



Balcia Insurance SE
Public Quarterly Report
4th Quarter 2019

The Report prepared in accordance with the Financial and Capital Market Commission Regulations No. 147 "Regulations on Preparation of Public Quarterly Reports of the Insurers" of 31 August 2016.

The Report includes summarised information on the Company's activities after **4 quarters of 2019**. This information is in EUR and comparable with the previous reporting period.

Company information

Name of the Company	Balcia Insurance SE
Legal status	European Company
Number, place and date of registration	40003159840, Riga, 1993
Address	K. Valdemara 63, Riga

Members of the Board and their positions	Lauris Boss - Chairman of the Board Kaspars Ummers - Board member
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Members of the Council and their positions	Gints Dandzbergs - Chairman of the Council Pauls Dandzbergs - Deputy Chairman of the Council Marts Dandzbergs - Deputy Chairman of the Council Andrejs Galanders - Member of the Council Agris Dambeniēks - Member of the Council Bronislaw Woznialis - Member of the Council
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Reporting Period	01.01.2019 – 31.12.2019
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Shareholders

Shareholder	Number of shares	% of the share capital
B5 Holding Limited	41 863	29.69%
HTT Holding Company Limited	41 863	29.69%
MDA Holding Limited	41 863	29.69%
Other entities	15 411	10.93%

Face value of one share	142.20 EUR
Subscribed share capital	20 050 200 EUR
Paid-up share capital	20 050 200 EUR

Foreign branches

Germany, Senefelderstr. 17, 63322 Rödermark
 United Kingdom, 3B Westwood House, Greenwood Business Centre, Reget Road, Salford, Manchester M5
 France, 86 rue Anatole France, 92300 Levallois-Perret, Paris
 Poland, Al. Jerozolimskie 136 02-305 Warszawa
 Lithuania, Žirmūnų g. 67A, Vilnius LT-09112

Income Statement

Item	For the Reporting Period	For the Respective Period of Previous Reporting Year
Earned premiums	77 900 595	92 179 172
Other technical income, net	2 461 015	2 048 390
Incurred claims, net	(54 324 680)	(61 383 981)
Changes in other technical reserves	-	-
Gratuities, net	-	-
Net operating expenses	(24 949 538)	(29 840 622)
Other technical expenses, net	(2 442 345)	(3 642 400)
Changes in equalization reserves	-	-
Investment management expenses/income and commission payments	(151 786)	(153 344)
Net interest income and dividend income	2 128 890	1 038 009
Net profit/loss on derecognised financial assets and financial liabilities not measured at fair value through profit or loss	-	-
Net profit/loss on financial assets and financial liabilities measured at fair value through profit or loss	1 513 815	287 894
Revaluation result of foreign currencies	(39 246)	83 637
Profit/loss from derecognition of tangible assets, investments in buildings for ensuring own activities, investments in property and intangible assets	-	-
Depreciation	(637 366)	(863 357)
Impairment loss or reversal of impairment	53 499	(77 963)
Negative intangible value	-	-
Profit / loss on investments in subsidiaries and joint ventures recognized using the equity method	-	-
Profit/loss for the reporting period before taxes	1 512 853	(324 565)
Corporate income tax	(889 222)	(757 643)
Profit/loss for the reporting period before taxes	623 631	(1 082 208)
Other comprehensive income for the reporting period	-	-

Indicators by Type of Insurance

Type of Insurance	Gross Premiums Written			Gross Insurance Claims Paid			Net operating expenses
	Total	Contracts in Latvia	including contracts with private individuals	Total	Contracts in Latvia	including contracts with private individuals	
Accident insurance	1 981 376	-	-	89 881	-	-	722 204
Health Insurance	72 921	-	-	1 456	-	-	24 843
Motor vehicle insurance (other than railway)	9 799 709	1 292 643	-	3 926 706	274 098	3 248	2 058 041
Railway transport insurance	-	-	-	-	-	-	-
Aircraft insurance	-	-	-	-	-	-	-
Vessel insurance	1 129	-	-	-	-	-	253
Cargo insurance	2 899	-	-	6 448	-	-	966
Property insurance against fire and natural disaster damages and against other risks	7 530 544	324 283	551	10 043 325	1 249 323	2 754	2 791 902
Civil liability insurance of motor vehicle owners	64 801 975	-	-	43 273 516	248 761	75 210	18 628 778
Civil liability insurance of aircraft owners	-	-	-	-	-	-	-
Civil liability insurance of vessel owners	818	-	-	-	-	-	183
General civil liability insurance	789 961	103 912	-	312 601	131 268	-	240 977
Loan insurance	-	-	-	-	-	-	-
Guarantee insurance	1 125 813	-	-	4 542 206	4 431 669	-	110 247
Insurance of various financial losses	175 666	10 308	-	25 877	-	-	46 959
Insurance of legal expenses	-	-	-	-	-	-	-
Assistance insurance	942 027	62 463	-	471 242	7 152	-	324 185
Total	87 224 838	1 793 609	551	62 693 258	6 342 271	81 212	24 949 538

Type of Insurance	Loss Indicator (Accepted Compensation Claims, Net/Earned Premiums, Net)	Expense Indicator ((Net Operating Expenses + Other Technical Expenses, Net - Other technical income, Net)/ Earned Premiums, Net)	Combined Indicator (Loss Indicator + Expense Indicator)
Accident insurance	2.50%	31.15%	33.65%
Health Insurance	18.85%	46.40%	65.25%
Motor vehicle insurance (other than railway)	52.94%	24.03%	76.97%
Railway transport insurance	-	-	-
Aircraft insurance	-	-	-
Vessel insurance	2.47%	23.11%	25.58%
Cargo insurance	248.86%	38.48%	287.34%
Property insurance against fire and natural disaster damages and against other risks	98.17%	38.25%	136.42%
Civil liability insurance of motor vehicle owners	68.43%	37.95%	106.38%
Civil liability insurance of aircraft owners	-	-	-
Civil liability insurance of vessel owners	-	23.72%	23.72%
General civil liability insurance	136.00%	34.78%	170.78%
Loan insurance	-	-	-
Guarantee insurance	434.59%	26.39%	460.98%
Insurance of various financial losses	0.49%	34.07%	34.56%
Insurance of legal expenses	-	-	-
Assistance insurance	39.80%	30.24%	70.04%
Total	69.74%	35.98%	105.72%

Balance Sheet

Item	Reporting Period	Previous Reporting Period
Tangible assets	505 012	340 815
Investments in land lots and buildings	5 544 428	5 648 785
Intangible assets	1 185 617	978 943
Investments in share capital of related companies	-	-
Investments in share capital of associated companies	5 790 679	5 790 679
Financial assets designated at fair value through profit or loss	92 170 913	87 129 525
Financial assets measured at fair value with other comprehensive income	-	-
Financial assets measured at amortized cost	41 131 577	32 232 642
Accrued income and deferred expenses	10 574 291	13 140 334
Tax assets	283 000	283 000
Reinsurance and retrocession contracts	39 893 748	24 456 401
Cash on hand and claims on demand on credit institutions	27 231 233	36 001 751
Total assets	224 310 498	206 002 875
Capital and reserves	50 812 677	50 134 765
Insurance and reinsurance liabilities	151 104 489	142 214 414
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortized cost	20 046 447	11 647 484
Provisions	419 691	665 469
Tax liabilities	1 637 228	736 670
Accrued expenses and deferred income	289 966	604 073
Total liabilities	173 497 821	155 868 110
Total capital and reserves, and liabilities	224 310 498	206 002 875

The equity and the Solvency Capital Requirement calculation

Item	Reporting Period
Basic own funds	45 617 784
Deductions of involvement in financial and credit institutions	-
The total basic own funds after deductions	45 617 784
Additional own funds total	-
The available and used own funds	
Total the available own funds to comply with the Solvency Capital Requirement	45 617 784
Total the available own funds to comply with the Minimum Capital Requirement	43 213 123
Total used own funds to comply with the Solvency Capital Requirement	45 617 784
Total used own funds to comply with the Minimum Capital Requirements	43 213 123
The Solvency Capital Requirement	34 116 063
The Minimum Capital Requirement	14 314 524
The own capital in the Solvency Capital Requirement	133.71%
The own capital in the Minimum Capital Requirement	301.88%

Risk Management Report

1. Description

Balcia implements a unified and effective risk management system. Its aim to identify, measure and assess, monitor and control, report and manage on a regular basis, the risks and their interdependencies, at individual and aggregated level, that are inherent or might be inherent in the business activities of Balcia. The Risk Management System executed through the Balcia Risk Management Policy and Risk Appetite.

The Balcia Risk Management Policy reflects risk management system that is consistent with Balcia's nature, scale and the risks inherent to its operations. The Risk Management System is one of the three building blocks of Governance Program (System of Governance, Risk Management System and Internal Control System), consistent with Balcia's long-term business strategy and objectives.

The risk management system covers all Balcia business areas, but expressly focusses on the following areas:

- **Underwriting and reserving.** This area includes activities undertaken by Balcia to assess and manage the risk of loss or risk associated with adverse changes in the value of insurance liabilities resulting from inadequate pricing and provisioning assumptions. Ensuring data adequacy and quality is an essential part of this area.
- **Asset and liability management.** This area includes activities aimed at managing the structural (e.g. currency) and duration mismatch between assets and liabilities; any dependency between risks of different asset and liability classes; dependencies between the risks of different insurance obligations and effect of relevant risk-mitigating techniques on asset-liability management.
- **Investments** (including derivatives and similar commitments). This area includes activities aimed to ensure that the investments comply with the prudent person principle, upholding the interests of policyholders and insured persons, taking into account Balcia's nature of business and Risk Appetite.
- **Liquidity and concentration risk management.** This area includes activities undertaken by Balcia to:
 - take into account both short-term and long-term liquidity risk that may arise from the non-compliance of composition of the assets in terms of their nature and duration in order to meet the obligations as they fall due;
 - identify the concentration risk and its limits, and actions to determine the impact of possible risks of contagion between concentrated exposures.
- **Operational risk management.** This area includes activities (including the transfer of responsibilities) undertaken by Balcia to identify, document and monitor operational risks, and its impact on the company on regular basis.
- **Reinsurance and other risk mitigation techniques.** This area includes activities undertaken by Balcia to ensure the selection of suitable reinsurance and other risk mitigation techniques in accordance with the Balcia Risk Profile.

The respective risk management regulations for each of the company's business areas described in Balcia's policies and internal documents.

Balcia's activities supervised and managed by two bodies: the Council and the Management Board. The Council is responsible for defining main goals, supervision, approving business decisions, controlling the Management Board, and other activities defined by Articles of Association and other Regulations. The Management Board is responsible for developing detailed strategy and other internal rules for achieving objectives, organizing management, communicating with stakeholders, and carrying out other tasks.

The following key functions have been introduced into company's System of Governance, which are specified by the regulations:

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

2. Risk categories

The risk management system covers all risks that Balcia has or may be exposed to while performing its business operations. Risks are allocated among two risk groups:

- SF SCR risks and;
- NSF SCR risks.

All SF SCR risks are classified as Material risks and fall into the risk categories listed below according to Solvency II requirements, which adequately reflect the Balcia Risk Profile:

2.1. Insurance risk categories

Insurance risk is defined as a risk category that includes risks of losses associated with events arising from company's insurance contracts coverages.

If the insurance risk can be classified under the sub-categories and its sub-parts of Table 1 according to Solvency II specified risk modules and their sub-modules (corresponding to the SF SCR assumptions), then such risk is classified as Material and belongs to the SF SCR risk group.

Table 1. Insurance risk sub-categories and its sub-parts.

Name of sub-category	Sub-category's sub-parts	Description - Causes of risks
Non-life underwriting risk	Risks arising from non-life insurance obligations:	
	Premium risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, as well as from inadequate pricing.
	Reserve risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, and amount of claim settlements, as well as from inadequate assumptions of provisioning.
	Lapse risk	the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.
	Catastrophe risk	the risk of loss or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.
Health insurance underwriting risk	The risks arising from health insurance obligations:	
	Premium risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, as well as from inadequate pricing.
	Reserve risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the

		timing, and amount of claim settlements, as well as from inadequate assumptions of provisioning.
	Lapse risk	the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.
	Catastrophe risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances.
Life insurance underwriting risk	The risks arising from life insurance obligations:	
	Longevity risk	the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.
	Expenses risk	the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in servicing insurance or reinsurance contracts.
	Revision risk	the risk of loss or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

If there are insurance risks that: 1) result from insurance contracts concluded by Balcia regarding the risks covered therein, and 2) under certain conditions, any of the SF SCR assumptions no longer apply or substantially deviate, then such risks belong to the NSF SCR risk group.

All NSF SCR risks can be classified as Material or Non-material risks, depending on the outcome of the risk assessment process.

2.2. Market risk categories

Market risk is defined as a risk category that involves risks associated with adverse changes in financial position that arise directly or indirectly from the volatility and fluctuation of assets, liabilities and FI market prices. This risk is covers part of the credit risk that is associated with the market risk concentration.

If market risk can be classified under the sub-categories of Table 2 according to the Solvency II specified risk sub-modules (corresponding to SF SCR assumptions), then such risk is classified as Material and belongs to SF SCR risk group.

Table 2. Market risk sub-categories.

Name of category	Sub-category parts	Description – Causes of risks
Market risk	Interest rate risks	Risk of the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates or in the volatility of interest rates. This risk originates from a portfolio of financial instruments and an investment strategy.

Name of category	Sub-category parts	Description – Causes of risks
	Equity risk	Risk of the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
	Property risk	Risk of the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate.
	Spread risk	Risk of the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.
	Currency risk	Risk of the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.
	Concentration risk	risks stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.

If there are market risks that: 1) arise from fluctuations and volatility of the Company's assets, liabilities or FI market price levels; and 2) under certain conditions, any of the SF SCR assumptions no longer apply or significantly deviate, then such risks belong to the NSF SCR risk group.

2.2.1. Derivatives

Balcia invests all its assets according to prudent principle manner. Investments are made in FIs whose risks Balcia can adequately identify, measure, monitor and control, report and manage. When investing in derivatives whose nominal exposure exceeds a certain percentage of the Investment Portfolio, it must assess the FI impact on Balcia's capital position.

The use of derivatives is only allowed if they contribute to:

- Effective Portfolio Management. In this case, Balcia demonstrates how the use of derivatives improve the quality, safety, liquidity or profitability of investment portfolio;
- Risk reduction or risk mitigation. Balcia documents and demonstrates the effectiveness of risk mitigation using derivatives.

Balcia currently does not hold derivatives.

2.3. Counterparty default risk (including credit risk) categories

The counterparty default risk (hereinafter - CDR) is a risk category that reflects possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors over the following 12 months. The counterparty default risk covers risk-mitigating contracts, such as reinsurance arrangements, securitisations and derivatives, and receivables from intermediaries, as well as any other credit exposures which are not covered under the spread risk.

If the CDR risk can be classified under the sub-categories of Table 3 according to the Solvency II specified risk sub-modules (corresponding to the SF SCR assumptions), then such risk is classified as Material Risk and falls within the SF SCR risk group.

Table 3. Counterparty default risk sub-categories.

Name of category	Sub-category	Description – Causes of risks
CDR	Type 1 exposures (banks, reinsurers)	Risks, which consist of exposures in relation to the following: <ul style="list-style-type: none"> • risk mitigation contracts, including reinsurance contracts; • cash at banks; • deposits with ceding companies where the number of single name exposures does not exceed 15; • commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid, where the number of single name exposures does not exceed 15; • legally binding commitments which the undertaking has provided or arranged and which may create payment obligations depending on the credit standing or default on a counterparty including guarantees, letters of credit, letters of comfort which the undertaking has provided.
	Type 2 exposures (intermediary debts, policyholders' debts, others)	Risks, which consist of all credit exposures which are not covered under the spread risk and which are not type 1 exposures, including the following: <ul style="list-style-type: none"> • Receivables from intermediaries; • policyholders debtors; • mortgage loans; • deposits with ceding companies where the number of single name exposures exceeds 15; • commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid where the number of single name exposures exceeds 15.

If there is CDR that: 1) arise from contracts concluded by the Company or possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors, and 2) under certain circumstances, any of the SF SCR assumptions no longer apply or significantly deviate, then such risks belong to NSF SCR risk group.

2.4. Operational risk categories

Operational risk is defined as a risk category that includes the risks of inadequate or failed internal processes, personnel errors or internal fraud, systems or external events. Operational risk includes legal risk (legal uncertainty); however, excludes risks arising from strategic decisions as well as reputation risk.

If the operational risk can be classified under the sub-categorization of Table 4 according to the Solvency II specified risk module assumptions (corresponding to the SF SCR assumptions), then such risk is classified as Material and belongs to the SF SCR risk group.

Table 4. Operational risk sub-category breakdown.

Name of category	Sub-category	Description – Causes of risks
Operational risk	Process risk	Risk of loss arising from an inadequate or failed internal process.
	Personnel risk (including fraud)	Risk of loss arising from inadequate human resource management policy, intentional or unintentional action or inaction of employees.
	System risk	Risk of loss arising from inadequate or non-existent information technology, system and / or information security violations, or lack of information security measures resulting in incomplete, inconsistent and misleading data.
	External event risk	Risk of loss arising from actions or external factors.
	Legal risk (legal uncertainty)	The risk of loss arising from legal proceedings, adverse court ruling, unenforceable agreements affecting the company's operational activities or position.

If there are operational risks that: 1) can not be classified as belonging to one of the sub-categories in Table 4, and 2) under specific conditions, any of the SF SCR assumptions no longer apply or significantly deviate, then such risks belong to the NSF SCR risk group.

3. Risk management process

The risk management process includes risk identification, measurement and assessment, monitoring and control, reporting and management actions.

3.1. Risks identification

Risk identification is integrated into the following business processes:

- Development of new insurance line or product, as well as amendments to existing ones;
- Purchase of financial instruments;
- Changes in operational processes;
- Any daily decision-making, if it involves potential risk;
- Reporting on operational incidents, events or losses;

3.2. Risk Measurement and Assessment

All identified risks are measured and assessed taking into account:

- SF SCR calculation and/or;
- QQ method.

3.2.1. Risk measurement using SF SCR

If the identified risk is classified as SF SCR risk, then the value of risk shall be determined by (risk measured as) the size of changes in Balcia's Solvency Capital Requirement risk modules and/or risk sub-module using SF SCR. Otherwise, QQ method will be used (see below).

3.2.2. QQ Method

If the identified risk is classified as an NSF SCR risk, then the QQ method is used. For example, using an expert assessment, by obtaining risk's probability and its financial impact, Balcia's risk materiality is determined.

3.3. Risk monitoring and control

All Balcia risks are monitored and controlled on regular basis:

- Material risks are monitored and controlled at least quarterly;
- Non-material risks are monitored once per a calendar year, which are to be revalued on its materiality using the QQ method.

Material risks that are measured and assessed by SF SCR are controlled according to its rating, which is measured by the utilization of risk category to CRA and CRT, i.e. the proportion of the Solvency Capital Requirement of risk modules and/or risk sub-modules categories' value to the size of CRA or CRT. The rating is used as a control tool for management actions of a particular risk category.

Risk monitoring and control is also based on:

- Changes in the amount of material risks from the previous reporting period;
- Forecasts of material risk values;
- Assessment of QQ method – the assessment of risk materiality is based on the financial impact and probability of risk;
- Expert judgement and recommendations.

3.4. Risk reporting

Risk reporting enables the Management Board and the Council to assess the impact of the decisions made on Balcia's capital adequacy and provide a basis for assessing the effectiveness of the risk management system.

Each employee reports to the director of its department about potential risks that may pose a threat to Balcia or risks that have already materialised and may affect Balcia's capital.

3.5. Management actions

The purpose of management actions is to reduce the risk that Balcia faces or may face in business operations. The following mitigation actions are distinguished:

- Risk reduction - reducing or limiting the exposure to risk or the likelihood of its occurrence;
- Risk transfer - transferring risk management processes to other institutions (eg reinsurance companies);
- Risk acceptance - accepting the risk, without any additional risk elimination measures, when the exposure's impact on Company's operation is Immaterial;
- Risk avoidance - refraining from activities or to halting activities that cause or increase the amount of risk.

3.5.1. Reinsurance

Reinsurance is part of the Risk Management System and one of the essential risk mitigation techniques. Reinsurance transfers risk to other institutions, reducing or limiting the impact of net risks.

Risks are transferred to reinsurance in accordance with the Balcia Risk Appetite. This is done with:

- Obligatory reinsurance contracts; or
- Facultative reinsurance contracts, if:
 - the total sum insured of the object exceeds the limits specified in the obligatory reinsurance contract or is outside the coverage of the obligatory reinsurance contract;
 - the respective insurance line does not have an obligatory reinsurance contract.

4. Risk appetite

In order to achieve its strategic goals, Balcia sets the Risk Appetite, which reflects the company's maximum-permissible total risk amount, as well as the amount of each Material Risk that is expressed as the Category risk appetite or Category risk tolerance.

If Balcia's maximum risk level is exceeded, Balcia's Management Board immediately takes appropriate action to mitigate the risks that may affect capital adequacy.

Balcia determines the Risk Appetite taking into account the maximum permissible financial loss both at aggregate and at individual level, impairment of assets or increase in liabilities over a period of one year.

5. Own risk and solvency assessment

Balcia, at least once a year, carries out an Own Risk and Solvency Assessment (ORSA). It enables Balcia to ensure that:

- it is and will be adequately capitalized in order to achieve its business strategy for a projected period of 3 years;
- it will be adequately resistant against those Material risks to which Balcia is exposed or can be exposed while performing its long-term business objectives.

During ORSA, Balcia performs stress tests and scenario analysis. This is done in order to determine and assess the likely impact of various extreme and adverse events on Balcia's ability to fully honour its obligations under insurance contracts, and to ensure its financial stability.

Key Cooperation Partners:

Reinsurers

Reinsurer	Reinsurer's Rating	Rating Agency	Place (Country) of Registration of the Insurer
VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE	A+	Standard & Poor's	Austria
SWISS RE EUROPE S.A.	AA-	Standard & Poor's	Luxemburg
GENERAL REINSURANCE AG	AA+	Standard & Poor's	Germany
PEAK REINSURANCE COMPANY LIMITED	A-	A.M. Best	Hong Kong
SCOR SE	AA-	Standard & Poor's	France

Reinsurance Brokers

Brokerage Company	Service	Place (Country) of Registration
Aon Versicherungsmakler Deutschland GmbH	Reinsurance mediation	Germany
Guy Carpenter & Company Ltd.	Reinsurance mediation	UK

Operational Strategy and Objectives

Balcia's operational strategy and objectives aim to make the Company the reliable insurer who satisfies the desires of its customers to receive high quality insurance products in any manner and at any place convenient for the customer.

In order for Balcia to become more available to current and potential customers, we continue to expand our broker network. The main tool Balcia uses to achieve its set objectives is an individual approach toward each customer – in each particular situation Balcia employees offer the best insurance solution to each customer. The entire Company has adopted high customer service standards that are applicable to each and every employee.

Balcia's strategic objectives support continuous, balanced and profitable growth for Balcia and for each country it operates. It is provided by developing the Company as trustable and professional insurer who meets customers' desire to receive quality insurance services. It is achievable by striving for excellence in professional development of employees, customer service, as well as efficiency improvement in business processes.

In order for Balcia to become more accessible to current and potential customers, we keep expanding our range of partners. For achieving its goals Balcia uses an individual approach for cooperation with each insurance partner in any given situation, searching for the best insurance solution for both partner and customer.

Departments and Branches of the Company

Customer service locations that offer Balcia insurance services can be found here:

<http://balcia.com/>