity and asset classes.

The results of the analyzes on the individual risk drivers have revealed that the business areas that present the most potentially significant impacts in the short-medium term or long term are: Real Estate (Investments), Motor Vehicle Liability (Non-Life), Other Motor (Non-Life), Fire and Other Damage to Property (Non-Life).

The analysis shows that in the short term the impacts of transition risks that manifest themselves through the transmission channels: technology, policy and human behavior are greater. In the long term, however, it is the impact of physical risks that has been assessed more significantly by experts.

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.

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.

SOLVENCY II BALANCE SHEET (amounts in EUR thousand)

Assets	Solvency II value	Statutory accounts value	Variation
Goodwill	0	37.849	-37.849
Deferred acquisition costs	0	0	0
Intangible assets	0	20.253	-20.253
Deferred tax assets	67.698	111.950	-44.252
Pension benefit surplus	0	0	0
Property, plant & equipment held for own use	51.919	2.753	49.166
Investments (other than assets held for index-linked and unit-linked contracts)	**5.734.103**	**6.120.676**	**-386.573**
Property (other than for own use)	43.539	33.844	9.695
Holdings in related undertakings, including participations	151.902	146.256	5.646
Equities	**6.520**	**6.401**	**119**
Equities - listed	5.184	5.065	119
Equities - unlisted	1.336	1.336	0
Bonds	**5.219.511**	**5.625.765**	**-406.254**
Government Bonds	3.639.941	3.959.925	-319.984
Corporate Bonds	1.573.603	1.659.312	-85.709
Structured notes	0	0	0
Collateralised securities	5.967	6.528	-561
Collective Investments Undertakings	311.125	306.904	4.221
Derivatives	0	0	0
Deposits other than cash equivalents	1.506	1.506	0
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	643.121	643.121	0
Loans and mortgages	**13.857**	**14.752**	**-895**
Loans and mortgages to individuals	0	0	0
Other loans and mortgages	13.382	14.277	-895
Loans on policies	475	475	0
Reinsurance recoverables from:	**255.732**	**326.274**	**-70.542**
Non-life and health similar to non-life	**263.165**	**323.258**	**-60.093**
Non-life excluding health	260.252	313.492	-53.240
Health similar to non-life	2.913	9.766	-6.853
Life and health similar to life, excluding health and index-linked and unit-linked	**-7.574**	**3.016**	**-10.590**
Health similar to life	189	189	0
Life excluding health and index-linked and unit-linked	-7.763	2.827	-10.590
Life index-linked and unit-linked	**141**	**0**	**141**
Deposits to cedants	0	0	0
Insurance and intermediaries receivables	118.880	118.880	0
Reinsurance receivables	55.099	55.099	0
Receivables (trade, not insurance)	176.850	176.850	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	190.015	190.015	0
Any other assets, not elsewhere shown	7.676	7.676	0
Total assets	**7.314.950**	**7.826.148**	**-511.198**

Total assets on the Solvency II financial statements amount to 7,314,950 thousand euros as compared with the 7,826,148 thousand euros on the statutory financial statements, thereby revealing a lower value of -511,198 thousand euros.

SOLVENCY II BALANCE SHEET (amounts in EUR thousand)

Liabilities	Solvency II value	Statutory accounts value	Variation
Technical Provisions - non life	**1.342.561**	**1.565.112**	**-222.551**
Technical Provisions - non life (excluding health)	**1.285.816**	**1.489.881**	**-204.065**
Technical Provisions calculated as a whole	0		
Best estimate	1.247.480		
Risk margin	38.336		
Technical Provisions - health (similar to non-life)	**56.745**	**75.231**	**-18.486**
Technical Provisions calculated as a whole	0		
Best estimate	55.291		
Risk margin	1.454		
Technical Provisions - life (excluding index-linked and unit-linked)	**3.918.875**	**4.337.863**	**-418.988**
Technical provisions - health (similar to life)	**237**	**237**	**0**
Technical Provisions calculated as a whole	0		
Best estimate	233		
Risk margin	4		
Technical Provisions - life (excluding health and index-linked and unit-linked)	**3.918.638**	**4.337.626**	**-418.988**
Technical Provisions calculated as a whole	0		
Best estimate	3.856.189		
Risk margin	62.449		
Technical Provisions - index-linked and unit-linked	**603.615**	**643.121**	**-39.506**
Technical Provisions calculated as a whole	0		
Best estimate	596.242		
Risk margin	7.373		
Other technical provisions	**0**	0	0
Contingent liabilities	0	0	0
Provisions other than technical provisions	12.100	12.100	0
Pension benefit obligations	8.781	8.934	-153
Deposits from reinsurers	97.598	97.598	0
Deferred tax liabilities	11.505	0	11.505
Derivatives	0	0	0
Debts owed to credit institutions	**94.875**	**94.875**	**0**
Financial liabilities other than debts owed to credit institutions	**53.358**	**0**	**53.358**
Debts owed to non-credit institutions	53.358	**0**	53.358
Insurance & intermediaries payables	35.750	35.750	0
Reinsurance payables	35.684	35.684	0
Payables (trade, not insurance)	65.960	65.960	0
Subordinated liabilities	**217.713**	**242.862**	**-25.149**
Subordinated liabilities not in BOF	0	0	0
Subordinated liabilities in BOF	217.713	242.862	-25.149
Any other liabilities, not elsewhere shown	22.415	22.415	0
Total liabilities	**6.520.790**	**7.162.274**	**-641.484**
Excess of assets over liabilities	**794.160**	**663.874**	**130.286**

Total liabilities on the Solvency II financial statements amount to 6,520,790 thousand euros as compared with the 7,162,274 thousand euros on the statutory financial statements, thereby revealing a lower value of -641,484 thousand euros. In all, therefore, the surplus assets with respect to liabilities on the Solvency II financial statements amount to 794,160 thousand euros as compared with the 663,874 thousand euros on the statutory financial statements, thereby revealing a greater value of 130,286 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 37,849 and 20,253 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 (Deferred Tax Assets or DTA) other than those arising from tax losses and unused tax credits and deferred tax liabilities (Deferred Tax Liabilities or DTL) are calculated on the basis of the differences between the values of the assets and liabilities valued in accordance with Solvency II principles and the corresponding values for tax purposes.

DTAs can only be recognized if it is probable that there will be a future taxable profit against which the deferred tax assets can be used, taking into account legal or regulatory obligations on the terms for carrying forward tax losses or unused tax credits.

Prepaid and deferred taxes are measured separately for IRES and IRAP purposes based on the tax rates that are expected to be applied in the financial year in which the temporary differences will cancel out.

As a result of the application of the Solvency II valuation rules, the item "Deferred tax assets" of the statutory financial statements, equal to 111,950 thousand euros, decreased by 44,252 thousand euros, reaching a total value of 67,698 thousand euros.

The following table shows the deferred tax assets and liabilities calculated on the Solvency II adjustments; the balance is represented in this case by deferred taxes and amounts in total to 55,757 thousand euros, of which 43,419 thousand euros for IRES purposes and 12,338 for IRAP purposes recorded net of the corresponding DTAs in the DTL.

The rate applied on value adjustments is 30.82%; on the value adjustments inherent to the positive shareholdings, in application of the tax legislation, the aforementioned rate was applied on 5% of the revaluation, while on the negative value adjustments no deferred taxes were calculated, given that the legislation provides for the relevance for tax purposes of the aforementioned capital losses.

SOLVENCY II ADJUSTMENTS (amounts in EUR thousand)

	Gross amount	IRAP	IRES	Net amount
Intangible assets	-58.102	3.963	13.944	-40.195
Property	9.689	-661	-2.325	6.703
Investments	-402.811	27.472	96.675	-278.664
Technical provisions attributable to non-life reinsurers	-60.092	4.098	14.422	-41.572
Technical provisions attributable to life reinsurers	-10.449	713	2.508	-7.228
Non-life technical provisions	222.550	-15.179	-53.412	153.959
Life technical provisions	458.495	-31.269	-110.039	317.187
Subordinated liabilities	25.148	-1.715	-6.035	17.398
IAS 19	153	-10	-37	106
IFRS 16	-4.185	285	1.004	-2.896
Adjustment participations	5.647	-35	-124	5.488
Total	186.043	-12.338	-43.419	130.286

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 2023, 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.

For other tangible fixed assets, the value stated on the statutory financial statements, of 2, 201 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 49,173 thousand euros.

D.1.4 Properties (not for own use)

The item is entirely made up of the three properties in Rome, via Abruzzi 10, Rome - Via Perlasca 50-52 and Galatina - Via Caracciolo 34. The difference between the Solvency II value (43,359 thousand euros) and the statutory value (33,844 thousand euros) is equal to 9,695 thousand euros. The criteria for determining the Fair Value are reported 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.

HOLDINGS IN RELATED UNDERTAKINGS (amounts in EUR thousand)

	Solvency II value	Statutory accounts value	Variation
HDI Immobiliare S.r.l.	120.913	125.553	-4.640
InLinea S.p.A.	2.145	2.159	-14
InChiaro Life Dac	28.105	17.805	10.300
Assi90 S.r.l.	739	739	-
Total	**151.902**	**146.256**	**5.646**

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

From the comparison between Solvency II balance sheet values and statutory balance sheet values, differences in value emerge with reference to capital instruments of +119 thousand euros, while a difference of -406,254 thousand euros is found with reference to bonds and +4,221 thousand euros with reference to mutual investment 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	5.184	-	-	5.184
Equities - unlisted	-	-	1.336	1.336
Government Bonds	3.598.966	40.974	-	3.639.940
Corporate Bonds	1.516.525	36.252	20.826	1.573.603
Structured notes	-	-	-	-
Collateralised securities	-	-	5.967	5.967
Collective Investments Undertakings	82.306	-	228.818	311.124
Derivatives	-	-	-	-
Deposits other than cash equivalents	-	-	1.506	1.506
Other investments	-	-	-	-
Other loans and mortgages	-	-	13.382	13.382
Total	5.202.981	77.226	271.835	5.552.042

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 643,121 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	591.447	4.515	47.159	643.121
Total	591.447	4.515	47.159	643.121

D.1.8 Loans and mortgages

The item amounts in total to 13,857 thousand euros and consists of infrastructure investments in the form of private debt for 12,719 thousand euros (recording a lower value compared to the statutory balance sheet of 895 thousand euros).

Furthermore, the item is made up of loans on policies, which amount to 408 thousand euros, to which interest receivables have been added, which amount to 66 thousand euros and loans to agents, employees and former employees which amount to 664 thousand of Euro. In the financial statements, these items are recorded at nominal value. In the solvency balance sheet, the amount recorded is the same, taking into account the insignificant changes in the Fair Value given generally close deadlines.

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 -60,093 thousand euros with reference to the non-life provisions and -10,449 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 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 form 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 5,121 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 7 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 2023, 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 1,143,054 thousand euros, whilst the corresponding discounted value is 1,030,963 thousand euros.

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 27,891 thousand euros, whilst the corresponding discounted value is 26,219 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 32,857 thousand euros, whilst the corresponding discounted value is 28,041 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 647 thousand euros and the discounted best estimate is 579 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 286,783 thousand euros whilst the corresponding discounted value is 254,388 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 303,538 thousand euros, whilst the corresponding discounted value is 270,872 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 83,811 thousand euros, whilst the corresponding discounted value is 82,093 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 46 thousand euros and the discounted best estimate comes in at 40 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 15,529 thousand euros whilst the corresponding discounted value is 13,906 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 6,866 thousand euros, while the corresponding discounted value is 6,729 thousand euros.

D.2.1.6 Investment management expenses

The total UBEL value of investment management expenses comes to 2,425 thousand euros, whilst the corresponding discounted value is 2,140 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 2023, method 2 was applied, described in annex 4 to IVASS Regulation no. 18.

The risk margin of all non-life segments is 39,790 thousand euros.

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 2023 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	1.342.562	1.565.112	-223
Technical Provisions - non life (excluding health)	1.285.817	1.489.881	-204
Technical Provisions calculated as a whole	-	1.489.881	-
Best estimate	1.247.481	-	-
Risk margin	38.336	-	-
Technical Provisions - health (similar to non-life)	56.745	75.231	-18
Technical Provisions calculated as a whole	-	75.231	-
Best estimate	55.291	-	-
Risk margin	1.454	-	-

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.2.2.3.1 Reinsurance

The amounts that can be recovered from the reinsurance contracts come to approximately 0.17% 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 3,801,493 thousand euros (without using volatility adjustment it is 3,831,839 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 596,242 thousand euros (without using volatility adjustment it is 596,448 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 54,696 thousand euros (without using volatility adjustment it is 55,152 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)	3.918.875	4.337.863	-418.989
Technical provisions - health (similar to life)	237	237	-
Technical Provisions calculated as a whole	-		
Best estimate	233		
Risk margin	4		
Technical Provisions - life (excluding health and index-linked and unit-linked)	3.918.638	4.337.626	-418.989
Technical Provisions calculated as a whole	-		
Best estimate	3.856.189		
Risk margin	62.449		
Technical Provisions - index-linked and unit-linked	603.615	643.121	-39.507
Technical Provisions calculated as a whole	-		
Best estimate	596.242		
Risk margin	7.373		

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 9.66% 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 6.14% 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)

Among the long-term guarantee measures, the Company uses exclusively the Volatility Adjustment (VA) which represents an adjustment for volatility to the reference curve of the discount rate used for the calculation of insurance liabilities (Best Estimate Liabilities, BEL), at in order to mitigate the impacts deriving from the short-term volatility of the financial markets. The Volatility Adjustment is applied to the total insurance liabilities of the Company's life segment portfolio. As of December 31, 2023, the Company's applied VA is equal to 20 bp. In compliance with the art. 30-bis, paragraph 5 of the Private Insurance Code, the Company has prepared a liquidity plan, with projections of incoming and outgoing cash flows relating to the assets and liabilities subject to volatility adjustment, capable of providing:

- a demonstration that the Company has sufficient liquidity to meet its obligations in times of stress, without resorting to the sale of illiquid assets;
- a demonstration that the Company adequately manages and monitors the liquidity risk relating to the business to which the VA is applied.

The table below shows the data relating to the impact of the long-term guarantee measures on the main economic variables of the Company. The elimination of the VA entails an increase in technical reserves of 0.69% and a decrease in Own Funds of approximately 2.8%. The Solvency Capital Requirement rises by 1.9% while the Solvency Ratio goes from 195% to 184.1%. The Company therefore maintains good coverage of the SCR, despite the elimination of the VA.

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	**5.865.051**	**5.905.297**	**40.246**
Basic own funds	**957.524**	**931.128**	**-26.396**
Excess of assets over liabilities	794.160	767.764	-26.396
Restricted own funds due to ring-fencing and matching portfolio	-	-	-
Eligible own funds to meet Solvency Capital Requirement	**919.288**	**885.618**	**-33.670**
Tier I	683.616	645.461	-38.155
Tier II	217.714	217.714	-
Tier III	17.958	22.443	4.485
Solvency Capital Requirement	**471.344**	**480.314**	**8.970**
Eligible own funds to meet Minimum Capital Requirement	**726.037**	**688.690**	**-37.348**
Minimum Capital Requirement	**212.105**	**216.141**	**4.036**

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 12,100 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 153 thousand euros lower than that noted on the statutory financial statements.

D.3.4 Deposits from reinsurers

The item includes deposits received from reinsurers, which amount to 97,598 thousand euros and refer to the subsidiary Hannover Rückversicherungs for 42,747 thousand euros and to third-party companies for 54,851 thousand euros. There are no differences in value between the Solvency II balance sheet and the statutory balance sheet.

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 11,505 thousand euros.

D.3.6 Debts to credit institutions

The item amounting to 94,875 thousand euros includes the agreement (repurchase agreement) signed on 20 December 2023, on the basis of which the Company sold to a banking institution, with the obligation to repurchase after 6 months, bonds for a total value at the date of the transfer of 95,633. Loans payable are valued without any adjustment to take into account the change in the company's creditworthiness after initial recognition..

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 137,394 thousand euros and consist of payables due to insured parties, intermediaries and other payables deriving from direct insurance operations for 35,750 thousand euros, payables deriving from reinsurance operations for 35,684 thousand euros and other non-insurance payables for 65,960 thousand euros. The item other liabilities amounts to 22,415 thousand euros and mainly includes the estimate of the amount for the reward policies towards agents on the basis of the objectives achieved in 2023 and all the liabilities not included in the other balance sheet items, such as accrued liabilities and deferred income.

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 217,714 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.

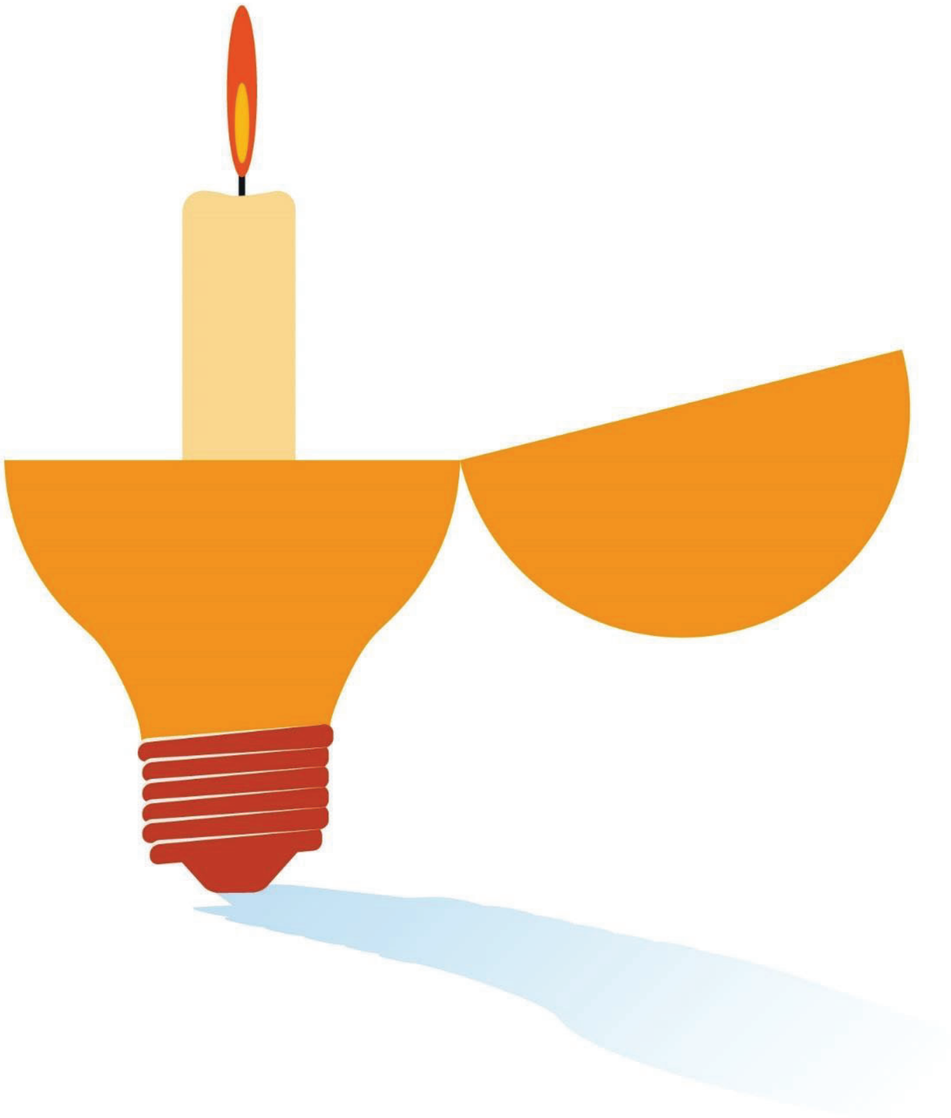
There are no alternative valuation methods for assets and liabilities with respect to what is indicated in the previous paragraphs.

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.

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.

The company is establishing a multi-GAAP planning process (TOM), with improved automation, that ensures consistency between the three views Local, IFRS17 and Solvency II.

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)

Basic own funds	2023	2022	Variation	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary share capital	351.000	351.000	-	351.000	-	-	-
Reconciliation reserve	332.616	415.062	-82.446	332.616	-	-	-
Subordinated liabilities	217.714	185.459	32.255	-	-	217.714	-
Net DTAs	56.193	-	56.193	-	-	-	56.193
Total	957.524	951.521	6.003	683.616	-	217.714	56.193

The amount of basic Own Funds at 31 December 2023 is equal to 957,524 thousand euros. There are no Ancillary Own Funds in the Company's Solvency II balance sheet.

In particular, basic own funds include:

- the share capital;
- subordinated loans (included in second level own funds or TIER 2); the cost of the subordinated loans was considered net of tax effects (recoverability of interest expense) for the purposes of determining the profit/loss for the year, these loans were subscribed at market conditions;
- the reconciliation reserve;
- an amount equal to the net value of the deferred taxes.

Compared to the previous year, the amount of own funds increased. The change is mainly due to market changes, an increase in subordinated liabilities following the merger with HDI Italia (formerly Amissima) as well as a reduction in the reconciliation reserve.

With reference to this item, the following table illustrates the components used to determine it, as well as a comparison of the individual items that compose it with the previous year.

RECONCILIATION RESERVE (amounts in EUR thousands)

	2023	2022	Variation
Excess of assets over liabilities	794.160	807.812	-13.652
Own shares (held directly and indirectly)	-	-	-
Foreseeable dividends, distributions and charges	54.350	41.750	12.600
Other basic own fund items	407.193	351.000	56.193
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-	-
Reconciliation reserve	**332.616**	**415.062**	**-82.446**

Compared to the previous year, the decrease in the reconciliation reserve is mainly due to the decrease in the excess of assets over liabilities, the increase in Dividends and market changes which led to an increase in DT Assets.

Subordinated Liabilities

The following table shows the details of the subordinated liabilities included in the Company Own funds at 31 December 2023.

SUBORDINATED LOANS (amounts in thousands of Euros)

	Nominal	Signing Date	Expiry Date	Rate	Value as of 12/31/2023
Prestito HINT - 03/2021	50.000	26/03/2021	26/03/2031	4,11%	44.142
Presto subordinato HDI vs. Banca Sella	27.274	30/06/2016	30/06/2026	5,50%	26.622
Prestito TINT - 2016	42.700	21/06/2016	21/06/2026	4,90%	41.476
Prestito HINT - 06/2020	50.000	05/06/2020	05/06/2030	5,56%	44.847
HDI Global SE - 05/2020	20.000	08/05/2020	08/05/2030	5,76%	17.963
HDI Pensionskasse AG - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.532
Gerling Versorgungskasse - 05/2020	1.000	08/05/2020	08/05/2030	5,76%	898
neue leben Pensionskasse - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.532
Prestito ex Amissina - 04/2020	25.000	30/03/2020	30/03/2030	7,25%	24.701
Total Subordinated Liabilities	**234.974**				**217.714**

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 2023 of the own funds of HDI Assicurazioni, broken down by tier level.

AVAILABLE AND ELIGIBLE OWN FUNDS (amounts in EUR thousand)

	2023	2022	Variation	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the SCR	**957.524**	**951.521**	6.003	683.616	-	217.714	56.193
Total available own funds to meet the MCR	**901.330**	**951.521**	-50.191	683.616	-	217.714	-
Total eligible own funds to meet the SCR	**919.288**	**942.574**	-23.286	683.616	-	217.714	17.958
Total eligible own funds to meet the MCR	**726.037**	**797.834**	-71.797	683.616	-	42.421	-
SCR	471.344	353.023	118.321				
MCR	212.105	158.860	53.245				
Ratio of Eligible own funds to SCR	195.0%	267.0%					
Ratio of Eligible own funds to MCR	342.3%	502.2%					

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

The amount of Own Funds eligible to cover the SCR is equal to 919,288 thousand euros, while the amount of the same to cover the MCR is equal to 726,037 thousand euros.

The solvency index on the Solvency Capital Requirement (SCR) in 2023 is equal to 195%, a decrease of approximately 72 percentage points compared to the previous year; this change is due to a slight decrease in own funds and an increase of the 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 2023 shows an excess of assets over liabilities equal to 794,160 thousand euros (807,812 thousand euros at 31 December 2022), higher by 130,286 thousand euros (144,807 thousand euros at 31 December 2022) compared to the net equity resulting from the Company's financial statements at the same date. This difference is due to the different evaluation of the equity components, as can be seen from the following reconciliation statement:

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

	2023	2022	Variation
A) Shareholders' equity from the financial statements	**663.874**	**663.005**	**869**
Adjustments by type of asset or liability:			
Goodwill and Intangible assets	-40.195	-19.751	-20.444
Property	6.703	6.566	137
Investments	-278.665	-478.451	199.786
Adjustment participations	5.488	-25.255	30.743
Technical provisions attributable to non-life reinsurers	-41.572	-9.090	-32.482
Technical provisions attributable to life reinsurers	-7.228	-5.847	-1.381
Non-life technical provisions	153.960	90.629	63.331
Life technical provisions	317.187	567.341	-250.154
Subordinated liabilities	17.397	21.470	-4.073
Employee benefits	106	59	47
IFRS 16 - Leasing	-2.895	-2.864	-31
B) Total Solvency II Adjustments	**130.286**	**144.807**	**-14.521**
C) Excess Assets over Liabilities Solvency II (A+B)	**794.160**	**807.812**	**-13.652**
D) Deliberate or foreseeable dividends	-54.350	-41.750	-12.600
E) Eligible Own Funds Solvency II (C+D)	**739.810**	**766.062**	**-26.252**

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

As part of the integrated risk management activities, the calculation of the solvency capital requirement was carried out on the data as of 31 December 2023. This calculation was carried out using the Standard Formula with the use of the Specific Company Parameters (USP), as already reported in chapter C. Risk Profile.

As required by the art. 45-duodecies of the CAP, a simplified calculation was used for the catastrophe risk sub-module for life insurance and is obtained as the product of risk exposure and a risk factor.

In calculating the Solvency Capital Requirement, the company has not used risk mitigation techniques that lead to a significant increase in underlying risk or the creation of other risks in the calculation of the SCR, and has applied the adjustment for volatility, referred to in Article 36-septies, assessing compliance with the capital requirements, both taking and not taking into account the above adjustments. The impact related to the use of the volatility adjustment on YE 2023 data is equal to 20 bp.

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

The following table shows the detail of the capital requirement for HDI Assicurazioni S.p.A. for each risk module net of the absorption capacity of the Technical Reserves, with evidence of the diversification effects and adjustments considered, as well as a comparison with the previous year.

SOLVENCY CAPITAL REQUIREMENT (amounts in EUR thousand)

	2023	2022	Variation %
Market risk	173.694	190.626	-9%
Counterparty default risk	73.690	42.997	71%
Life underwriting risk	141.344	212.605	-34%
Health underwriting risk	30.768	17.779	73%
Non-life underwriting risk	259.347	152.459	70,11%
Diversification	-236.934	-215.300	10,05%
BSCR	**441.909**	**401.166**	**10,16%**
Operational risk	56.812	51.472	10,37%
Loss-absorbing capacity of deferred taxes	-84.797	-99.615	-72,52%
SCR	**471.344**	**353.023**	**33,52%**

The value of the SCR for the 2023 financial year amounts to 471,344 thousand euros, an increase of approximately 33 percentage points compared to the last financial year.

As can be seen from the table, the main changes compared to the previous evaluation concern the Market Risk and the Life Technical Risk, both of which decreased, against an increase in the non-life technical risk as already highlighted in the previous paragraphs.

The Company, through a specific methodological process, annually establishes its risk appetite (Risk Appetite), thus identifying the main levels of risk tolerance. 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 equity and financial situation, HDI Assicurazioni has drawn up the document called "Emergency Plan".

This document regulates the management of emergency situations and the strategies aimed at restoring solvency and/or liquidity conditions, identifies the operating methods, roles and responsibilities of the main corporate bodies and corporate functions involved both in the escalation processes and are activated in the event of entry into 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, for example, interventions on the capitalization of the Company or restructuring of the strategic asset allocation.

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.

The deferred tax assets and liabilities calculated on the Solvency II adjustments (differences between the values of the statutory financial statements and the values of the solvency balance sheet) amount in total to 60,197 thousand euros, of which 43,419 thousand euros for IRES purposes and 12,338 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 level 3 of eligible own funds as provided for by article 76 of the Delegated Acts.

Based on IAS 12, the conditions have been met to offset the deferred tax liabilities deriving from the application of the Solvency II principles with civil advance taxes and, for IRES purposes, with probable taxes deriving from future taxable income.

The compensation of the DTLs for IRES purposes, recorded as a reduction of the corresponding civil DTAs and on previous losses (39,810 thousand euros and 71,307 thousand euros respectively), lead to a net DTL balance for IRES purposes in the solvency balance sheet equal to 67,698 thousand euro, while the compensation of the DTL for IRAP purposes, recorded net of the corresponding civil DTA (833 thousand euro) leads to a net DTL balance for IRAP purposes in the solvency balance sheet of 11,505 thousand euro.

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.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 thousands of euros)

	2023
nDTA	114.822
Net eligible DTLs recognized in the solvency balance sheet	43.419
Allowable taxes arising from future profits	55.266
Allowable taxes resulting from carryover to previous year, current year	-71.307
non-recoverable nDTAs	87.445
LAC DT	27.377

E.2.3 Minimum Capital Requirement

The following table shows Minimum Capital Requirement (MCR) related to FY 2023, as well as a comparison with the previous year.

MINIMUM CAPITAL REQUIREMENT (amounts in EUR thousand)

	2023	2022	Variation %
Total eligible own funds to meet the Minimum Capital Requirement (MCR)	726.037	797.834	-9,00%
MCR	212.105	158.860	33,52%
Ratio between eligible own funds and MCR	342,3%	502,2%	-31,84%

The MCR Ratio of the Company has improved compared to the last financial year.

As can be seen from 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.

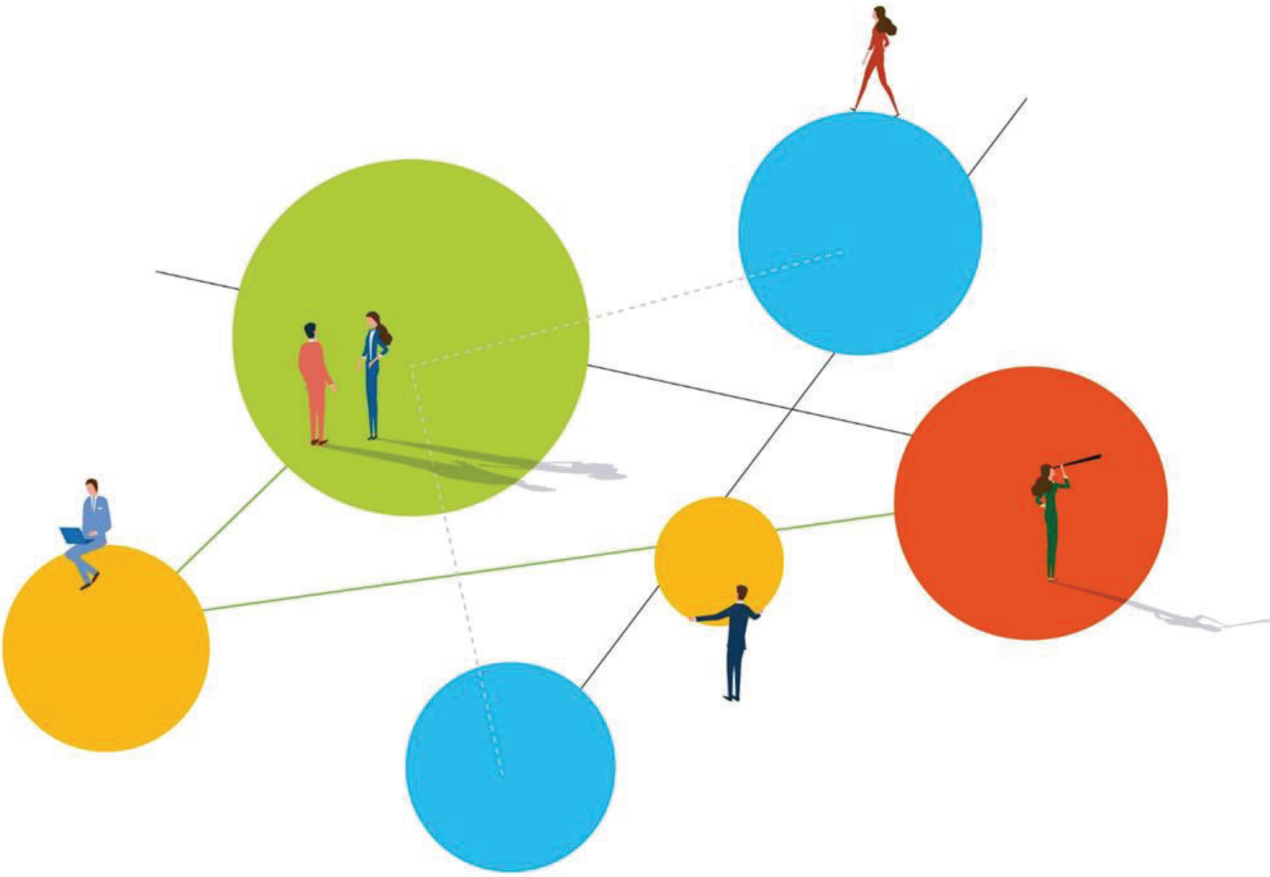
E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

In FY 2023, 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 2023, there is no further relevant information on the Company's capital management, worthy of note.

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

Assets		Solvency II value C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	67.698
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	51.919
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**5.734.102**
Property (other than for own use)	R0080	43.539
Holdings in related undertakings, including participations	R0090	151.902
Equities	*R0100*	*6.519*
Equities - listed	R0110	5.184
Equities - unlisted	R0120	1.336
Bonds	*R0130*	*5.219.511*
Government Bonds	R0140	3.639.941
Corporate Bonds	R0150	1.573.603
Structured notes	R0160	0
Collateralised securities	R0170	5.967
Collective Investments Undertakings	R0180	311.125
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	1.506
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	643.121
Loans and mortgages	**R0230**	**13.856**
Loans on policies	R0240	475
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	13.382
Reinsurance recoverables from:	**R0270**	**255.733**
Non-life and health similar to non-life	R0280	263.166
Non-life excluding health	R0290	260.252
Health similar to non-life	R0300	2.914
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-7.574
Health similar to life	R0320	189
Life excluding health and index-linked and unit-linked	R0330	-7.763
Life index-linked and unit-linked	R0340	141
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	118.880
Reinsurance receivables	R0370	55.099
Receivables (trade, not insurance)	R0380	176.850
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	190.015
Any other assets, not elsewhere shown	R0420	7.676
Total assets	**R0500**	**7.314.950**

S.02.01.02 - Balance Sheet

Liabilities		Solvency II value
		C0010
Technical provisions - non-life	**R0510**	**1.342.562**
Technical provisions - non-life (excluding health)	**R0520**	**1.285.817**
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	1.247.481
Risk margin	R0550	38.336
Technical provisions - health (similar to non-life)	**R0560**	**56.745**
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	55.291
Risk margin	R0590	1.454
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	**3.918.875**
Technical provisions - health (similar to life)	**R0610**	**237**
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	233
Risk margin	R0640	4
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	**3.918.638**
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	3.856.189
Risk margin	R0680	62.449
Technical provisions - index-linked and unit-linked	**R0690**	**603.615**
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	596.242
Risk margin	R0720	7.373
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	12.100
Pension benefit obligations	R0760	8.781
Deposits from reinsurers	R0770	97.598
Deferred tax liabilities	R0780	11.505
Derivatives	R0790	0
Debts owed to credit institutions	R0800	94.875
Financial liabilities other than debts owed to credit institutions	R0810	53.358
Insurance & intermediaries payables	R0820	35.750
Reinsurance payables	R0830	35.684
Payables (trade, not insurance)	R0840	65.960
Subordinated liabilities	**R0850**	**217.714**
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	217.714
Any other liabilities, not elsewhere shown	R0880	22.415
Total liabilities	**R0900**	**6.520.790**

Excess of assets over liabilities	**R1000**	**794.160**

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	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	4.625	51.525		381.179	82.060	1.930	77.792	50.260	38.574	7.548	19.229	1.020					715.742
Gross - Proportional reinsurance accepted	R0120								144									144
Gross - Non-proportional reinsurance accepted	R0130																	0
Reinsurers' share	R0140	83	924		19.537	4.857	67	6.280	54.737	17.942	5.747	7.403	77					117.653
Net	**R0200**	**4.542**	**50.602**		**361.641**	**77.203**	**1.863**	**71.512**	**-4.333**	**20.632**	**1.801**	**11.826**	**944**					**598.232**
Premiums earned																		
Gross - Direct Business	R0210	17.421	41.564		369.901	76.220	1.999	71.525	49.202	33.138	7.713	19.256	1.173					689.114
Gross - Proportional reinsurance accepted	R0220	0							148									148
Gross - Non-proportional reinsurance accepted	R0230																	0
Reinsurers' share	R0240	197	2.196		20.421	4.857	67	6.393	54.763	15.464	5.276	8.062	811					118.508
Net	**R0300**	**17.224**	**39.368**		**349.480**	**71.363**	**1.931**	**65.132**	**-5.413**	**17.675**	**2.437**	**11.194**	**362**					**570.754**
Claims incurred																		
Gross - Direct Business	R0310	905	20.189		251.551	54.894	164	75.760	28.014	11.161	-563	4.663	-412					446.325
Gross - Proportional reinsurance accepted	R0320	0							-71									-71
Gross - Non-proportional reinsurance accepted	R0330																	0
Reinsurers' share	R0340	41	915		12.183	15.285	671	39.883	50.306	2.928	-14	3.163	23					125.383
Net	**R0400**	**864**	**19.274**		**239.368**	**39.608**	**-507**	**35.878**	**-22.364**	**8.234**	**-549**	**1.500**	**-435**					**320.871**
Expenses incurred	R0550	2.001	23.221		119.110	29.713	742	34.670	15.828	5.813	-1.077	6.017	1.187					237.225
Other expenses	R1210																	**4.170**
Total expenses	**R1300**																	**241.395**

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	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	4	809.490	62.988	9.001					881.483
Reinsurers' share	R1420	3	8		6.073					6.084
Net	**R1500**	**1**	**809.482**	**62.988**	**2.928**					**875.399**
Premiums earned										
Gross	R1510	4	809.490	62.988	9.001					881.483
Reinsurers' share	R1520	3	8		6.073					6.084
Net	**R1600**	**1**	**809.482**	**62.988**	**2.928**					**875.399**
Claims incurred										
Gross	R1610		2.102.960	57.142	3.211					2.163.312
Reinsurers' share	R1620		386		1.773					2.160
Net	**R1700**		**2.102.573**	**57.142**	**1.437**					**2.161.153**
Expenses incurred	R1900	10	27.285	1.499	-196					28.599
Other expenses	**R2510**									13.893
Total expenses	**R2600**									**42.492**
Total amount of redemptions	R2700		2.015.347	52.285	6					2.067.637

S.12.01.02 - Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)				
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	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	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010										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
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	3.801.493		596.242			54.696				4.452.431		233				233
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	542		141			-8.305				-7.622		189				189
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	3.800.951		596.101			63.001				4.460.052		44				44
Risk Margin	R0100	56.304	7.373			6.146					69.822	4					4
Technical provisions - total	R0200	3.857.796	603.615			60.841					4.522.252	237					237

S.17.01.02 - Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050																	0
Technical Provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	392	24.596		117.503	41.340	706	39.194	12.816	27.816	347	2.060	4.754					271.524
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-41	1.324	0	3.238	-222	-1	220	-239	8.309	156	686	469					13.899
Net Best Estimate of Premium Provisions	R0150	433	23.272		114.265	41.562	707	38.974	13.055	19.507	191	1.374	4.285					257.625
Claims provisions																		
Gross	R0160	2.782	27.521		621.622	26.439	5.189	76.510	216.622	39.469	9.833	1.867	3.394					1.031.247
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	39	1.592	0	90.209	12.433	680	34.329	92.417	13.117	3.420	838	193					249.267
Net Best Estimate of Claims Provisions	R0250	2.742	25.929		531.412	14.006	4.509	42.181	124.204	26.353	6.413	1.029	3.201					781.980
Total Best estimate - gross	R0260	3.174	52.117		739.125	67.779	5.895	115.703	229.438	67.285	10.180	3.927	8.148					1.302.772
Total Best estimate - net	R0270	3.176	49.201		645.678	55.568	5.216	81.154	137.260	45.859	6.604	2.403	7.487					1.039.605
Risk margin	R0280	139	1.315	0	27.047	710	230	2.149	6.326	1.334	326	52	162					39.790
Technical provisions - total																		
Technical provisions - total	R0320	3.313	53.432		766.172	68.489	6.125	117.853	235.764	68.619	10.506	3.980	8.310					1.342.562
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-2	2.916		93.447	12.210	679	34.549	92.179	21.426	3.576	1.525	662					263.166
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	3.315	50.516		672.725	56.278	5.446	83.303	143.585	47.194	6.930	2.455	7.649					1.079.396

S.19.01.21 - Non-life insurance claims

Gross Claims Paid (non-cumulative)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											11.163
2014	R0160	138.095	121.570	37.891	15.981	10.305	8.003	5.046	1.889	2.678	1.477	
2015	R0170	145.282	114.576	39.410	16.459	9.792	7.101	2.809	4.028	2.974		
2016	R0180	144.487	139.246	42.909	25.351	9.300	5.341	4.553	3.619			
2017	R0190	189.556	160.587	55.375	17.552	14.516	8.950	7.168				
2018	R0200	170.059	136.206	31.918	20.434	12.616	6.373					
2019	R0210	164.915	110.178	33.547	12.580	8.463						
2020	R0220	133.964	92.748	29.873	6.811							
2021	R0230	152.902	121.693	37.356								
2022	R0240	167.586	137.485									
2023	R0250	170.902										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	11.163	2.845.025
	R0160	1.477	342.934
	R0170	2.974	342.431
	R0180	3.619	374.806
	R0190	7.168	453.704
	R0200	6.373	377.605
	R0210	8.463	329.683
	R0220	6.811	263.396
	R0230	37.356	311.951
	R0240	137.485	305.071
	R0250	170.902	170.902
Total	R0260	393.791	6.117.509

Gross undiscounted Best Estimate Claims Provisions

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											149.904
2014	R0160	0	0	113.799	95.828	76.693	66.221	54.449	43.865	27.062	22.572	
2015	R0170	0	161.478	109.651	85.569	73.474	62.703	53.873	47.894	25.958		
2016	R0180	282.566	173.952	122.369	91.141	72.651	61.642	55.859	54.895			
2017	R0190	321.680	181.534	125.365	98.800	80.408	71.347	64.329				
2018	R0200	308.756	163.290	114.552	89.223	74.940	69.328					
2019	R0210	264.470	140.225	100.813	86.346	65.819						
2020	R0220	235.571	129.178	92.541	70.259							
2021	R0230	241.587	156.749	118.807								
2022	R0240	247.072	147.175									
2023	R0250	298.276										

		Year end (discounted
		C0360
	R0100	134.820
	R0160	20.069
	R0170	22.863
	R0180	47.899
	R0190	56.095
	R0200	60.918
	R0210	58.074
	R0220	62.364
	R0230	106.256
	R0240	133.611
	R0250	279.155
Total	R0260	982.123

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	5.865.051			40.246	
Basic own funds	R0020	957.524			-26.396	
Eligible own funds to meet Solvency Capital Requirement	R0050	919.288			-33.670	
Solvency Capital Requirement	R0090	471.344			8.970	
Eligible own funds to meet Minimum Capital Requirement	R0100	726.037			-37.348	
Minimum Capital Requirement	R0110	212.105			4.036	

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			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	332.616	332.616			
Subordinated liabilities	R0140	217.714			217.714	
An amount equal to the value of net deferred tax assets	R0160	56.193				56.193
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	**957.524**	**683.616**		**217.714**	**56.193**
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**	**957.524**	**683.616**		**217.714**	**56.193**
Total available own funds to meet the MCR	**R0510**	**901.330**	**683.616**		**217.714**	
Total eligible own funds to meet the SCR	**R0540**	**919.288**	**683.616**		**217.714**	**17.958**
Total eligible own funds to meet the MCR	**R0550**	**726.037**	**683.616**		**42.421**	
SCR	**R0580**	**471.344**				
MCR	**R0600**	**212.105**				
Ratio of Eligible own funds to SCR	**R0620**	**195,04%**				
Ratio of Eligible own funds to MCR	**R0640**	**342,30%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	794.160
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	54.350
Other basic own fund items	R0730	407.193
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	**R0760**	**332.616**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	47.600
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	8.917
Total Expected profits included in future premiums (EPIFP)	**R0790**	**56.517**

S.25.01.21 - Solvency Capital Requirement - Only Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	232.735		
Counterparty default risk	R0020	73.690		
Life underwriting risk	R0030	185.272		
Health underwriting risk	R0040	30.768		
Non-life underwriting risk	R0050	259.347		
Diversification	R0060	-275.902		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**505.910**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	56.812
Loss-absorbing capacity of technical provisions	R0140	-64.002
Loss-absorbing capacity of deferred taxes	R0150	-27.377
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**	**471.344**
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
Consolidated Group SCR	R0220	471.344
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	-27.377
LAC DT justified by reversion of deferred tax liabilities	R0650	-43.419
LAC DT justified by reference to probable future taxable economic profit	R0660	-55.266
LAC DT justified by carry back, current year	R0670	71.307
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-114.313

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	152.145	

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	3.176	4.542	0	0
Income protection insurance and proportional reinsurance	R0030	49.201	50.602	0	0
Workers' compensation insurance and proportional reinsurance	R0040			0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	645.678	361.641	0	0
Other motor insurance and proportional reinsurance	R0060	55.568	77.203	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	5.216	1.863	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	81.154	71.512	0	0
General liability insurance and proportional reinsurance	R0090	137.260		0	0
Credit and suretyship insurance and proportional reinsurance	R0100	45.859	20.632	0	0
Legal expenses insurance and proportional reinsurance	R0110	6.604	1.801	0	0
Assistance and proportional reinsurance	R0120	2.403	11.826	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	7.487	944	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

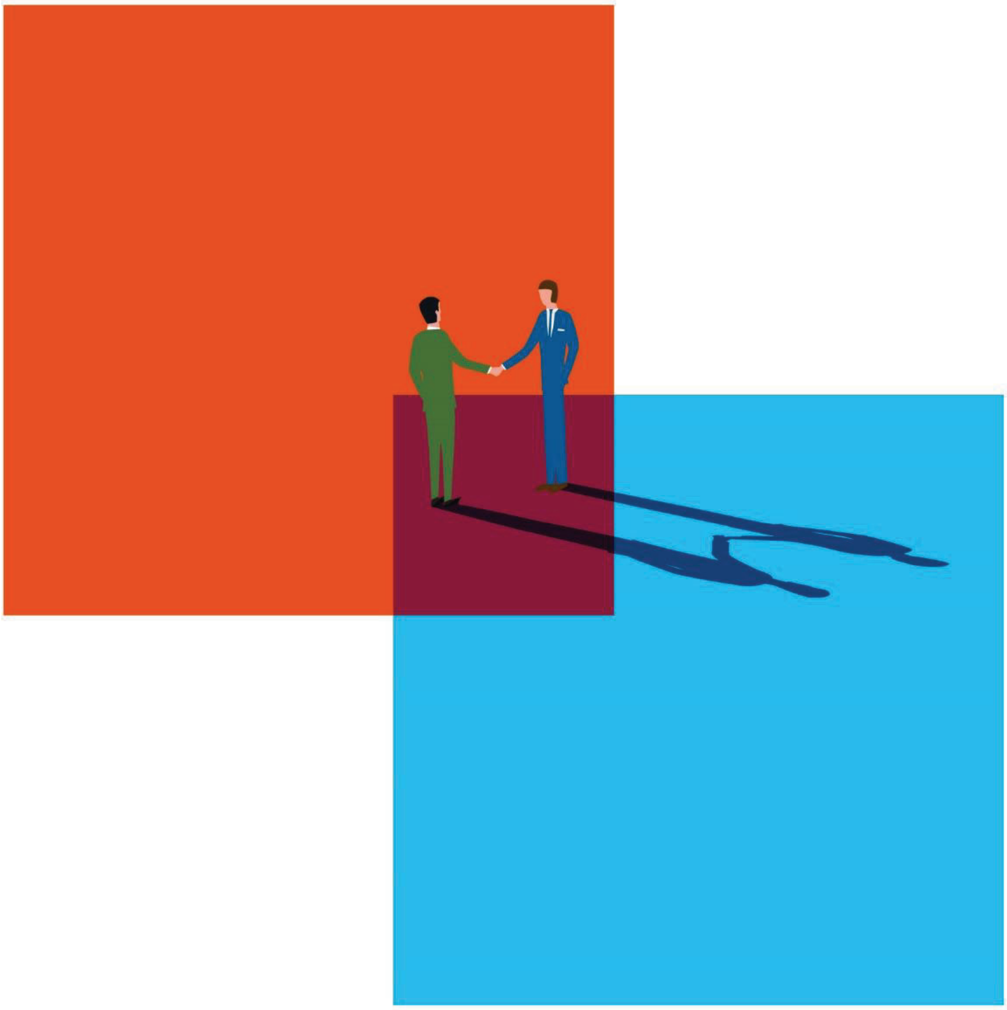
MCR calculation Life		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0		3.682.454	
Obligations with profit participation - future discretionary benefits	R0220	0		118.497	
Index-linked and unit-linked insurance obligations	R0230	0		596.101	
Other life (re)insurance and health (re)insurance obligations	R0240	0		63.045	
Total capital at risk for all life (re)insurance obligations	R0250		0		2.688.894

		Non-life activities	Life activities
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		137.468

Overall MCR calculation		C0130
Linear MCR	R0300	289.613
SCR	R0310	471.344
MCR cap	R0320	212.105
MCR floor	R0330	117.836
Combined MCR	R0340	212.105
Absolute floor of the MCR	R0350	7.400
		C0130
Minimum Capital Requirement	R0400	212.105

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	152.145	137.468
Notional SCR excluding add-on (annual or latest calculation)	R0510	247.615	223.728
Notional MCR cap	R0520	111.427	100.678
Notional MCR floor	R0530	61.904	55.932
Notional Combined MCR	R0540	111.427	100.678
Absolute floor of the notional MCR	R0550	3.700	3.700
Notional MCR	R0560	111.427	100.678

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 2023

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 2023

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 2023, 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");
- 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 R0550, R0590, R0640, R0680 e R0720) del modello "S.02.01.02 - Stato Patrimoniale";
- il Requisito patrimoniale di solvibilità (voce R0580) e il Requisito patrimoniale minimo (voce R0600) del modello "S.23.01.01 - Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli 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 2023, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

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 (including International Independence Standards) (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 2023 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 5 aprile 2024.

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 - 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 - 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, 5 aprile 2024

PricewaterhouseCoopers SpA

Alberto Buscaglia
(Revisore legale)

pwc

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 - 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 2023

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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 - 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 2023

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 - 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 ("SFCR") di HDI Assicurazioni SpA (nel seguito anche la "Società") per l'esercizio chiuso al 31 dicembre 2023, 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 SFCR 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 SFCR 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.

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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 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 gli allegati modelli di SCR e MCR e la relativa informativa inclusi nella SFCR di HDI Assicurazioni SpA per l'esercizio chiuso al 31 dicembre 2023, 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 dell'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, 5 aprile 2024

PricewaterhouseCoopers SpA

Alberto Buscaglia
(Revisore legale)

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