



HSF health plan (Malta) Limited

Solvency & Financial Condition Report 31 December 2022

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INTRODUCTION AND SUMMARY

The Solvency and Financial Condition Report (SFCR) is presented in line with the requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35. This is the Solvency Financial Conditions Report (SFCR) for the HSF health plan (Malta) Ltd based on the financial position as at 31 December 2022.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administration Body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of various governance and control functions that it has in place to monitor and manage the business.

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

HSF health plan (Malta) Ltd has three main strategic objectives:-

1. To provide policyholders with a wide range of sustainable health benefits that represents excellent value for money.
2. To generate long-term investment growth from its investment portfolio.
3. To pay most profits and investment surplus to its parent charity company, The Hospital Saturday Fund, by way of dividend payments. In turn the charity upholds the aims of The Hospital Saturday Fund's founders and its own objectives by donations to medical charities, hospitals, hospices, and individuals with medical needs or medical training needs.

The profits from 1 above are fairly consistent whilst those from 2 above are inevitably quite variable. Steady modest growth is sought/achieved through the considerable efforts of HSF health plan (Malta) Ltd staff, management and board - success is not a given. This approach is particularly important given the limited fund-raising ability of HSF health plan, reflecting its position as a subsidiary of a registered charity.

HSF health plan (Malta) Ltd has been in existence since October 2019 however, it is part of a wider group which have been providing health cash plans for a considerable period of time in the UK and Ireland, and will celebrate its 150th anniversary in 2023. The company has been set up to expand the group with the aspiration to provide insurance and also for the charitable activities to be expanded and continue far into the future. HSF health Plan (Malta) Ltd behaves ethically and treats policyholders, staff, and suppliers fairly. The business seeks to operate pragmatically, responsively, and in a controlled manner. Being responsive to customer's requirements means HSF health plan (Malta) Ltd can adjust its product offerings in relation to what is required. Being responsive to staff means improvements can be identified/made and problems/risks dealt with rather than be hidden.

HSF health plan (Malta) Ltd's investment portfolio seeks long-term growth through diversification focussing mainly on equities. Some might classify this as a medium risk approach in the short term and a low-risk approach when looking many years hence.

Performance

The Directors were satisfied with the results achieved in 2022, set against the backdrop of trying to establish a new and innovative product offering, in a mature and well-established health insurance market in Malta. This was only the second full year of trading for HSF health plan (Malta) Ltd after initially receiving its insurance license in February 2021, followed by a period of establishing the business and its presence in the market in Malta. During the year, the impact of the Covid-19 Pandemic was still being felt, which contributed to less face-to-face engagement opportunities to showcase the HSF health plan (Malta) Ltd product offering. HSF health plan (Malta) Ltd has worked closely with its locally appointed marketing agency, to promote the product via social media. Other outreach activity has resulted in a number of positive corporate leads being generated, to set the conditions to attract increased volumes of corporate customers in 2023. The Directors are therefore content with the position of the company at year end.

The Directors are considering if the retained profits from 2021 will be paid as dividend to the parent charity, The Hospital Saturday Fund in the 2023 financial year in line with current rules or if these should be retained within the company and once a decision is made on this the required approval will be sort before any dividends are declared.

The financial statements were approved and authorised for issue by the Board of Directors on 2nd March 2023 and were signed on its behalf by the Group Chief Executive, Paul Jackson and General Manager, Ray Micallef.

A - BUSINESS & PERFORMANCE

A.1 Business

HSF health plan (Malta) Ltd is the wholly owned and trading subsidiary of The Hospital Saturday Fund, an independent charity registered with the UK Charity Commission No 1123381 and in Ireland Registered Charity No 20104528. The Hospital Saturday Fund is a Company Limited by Guarantee in England No 6039284. HSF health plan (Malta) Ltd has their registered office at Vision Exchange Building, Triq it-Territorjals – Zone 1, Central Business District, Birkirkara, CBD 1070, Malta and The Hospital Saturday Fund has their registered office at 24 Upper Ground, London, SE1 9PD, UK.

HSF health plan (Malta) Ltd is a Company Limited by Guarantee in Malta No C 93406 and is authorised and regulated by the Maltese Financial Services Authority (MFSA).

Contact details for the MFSA can be found on their respective websites: www.mfsa.mt

The HSF health plan (Malta) Ltd is engaged in only one class of business, a range of health cash plan schemes, all of which arises in Malta. The original Hospital Saturday Fund was founded in 1873.

Advisers

Solicitors
Ganado Advocates
171 Old Bakery Street,
Valletta,
VLT 1455
Malta

External Auditors'

Mazars
The Watercourse, Level 2,
Mdina Road, Zone 2, Central Business District,
Birkirkara,
CBD 2010
Malta

Investment Managers

RBC Brewin Dolphin
The Harcourt Building, Harcourt Street,
Dublin 2, D02 F721
Ireland

A.2 Underwriting Performance

The total insurance premiums for the year were €5,414 (2021: €Nil). Benefits payable for the year were €167 (2021: €Nil) and represented 0.03% (2021: Nil%) of premium income.

A.3 Investment Performance

The Company holds a range of financial investments including Euro cash deposits and stock market investments. The Company's Directors are careful to manage the Company's exposure to any one counterparty and ensure the nature of the financial investments are appropriate to the Company's activities, objectives and the maintenance of the Company's MFSA solvency requirement. The Company's investments decreased in value from €3,989,681 to €3,025,096 comprising net disposals of €174,876 and unrealised losses of €789,709. The companies' investment holdings have generated income of €47,534 in interest and dividend payments. The fund management fees per annum range from 0.008% to 0.01% of funds under management.

A.4 Performance of Other Activities

When considering the major service suppliers to HSF health plan (Malta) Ltd, the following specific comments apply to certain suppliers: -

- HSF health plan (Malta) Ltd provides a service to its sister company HSF health plan Ltd which is a UK company that also has a Third Country Branch in Ireland. HSF health plan (Malta) Ltd provide administrative services to process any Personal Accident claims received for both the UK company and the Third Country Branch. This service is wholly administrative with the coverage being underwritten by HSF health plan Ltd in the UK as well as all claim payments being made from HSF health plan Ltd in the UK.
- HSF health plan (Malta) Ltd purchases fund management services from an external investment manager. This is currently RBC Brewin Dolphin, with appointment reviews being conducted every five years, and performance reviews conducted quarterly. These fund management activities are not material to the provision of the health cash plan product to policyholders but does influence the capital resources available and the level of charitable donations to HSF health plan (Malta) Ltd's parent charitable company, The Hospital Saturday Fund.

A.5 Covid-19 & Inflation

The coronavirus pandemic has calmed however remained to have an impact throughout 2022 affecting aspects of our personal and professional lives. HSF health plan (Malta) Ltd is very well prepared for the situation. This applies in the context of our operational resilience but also in the context of our capital strength.

HSF health plan (Malta) Ltd operations on a hybrid working model. HSF health plan (Malta) Ltd has worked to keep its employees safe and taken steps so that key work can continue.

In addition to the ongoing Covid-19 pandemic, the increase in inflation through 2022 has also caused significant impact on all aspects of our lives and HSF health plan (Malta) Ltd has continued to monitor this and its potential impact on the business throughout the year. In monitoring and assessing this the overall impact on HSF health plan (Malta) Ltd we believe to be limited due to the nature of our business and the insurance policies the Company sells, with the main potential impact being increased operating costs as fees increase inline with inflation as well as Investment Market uncertainty linked to any changes in the inflation rates. However, this could prove to be a positive for the business as potential clients seek to find cheaper alternatives to Private Medical Insurance as costs rise, which HSF health plan (Malta) Ltd is seeking to take advantage of through 2023 to help grow during challenging times. HSF health plan (Malta) Ltd will continue to monitor inflation and its potential impacts on the business.

After consideration of the relevant stresses at the time of writing, HSF health plan (Malta) Ltd is confident it will maintain its SCR within the regulatory requirements and its risk appetite. HSF health plan (Malta) Ltd is expected to continue to have funds available in excess of the regulatory requirements without needing to take contingency action.

A.6 Any Other Information – Mission Statement

HSF health plan (Malta) Ltd Mission Statement

Our Mission is: To be recognised as the number one Health Cash Plan provider in Malta by offering the best value range of schemes and ensuring a first-class service for every policyholder

B - SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

The board structure of HSF health plan (Malta) Ltd is:-

- Four executive directors employed by HSF health plan (Malta) Ltd including the Group Chief Executive. These Executive Directors have day-to-day management responsibility for HSF health plan (Malta) Ltd.
- Two local Maltese independent Non-Executive Directors.
- Four Non-Executive Directors who are also Non-Executive Directors of HSF health plan in the UK The Chairman of the Board is chosen from the Non-Executive Directors, as are the Chairs of the Audit Committee and the Risk & Compliance Committee.

The board has two sub committees each comprising of four to six Directors of HSF health plan (Malta) Ltd (always a majority of Non-Executive Directors) and attended by invitation by the Chair of the committee, and HSF health plan (Malta) Ltd senior manager with responsibilities in the committee's area of focus. These report to the main Board with a focus of interest as indicated by their names i.e.: -

- Audit Committee
- Risk & Compliance Committee

In Solvency II terms the Board and Committees are the “administrative, management and supervisory body” (AMSB).

Board of Directors

The Executive Directors are:

- Mr Paul Jackson (Group Chief Executive)
- Mr Paul Clare (Executive Director)
- Mrs Sharon Phelan (Executive Director)
- Mr Ray Micallef (General Manager)

The Non-Executive are:

- Mr M Davies
- Mr N Finlayson FCA DChA
- Mrs L Tomlinson ACII
- Mr D Thomas
- Mr V Micallef
- Mr S Agius

Mrs. L Tomlinson continued to serve as Chair of the Board of Directors following her election in May 2021. There are four independent Directors, Mr. S Agius, Mrs. L Tomlinson, Mr. V Micallef and Mr. N Finlayson, none of whom serve as Directors/Trustees of the parent charity company, The Hospital Saturday Fund

The Board of Directors is composed of individuals from a broad range of backgrounds in general insurance, finance, investment banking, legal and the charity sector. This diverse range of experience is invaluable to the Company and ensures that the continued strong governance culture is maintained.

The Board continues to maintain a robust governance culture and is fully committed to its regulatory responsibilities, with this at the forefront of its strategic planning. The Board ensures that there is always a direct line of reporting with the Compliance Officer.

Remuneration

The Board are responsible to ensure the firm recruits and retains employees whose values are aligned with the Company's culture and core objectives.

The Board undertakes an oversight role and gives guidance to the appropriate Executive Directors and senior managers to ensure all of the following:

- Annual review of staff salaries, bonus payments, allowances and benefits
- Being non-discriminatory – all remuneration policies and practices are free from unfair discrimination based on race, gender, age, religion, marital status and ethnic or social origin
- Terms and Conditions of Employment are reviewed when appropriate
- Health and Safety practices are regularly monitored and training is delivered to meet mandatory requirements
- Induction, ongoing training, and Person Development Reviews (PDR's) are conducted in-line with company policy.
- Holding individual performance appraisals to identify talent at all levels in the business and enable fair and competitive pay.

- Holding interim reviews as appropriate and instruct the Executive Directors to take the necessary action deemed necessary.
- All policies are applied and maintained in a satisfactory manner, to ensure that the company is conducting business within acceptable legal regulations and good practice guidelines.

B.2 Fit and proper requirements

The Company has in place a Fitness & Probity Policy which requires Directors, Officers and Key Function holders to complete a Fitness and Probity Questionnaire as part of the fitness and properness test in line with Chapter 2 - Fit and Proper Criteria, Notification and Assessment of the Insurance Rules under the Insurance Business Act (Cap 403). This includes a declaration that they have the experience and qualifications to perform and have adequate time to dedicate to the relevant role, having regard to other potential concurrent responsibilities.

If an adverse finding is made such that a person is assessed to be not fit and proper to hold responsible person position:

- A person, whose appointment to the relevant position is subject to a fit and proper assessment, will not be appointed to the position.
- A person, who is currently acting in a responsible person position, must within a reasonable timeframe no longer hold the relevant position.

The Company notes that there were no concerns following the completion of the fit and proper assessment during the reporting year.

The Company also ensures that appropriate notification is given to the MFSA of all appointments, replacements and changes of Control Functions including any information with regards to the fitness and probity of any such individual.

B.3 Risk management system including the own risk and solvency assessment

The Risk Management System

The principle business of HSF health plan (Malta) Ltd is as an operator of a medical cash plan, which requires the Company to take a level of risk. HSF health plan (Malta) Ltd monitors the profitability of schemes and the claims data regularly, taking action when required and deemed necessary. The scheme premiums are rated on detailed analysis of historic claims data kept by HSF health plan in the UK and the Third Country Branch in Ireland but as more experience and data is obtained for the Maltese market this will be more heavily reloaded upon for this.

The Company's Risk Management System which is the responsibility of the Risk Management Function, is embedded in the operations of the Company. The key elements of the Risk Management System include:

- The Risk Management Policy – outlining the Company's approach to risk management and its embedding within the Company's operations
- The Risk Appetite – outlining the Company's risk appetite and tolerance with regard to specific risk metrics
- The Risk Process – involving the Risk Register which is used to identify, analyse and monitor risks applicable to the Company.

The implementation of the process and procedures which ensure the proper implementation of the risk management system of the Company is ensured through the establishment and implementation of the company policies and procedures which are reviewed regularly by their owners and the Compliance Function.

The Own Risk and Solvency Assessment

HSF health plan (Malta) Ltd will also consider and diligently monitor a wide range of other risk including market, liquidity, interest rate, insurance, operational, concentration among others, which is also an essential part of the ORSA (Own Risk and Solvency Assessment).

The framework adopted by HSF health plan (Malta) Ltd to complete the ORSA process pulls together the work which is done on risk within the business and ensures that appropriate monitoring takes place, that appropriate reviews are conducted in line with the regulatory guidelines and the appropriate amendments made to any necessary documentation. The ORSA is reviewed and approved by the Board on an annual basis. HSF health plan (Malta) Ltd has adopted the Standard Formula as the basis for calculating its solvency capital requirement.

The Own Risk and Solvency Assessment (ORSA) is a continuous forward-looking process by which HSF health plan (Malta) Ltd, through an internal self-assessment, can assess all its present and prospective material risks and formulates its own required Economic Capital Requirements to mitigate these risks.

Article 45 of the Solvency II Directive states that as part of its risk-management system every insurance undertaking shall conduct its ORSA and that such shall include:

- a) the overall solvency needs taking into account the specific risk profile, approved risk tolerance limits and the business strategy of the undertaking.
- b) the compliance, on a continuous basis, with the regulatory capital requirements and with the requirements regarding technical provisions.
- c) the significance with which the risk profile of the undertaking deviates from the assumptions underlying the SCR.

The directive also states that the ORSA shall be an integral part of the business strategy and shall be taken into account on an ongoing basis in the strategic decisions of the undertaking.

The purpose of the ORSA report is to record the ORSA and present the results of that assessment. This includes the following for the year under review:

- a) Qualitative and quantitative results of the ORSA and the conclusions drawn from those results
- b) Methods and assumptions used
- c) Comparison between the overall solvency needs, the regulatory capital requirements and HSF's own funds
- d) The capital requirements positions under stressed scenarios, as defined and chosen yearly by the Board for the specific ORSA process under review
- e) Sensitivity testing to identify potential vulnerabilities

The ORSA process produces a holistic enterprise-wide risk management evaluation and evidence of capital adequacy. It gives both the Board and senior management an effective tool to identify appropriate actions to influence the Group's risk profile and Economic Capital Requirements.

The process is steered by the Board with input from the Actuarial Function. It is repeated at least once annually and whenever there is a material business change or strategic plan considered in accordance with the Risk Management Policy.

Governance Manual

As part of Annex I of Chapter 6 of the MFS Insurance Rules the Board of Directors must establish a Governance Manual determining the scope, frequency of internal reviews of the system of governance, taking into account the nature, scale, and complexity of the business. This should include but not limited to the following policies:

- Conflicts of Interest Policy
- Remuneration Policy
- Fit & Proper Policy
- Outsourcing Policy
- Risk Management Policy
- Underwriting and Reserving Policy
- Strategic and Operational Policy
- Asset-Liability Management Policy
- Investment Policy
- Liquidity Policy
- Capital Management Policy
- Compliance Policy
- ORSA Policy
- Complaints Management Policy
- Internal Audit Policy
- Reporting Policy
- Risk Appetite Framework Policy
- Claims Handling Policy

All the above policies have been written and received Board Approval and have set review periods which generally every 12 months.

B.4 Internal control system

In order to ensure the effectiveness of the firm's system of governance, HSF health plan (Malta) Ltd has adopted the 'Three Lines of Defence' model. The first line of defence is provided by front line staff and operational management. The systems, internal controls, the control environment, and culture developed and implemented by these business units is crucial in anticipating and managing operational risks. The second line of defence is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems, and advice necessary to support the first line in identifying, managing and monitoring risks. The third line of defence is provided by the Audit Committee together with the Internal and External Audit Function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

The Company also follows a risk-based approach towards the reporting of the implementation of controls whereby each risk identified in the Risk Register contains mitigation actions which are allocated a control owner who is required to report to the Compliance Officer on the status of the controls on a regular basis.

B5 Risk Management

For the purposes of regulatory compliance with Solvency II regulations and guidelines, the Risk Management Policy addresses the requirements to have in place strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks, to which HSF health plan (Malta) is or could be exposed. The Risk Management Function for HSF health plan (Malta) Ltd has been outsourced to AON Insurance Services. The oversight of this function is conducted by the General Manager/Executive Director.

B6 The Compliance Function

Every authorised undertaking is required to identify an individual who will be responsible for ensuring adherence to all the requirements under the Act and under the Directive. HSF health plan (Malta) Ltd has outsourced the appointed of a Compliance Officer to AON Insurance Managers (Malta) PCC Limited. The compliance function plays a very important role in the company's internal control processes. The Company recognises the importance of the element of independence with regard to the Compliance Function and ensure that the Compliance Officer always has a direct reporting line to the Board. In carrying out its function the Compliance Officer uses the following tools:

- Annual Compliance Plan
- Quarterly Compliance Officer Reports
- Quarterly Regulatory updates Reports
- Internal Control Framework

B.7 Internal audit function

The Internal Audit function is outsourced to EY and the oversight is conducted by the Chair of the Audit Committee. The function reports directly to the Audit Committee regarding internal audit matters only and have access to Non-executive Directors. The Company ensures that when performing an audit and when evaluating and reporting the audit results, the internal audit function is not subject to influence from the Board that can impair its independence and impartiality.

B.8 Actuarial function

The Solvency II Directive requires the Company to have an Actuarial Function which is responsible for:

- Leading the calculation and validation of technical provisions under IFRS and Solvency II
- Ensure that the methodologies and models used by the Company and that assumptions made in the calculations are appropriate
- Ensure the sufficiency and quality of the data used in the calculations
- Compare best estimates against experience
- Compare and justify any material differences in the calculations of technical provisions from year to year
- Provide an opinion on insurance and reinsurance contracts
- Inform the Board on the reliability of the calculation of technical provisions
- Prepare the Actuarial Function Report on an annual basis

Within HSF health plan (Malta) Ltd, this role is held by the Head of Finance. The Company analyses on an ongoing basis the potential for conflicts as a result of the Actuarial function also being responsible for the finance function to ensure that should there be such conflicts, these are addressed immediately. Support and oversight of this function is provided by the Group Chief Executive. Many of the function's outputs will be checked or prepared first by others including the external auditors, the Group Chief Executive, the Executive Directors or other Finance department personnel. The Company also adopts a four-eye principle and returns which are drafted by the Actuarial function are reviewed by the Group Chief Executive or other individuals holding oversight positions, depending on the relevant return.

To date, HSF health plan (Malta) Ltd distributes one insurance product which is considerably simple in actuarial terms and therefore has allowed the Company to have this arrangement. HSF health plan (Malta) Ltd is however conscious and monitoring the situation where it will be required to separate the two functions to ensure that the Actuarial function continues to carry out its role adequately. Claims expectation was to date derived solely from the claims experience of HSF health plan in the UK and Ireland as no appropriate/relevant industry claims data had been available.

As a matter of practice and policy, no prior underwriting of individual risks is conducted, and terms offered are usually the same for policyholders who fulfil the criteria for joining/remaining in their particular scheme. Health condition exclusions or temporary restrictions are usually applied based on the health declaration supplied by the policyholder on joining. Premiums do not vary with age, or sex, or health.

In setting out the terms offered to policyholders HSF health plan (Malta) Ltd's objectives for these are designed to:-

- Reflect the provident ethos of the organisation by generating a small surplus of premiums over claims and management costs to provide: -
 - funds to assist the capital development of the business
 - funds to allow for future benefit improvements/development
 - funds to allow charitable donations to be made to the parent charity organisation
- Provide a consistent benefit structure for the various country/distribution channel product ranges with a progressive increase in benefits for an increase in premiums regardless of age or sex or dependency situation. The level charging structures thus created naturally incorporate cross subsidies between various membership categories e.g., young and old, high-paying and low-paying, etc.
- Provide long-term good value for money.

B.9 Outsourcing

HSF health plan (Malta) Ltd has in place an Outsourcing policy which requires the company to conduct fit and proper procedures on the service provider, or sub service provider which is proposed to perform the outsourced key function or any insurance or reinsurance activity. Taking this into account, HSF health plan (Malta) shall remain fully responsible for discharging all of its obligations under the Act, any regulations and Insurance Business Rules. HSF health plan (Malta) Ltd shall not undertake the outsourcing of a critical or important operational function or activity in such a way as to lead to any of the following:

- a) materially impairing HSF health plan (Malta) Ltd's system of Governance)
- b) unduly increasing the operational risk;
- c) impairing on MFSA's ability to monitor HSF health plan (Malta) Ltd's compliance with its obligations.
- d) undermining the continuous and satisfactory service to policyholders

HSF health plan (Malta) Ltd undertakes to act in accordance with 6.8.3 to 6.8.7 Chapter 6 of the insurance Rules.

HSF health plan (Malta) Ltd has designated the General Manager as the person within the business with overall responsibility for any proposed outsourced key function or insurance or reinsurance activity.

HSF health plan (Malta) Ltd outsources the following key functions:

Risk Management Function	Aon Insurance Managers (Malta) PCC Limited
Compliance Function	Aon Insurance Managers (Malta) PCC Limited
Internal Audit	EY Malta

B.10 Any other information - Employees

HSF health plan (Malta) Ltd currently has 12 employees which includes all staff, as well as the Board of Directors. The company continues to remain fully committed to its on-going program of staff training and personal development, including one employee currently studying for a diploma with the Chartered Institute of Insurance, despite the challenges the pandemic has had on face-to-face training, which has included our planned leadership development program. The Company is also focused on providing annual mandatory training to its staff including GDPR, and developmental training within departments via our on-line training platform.

C- RISK PROFILE

This section goes into the overall outline of the key risks of the Company, considering all the material risks which the company is exposed to and how the Company monitors and mitigates its risk exposures. HSF health plan (Malta) Ltd believes that a strong, effective and embedded risk management framework is crucial for maintaining successful business operations and delivering sustainable long-term profitability whilst ensuring a strong Solvency Capital Requirements (SCR). HSF health plan (Malta) Ltd calculates its SCR requirements using the standard formula which is composed of the following modules.

C.1 Underwriting risk

Underwriting Risk - standard terms apply to the great majority of business controlled by monthly monitoring of profitability and the product re-pricing facility. HSF health plan (Malta) Ltd currently only has one product in the market and this product has very restricted underwriting risk since the claim amounts are capped both from a monetary and frequency aspect. The parameters used are in the standard formula parameters and these provide a capital requirement of €3,563.

C.2 Market risk

HSF health plan (Malta) Ltd's business plans involve business growth over the next few years as the Company establishes its position in the Maltese market. The main element of market risk is the sensitivity for equity prices to fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity traded in the market. The sensitivity for equity price risk is derived based on global equity returns, assuming that currency exposures are hedged.

Included in the market risk calculation is the concentration risk which derives a capital requirement of €125,129. The concentration risk arises from the larger investment assets held which are more than 1.5% of the total assets held. This risk is limited by the investment policy as no single asset should exceed more than 15% of the overall investment portfolio value.

The parameters used are in the standard formula parameters and these provide a capital requirement of €1,350,205.

C.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a contractual agreement, leading to a financial loss.

HSF health plan (Malta) Ltd's exposure to credit risk with regards to agreements with policyholders is minimal other than temporary exposures whilst sponsoring company's forward premiums deducted from policyholder earnings.

Assessment measures will include quarterly review of the credit ratings of the counterparties, and the assessment of independent investment advisors on the future prospects of these counterparties.

Risk mitigation techniques for credit risks include banking with more than one counterparty and performing due diligence on the counterparty before placing assets with them. The parameters used are in the standard formula parameters and these provide a capital requirement of €140,741.

C.4 Liquidity risk

Liquidity Risk is the risk that the Company is unable to realise investments and/or to make available sufficient resources to meet its financial obligations as they fall due. HSF health plan (Malta) Ltd mitigates liquidity risk by ensuring that all its assets are immediately tradable apart from up to 25% held in property and hedge funds. In accordance with its Asset Liability Management policy, the Company also ensures that its investment portfolio at all times holds assets of which 50% are readily realisable/liquid.

There is also monthly reporting by fund managers and the Head of Finance is responsible for the quarterly monitoring of the portfolio profile of the Company.

C.5 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes and/or systems, from employees and/or from external events. The primary mitigation for operational risks is the implementation of Company Policies and procedures that include various controls that mitigate operational risks. These controls are also included in the Company's Risk Register, and each control owner identified as responsible for the particular controls relating to the various risks is required to monitor the implementation of such controls and report this to the Compliance Officer. The Compliance Officer in turn reports this to the Risk and Compliance Committee which monitors the Company's risk exposure in all areas including investment, operational, financial, human resources, sale and business continuity. The Committee advises the Board on risk management, whilst it also keeps under review the effectiveness of these areas.

The Risk categories which the Company has identified as applicable to it include the following:

- Finance
- Operations
- Compliance
- Strategy
- Investment

The Risk and Compliance Committee meets regularly to review and monitor these and reports to the Board. The Board are satisfied that the risk management policies and procedures in place are appropriate for the business. The parameters used are in the standard formula parameters and these provide a capital requirement of €325.

C.6 Other material risk

Regulatory Risk - all sales are on a non-advisory basis with firm training and monitoring to prevent policyholder advice. HSF undertakes audits, complaint monitoring, and sales staff training/monitoring to detect indications that advice might be given to policyholders

Investment Risk - broad investment ranges and categories are agreed with the external fund managers, Brewin Dolphin, to achieve a well-diversified balanced portfolio. Real assets (equities plus to a lesser extent property and hedge funds) form 50 to 80% of the holdings with cash and fixed interest making the remainder. Overall HSF health plan (Malta) Ltd applies the prudent person principle, in ensuring its investments will be more than sufficient to cover its statutory capital requirements.

C.7 Any other information

HSF health plan (Malta) Ltd adopts a medium to low strategic risk appetite when determining the acceptability and management approach to risk. Due allowance is made for HSF's financial strength, the cost/value of controls, and the extent to which the risk can be accepted or mitigated.

HSF health plan (Malta) Ltd seeks to manage its business in a sensible, considered, and proportionate manner whilst taking sufficient risks to develop the business allowing it to compete successfully against other organisations. The Company is therefore mindful of the risks within its appetite, ensuring that it is comfortable with the information it has available prior to taking on any risks. HSF health plan (Malta) Ltd will act with prudence in its business activities and approach.

HSF health plan (Malta) Ltd will make considered judgments, acting decisively, seeking to carefully analyse potential new initiatives in order to consider possible outcomes in relation to specified criteria. HSF health plan (Malta) Ltd would consider seeking external guidance (upon which HSF health plan (Malta) Ltd will still need to make a validity judgment) where appropriate.

The business is operated in an open and ethical manner with the Board monitoring expenditure and actual/potential variances. "Treating Customers Fairly" is embedded firmly in the firms' ethos and good treatment of customers and low level of complaints is of primary importance.

Not all HSF health plan (Malta) Ltd's risk exposures are included in the standard formula capital calculation. For example, risk exposures associated with reputation and regulatory are mitigated through a combination of reliance on internal controls, monitoring of the risk management framework and future management actions. There is no exposure to pension scheme liabilities.

Scenario and Stress Testing

In order to adequately understand its risk exposures, HSF health plan (Malta) Ltd implements stress testing for material risks it identifies. These stresses are used to identify how such risks would impact the Company and are then taken into consideration when taking investment decisions and underwriting, also take into consideration financial sustainability risks. The evaluation of the potential impacts on the Company's capital and liquidity positions enables the Company to identify and prepare for appropriate ways to mitigate and manage the realisation of such impacts.

The process of stress testing is carried out at least annually through the ORSA Report, and on an ad hoc basis based on particular triggers requiring an ORSA to be completed. The stress tests carried out by the Company over the last years include an immediate reduction in business volumes, an immediate reduction in market value of investments, an immediate increase in expenses and/or claims and sustainability risks adversely impacting the Company's investments.

The outcome of the Company's stress testing are used to illustrate the Company's resilience to the scenarios tested, despite of any change predicted to be implemented within the Risk Management System. HSF health plan (Malta) Limited is confident of its ability to execute any predicted management actions required in a timely and effective manner to mitigate the risks resulting from the occurrence of the scenarios tested.

D - VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Land and buildings

The Company doesn't own any land and buildings as at 31 December 2022.

Investments

The investment of assets, or portfolio management, are managed within HSF health plan (Malta) Ltd's investment policy by an external fund manager, currently RBC Brewin Dolphin, who have freedom to select individual stocks and shares and the timing of their purchase/sale within an agreed framework.

Market value at 1 January 2022	€3,989,681
Additions	€686,149
Disposals	(€861,025)
Unrealised gain on investments	(€789,709)
Market value at 31 December 2022	€3,025,096

Insurance and intermediaries' receivables

Insurance and intermediaries' receivable balances represent premiums owed from policyholders. As at 31 December 2022 the Company had no outstanding premiums. Outstanding premiums are valued at fair value and due to the short-term nature of the receivable; no adjustments to valuation are required. The value of insurance and intermediaries' receivables in the Company's financial statements is the same as for Solvency II.

Cash and cash equivalents

As at the reporting date, the Company had €864,598 held as cash in Malta bank accounts. The Malta bank accounts are all held in euros; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

Tangible Fixed Assets

The Company had no tangible assets as at 31 December 2022.

Other Assets

The other assets included within the Solvency II valuation are receivables (trade, not insurance) of €5,315 and deferred tax asset of €53,439. There are no adjustments or judgements made for valuation purposes. The valuation for Solvency II is the same as International Financial Reporting Standards valuation for both other liabilities detailed above.

D.2 Technical provisions

At 31 December 2022, HSF health plan (Malta) Ltd held a technical provision valued for Solvency II purposes of €116.

The Technical provision would represent at the balance sheet date the current cost of insurance liabilities and includes the following components:

- Claims provisions being claims incurred at the balance sheet date
- Premium provision being premiums received relating to periods after the balance sheet date
- Risk Margin representing the amount a third party would require in addition to the best estimates to assume the liability, calculated on a cost of capital basis.

HSF health plan (Malta) Ltd technical provision is calculated using a claims paid analysis and including all policies in force and on risk at the reporting date.

The risk margin is calculated using the cost-of-capital approach prescribed by Solvency II.

The primary uncertainties relate to how future actual experience will differ from the assumptions used to calculate the technical provisions. The key assumptions are in respect of the claims experience. In order to best understand the uncertainties a robust process for setting assumption is adhered to.

The main difference between the Solvency II and International Financial Reporting Standards for the Technical Provisions when included will be the Risk Margin value.

The table below is set out to display the split between technical provision and risk margin.

Description	Technical Provisions per Solvency II
Technical Provisions	€107
Risk Margin	€9
Total	€116

D.3 Other liabilities

The other liabilities included within the Solvency II valuation are Payables (trade, not insurance) of €50,973. There are no adjustments or judgements made for valuation purposes. The valuation for Solvency II is the same as International Financial Reporting Standards valuation for both other liabilities detailed above.

D.4 Alternative methods for valuation

The valuation used by HSF health plan (Malta) Ltd for assets within the Reports and Financial Statements is in line with the defined fair value for Solvency purposes and therefore there has been no revaluation of assets for Solvency calculations.

E- CAPITAL MANAGEMENT

E.1 Own funds

The own funds management objective is to at all times maintain sufficient own funds to cover both the SCR and MCR with an appropriate excess. Regular reviews are carried out by the responsible committee at least quarterly of the eligible own funds over SCR and MCR ratios with the ultimate responsibility for this resting with HSF health plan (Malta) Ltd's Board of Directors. The Company uses a three-year time horizon for business planning. HSF health plan (Malta) Ltd's own funds are all tier 1 unrestricted and available to cover SCR and MCR.

HSF health plan (Malta) Ltd's eligible own funds as of 31 December 2022 €3,897,253. The material changes in own funds over the reporting period are detailed below:

Eligible own funds as at 31 December 2021	€3,832,692
Capital Contribution from Parent Company	€750,000
Other reserves – UGL on Investments	(€789,709)
Total comprehensive income for the year	€104,270
Eligible own funds as at 31 December 2022	€3,897,253

E.2 Solvency Capital Requirements and Minimum Capital Requirement

The Solvency Capital Requirement and Minimum Capital Requirement for the Company are set out in the table below for the previous year end as well as the expected values for the next 3 years. HSF health plan Ltd applies the Standard Formula as the basis for calculating capital requirements having assessed and reviewed the underlying assumptions as appropriate for the firm.

	31 December 2022	Year N1	Year N2	Year N3
Market Risk	€1,350,205	€1,350,274	€1,350,274	€1,350,274
Counterparty Default Risk	€140,741	€149,819	€152,953	€165,790
Health Underwriting Risk	€3,563	€14,872	€34,675	€43,080
Diversification	(€101,475)	(€115,604)	(€131,786)	(€145,932)
Operational Risk	€325	€162	€3,546	€7,844
SCR	€1,393,359	€1,399,523	€1,409,662	€1,421,056
MCR	€2,700,000	€2,700,000	€2,700,000	€2,700,000

There have been no material changes during the year in the objectives, policies and processes employed by the Company for managing its own funds.

The MCR is pre-determined within the Solvency II legislation and corresponds to an amount of eligible basic own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk if insurance undertakings were allowed to continue their operations. The MCR is calibrated to the Value-at-Risk of the basic own funds of an insurance undertaking subject to a confidence level of 85% over a one year period. The MCR is calculated as 25% of the SCR in accordance with article 248(1) of the Delegated Regulations 2015/35, however as this is lower than the Absolute Floor this is utilised as the MCR value.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

No duration-based equity risk sub-module is included in the Solvency Capital Requirement.

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

HSF health plan (Malta) Ltd has fully embedded the Solvency II calculation process and is engaged with the Solvency II standard model assumptions. HSF health plan (Malta) Ltd considers the standard model provides a prudent calculation of HSF health plan (Malta) Ltd's capital requirements and no additional capital loadings are necessary. As a package of risk capital calculations HSF health plan (Malta) Ltd considers the Standard Model provides a sound framework to use when applying its own assessment to the risks to be valued. HSF health plan (Malta) Ltd agrees that the 0.5% per annum risk of failure is an appropriate benchmark when balancing the firm failure risk against its capital resources - as is inherent in the Standard Formula.

HSF health plan (Malta) Ltd monitors the ongoing appropriateness of the standard formula for HSF health plan (Malta) Ltd's ORSA framework as part of its considerations each time an ORSA is being prepared. Business assumptions are challenged and agreed by relevant parties with controls put in place such as agreeing all inputs and stress tests to be conducted before the calculation takes place.

E.5 Non-Compliance with the Minimum Capital Requirements and non-compliance with the Solvency Capital Requirement

HSF health plan (Malta) Ltd has continually complied with both the Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

TEMPLATES

HSF health plan (Malta) Ltd

Solvency and Financial Condition Report

Disclosures

31 December
2022

(Monetary amounts in EUR
thousands)

General information

Undertaking name	HSF health plan (Malta) Ltd
Undertaking identification code	21380008W1CQOCQCU958
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2022
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	53
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	3,025
R0080	<i>Property (other than for own use)</i>	391
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	2,102
R0110	<i>Equities - listed</i>	2,102
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	532
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	532
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	0
R0280	<i>Non-life and health similar to non-life</i>	0
R0290	<i>Non-life excluding health</i>	0
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	5
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	865
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	3,948

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	0
R0520	<i>Technical provisions - non-life (excluding health)</i>	0
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	0
R0550	<i>Risk margin</i>	0
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	51
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	51
R1000	Excess of assets over liabilities	3,897

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total	
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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		C0200
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		
Premiums written																	
R0110	Gross - Direct Business	5															5
R0120	Gross - Proportional reinsurance accepted																0
R0130	Gross - Non-proportional reinsurance accepted																0
R0140	Reinsurers' share																0
R0200	Net	5															5
Premiums earned																	
R0210	Gross - Direct Business	5															5
R0220	Gross - Proportional reinsurance accepted																0
R0230	Gross - Non-proportional reinsurance accepted																0
R0240	Reinsurers' share																0
R0300	Net	5															5
Claims incurred																	
R0310	Gross - Direct Business	0															0
R0320	Gross - Proportional reinsurance accepted																0
R0330	Gross - Non-proportional reinsurance accepted																0
R0340	Reinsurers' share																0
R0400	Net	0															0
Changes in other technical provisions																	
R0410	Gross - Direct Business	0															0
R0420	Gross - Proportional reinsurance accepted																0
R0430	Gross - Non-proportional reinsurance accepted																0
R0440	Reinsurers' share																0
R0500	Net	0															0
R0550	Expenses incurred	203															203
R1200	Other expenses																216
R1300	Total expenses																419

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole	0																0
R0050	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																	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross	0																0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	Net Best Estimate of Premium Provisions	0																0
Claims provisions																		
R0160	Gross	0																0
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0250	Net Best Estimate of Claims Provisions	0																0
R0260	Total best estimate - gross	0																0
R0270	Total best estimate - net	0																0
R0280	Risk margin	0																0
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	Technical provisions - total	0																0
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0																0
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0																0

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	
R0160	2013	0	0	0	0	0	0	0	0	0	0	0	0
R0170	2014	0	0	0	0	0	0	0	0	0	0	0	0
R0180	2015	0	0	0	0	0	0	0	0	0	0	0	0
R0190	2016	0	0	0	0	0	0	0	0	0	0	0	0
R0200	2017	0	0	0	0	0	0	0	0	0	0	0	0
R0210	2018	0	0	0	0	0	0	0	0	0	0	0	0
R0220	2019	0	0	0	0	0	0	0	0	0	0	0	0
R0230	2020	0	0	0	0	0	0	0	0	0	0	0	0
R0240	2021	0	0	0	0	0	0	0	0	0	0	0	0
R0250	2022	0	0	0	0	0	0	0	0	0	0	0	0
R0260		Total										0	0

Gross Undiscounted Best Estimate Claims Provisions												
(absolute amount)												
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Development year										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior										0	
R0160	2013	0	0	0	0	0	0	0	0	0	0	0
R0170	2014	0	0	0	0	0	0	0	0	0	0	0
R0180	2015	0	0	0	0	0	0	0	0	0	0	0
R0190	2016	0	0	0	0	0	0	0	0	0	0	0
R0200	2017	0	0	0	0	0	0	0	0	0	0	0
R0210	2018	0	0	0	0	0	0	0	0	0	0	0
R0220	2019	0	0	0	0	0	0	0	0	0	0	0
R0230	2020	0	0	0	0	0	0	0	0	0	0	0
R0240	2021	0	0	0	0	0	0	0	0	0	0	0
R0250	2022	0	0	0	0	0	0	0	0	0	0	0
R0260		Total										0

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	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
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions
Ancillary own funds	
R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds
Available and eligible own funds	
R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR
R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR
Reconciliation reserve	
R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve
Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
3,500	3,500		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-353	-353			
0		0	0	0
0				0
750	750	0	0	0
0				
0				
3,897	3,897	0	0	0
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0
3,897	3,897	0	0	0
3,897	3,897	0	0	
3,897	3,897	0	0	0
3,897	3,897	0	0	
1,393				
2,700				
279.70%				
144.34%				
C0060				
3,897				
0				
4,250				
0				
-353				
0				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	1,350		
R0020 Counterparty default risk	141		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	-4		
R0050 Non-life underwriting risk	0		
R0060 Diversification	-101		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	1,393		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	0		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes			
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 Solvency Capital Requirement excluding capital add-on	1,393		
R0210 Capital add-ons already set	0		
R0220 Solvency capital requirement	1,393		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
Approach to tax rate			
R0590 Approach based on average tax rate	0		
Calculation of loss absorbing capacity of deferred taxes			
R0640 LAC DT			
R0650 LAC DT justified by reversion of deferred tax liabilities	0		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	0		

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for NSLT health premium risk
- 3 - Standard deviation for NSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for NSLT health reserve risk
- 9 - None

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		C0010	
R0010	MCR _{nl} Result	0	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	5
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	
	Linear formula component for life insurance and reinsurance obligations	C0040	
R0200	MCR _l Result	0	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		
	Overall MCR calculation	C0070	
R0300	Linear MCR	0	
R0310	SCR	1,393	
R0320	MCR cap	627	
R0330	MCR floor	348	
R0340	Combined MCR	348	
R0350	Absolute floor of the MCR	2,700	
R0400	Minimum Capital Requirement	2,700	

Validations

HSF health plan (Malta) Ltd

Approval by the Board of Directors of the Solvency and Financial Condition Report
Financial period ended 31 December 2022

We certify that:

1. the Solvency and Financial Condition Report (“SFCR”) has been properly prepared in all material respects in accordance with the MFSA rules and Solvency II Regulations; and
2. we are satisfied that:
 - (a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the MFSA rules and Solvency II Regulations as applicable to the insurer; and
 - (b) it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

Approval by the Administrative, Management or Supervisory Body (AMSB) of the SFCR and reporting templates



Paul Jackson
Group Chief Executive
HSF health plan (Malta) Ltd

Date: 2nd March 2023

Report of the approved auditor of HSF health plan (Malta) Limited (“the Undertaking”) pursuant to paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules issued under the Act: Report on the Audit of the relevant information and relevant templates of the Solvency and Financial Condition Report (“SFCR”)

We have audited the following quantitative reporting templates prepared by the Undertaking:

- S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21, S.28.01.01 as at 31 December 2022

(the “relevant templates of the SFCR”)

The relevant templates of the SFCR have been prepared by the Undertaking in accordance with the Insurance Business Act (Cap. 403), regulations and Insurance Rules issued thereunder, the Commission Delegated Regulation and the European Commission Implementing Regulation (EU) 2015/2452, (hereafter referred to as “the relevant legislation”).

Respective responsibilities of Directors and Auditors

The Board of Directors shall be responsible for the preparation of the SFCR in accordance with the financial reporting provisions contained in the relevant legislation referred to above. In terms of section 8.9 of Chapter 8 of the Insurance Rules, the Board of Directors are responsible for having in place appropriate systems and structures to meet the Undertaking’s public disclosure requirements in relation to the SFCR and for the approval of the SFCR.

The Board of Directors are also responsible to have the necessary internal control to enable the preparation of the SFCR which is free from material misstatement, whether due to fraud or error. The Board of Directors are responsible for overseeing the Undertaking’s financial reporting process.

The Board of Directors shall be satisfied that, throughout the financial year in question, the Undertaking has complied in all material respects with the requirements of the relevant legislation as applicable to the Undertaking. The Board of Directors shall be required to sign a Declaration Form, in accordance with paragraph 8.6.2 of Chapter 8 of the Insurance Rules and Annex IV to the said Chapter, for submission with the SFCR to the competent authority.

Our responsibility as approved auditors is to audit and express an opinion on the information that an authorised undertaking shall disclose pursuant to Article 296 and 297 of the Commission Delegated Regulation (hereafter referred to as the “relevant information”) and on the relevant templates of the SFCR, in terms of paragraphs 8.10.2 of Chapter 8 of the Insurance Rules and Annex V to the said Chapter, confirming that the said information and templates, which are subject to the audit, have been prepared in all material respects in accordance with the relevant legislation. Such audit is to be made in accordance with the paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules and with International Standards on Auditing.

Scope of the SFCR Audit

An audit involves obtaining evidence about the amounts and disclosures in the relevant information and relevant templates of the SFCR, sufficient to give reasonable assurance that the relevant information and templates are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the relevant information and templates of the SFCR.

Report of the approved auditor of HSF health plan (Malta) Limited ("the Undertaking") pursuant to paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules issued under the Act: Report on the Audit of the relevant information and relevant templates of the Solvency and Financial Condition Report ("SFCR") (continued)

If we become aware of any apparent material misstatements or inconsistencies in the information, we consider the implications for our report.

Opinion

In our opinion, the information in the relevant information and the relevant templates of the Solvency and Financial Condition Report of the Undertaking for the year ended 31 December 2022 is properly prepared, in all material respects, in accordance with the relevant legislation.



Paul Giglio (Partner) for and on behalf of
Mazars Malta
Certified Public Accountants

Office address:

Mazars

The Watercourse, Level 2,

Mdina road, Zone 2, Central business district, Birkirkara CBD2010

Malta

02 March 2023