

VOLKSWAGEN INSURANCE COMPANY DAC

Solvency and Financial Condition Report 2024

At a glance

Volkswagen Insurance Company DAC

'000 €

	31 Dec 2024	31 Dec 2023
Own funds	80,464	81,136
Solvency Capital Requirement (SCR)	53,231	43,985
Solvency Ratio	151%	184%
Minimum Capital Requirement (MCR)	13,308	10,996

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Summary

This Solvency and Financial Condition Report (SFCR) has been prepared by the management of Volkswagen Insurance Company DAC (herewith after VICO or the Company) in line with the requirements of the Solvency II Regulations, to assist policyholders, investors, and regulators of VICO and other stakeholders in understanding the nature of our business, how it is managed, and its solvency and financial position. This report was presented to the Board in advance of its release for their review and guidance.

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

With regards to VICO's governance structure, there have been no changes in the Board composition during 2024. With regards to the solvency capital position, VICO decided to use a conservative approach on SCR which leads to a decrease in the SCR ratio compared to prior years but still above internal and regulatory thresholds.

Integrity and Compliance Statement

Compliance risks at VICO are understood as risks that may result from non-compliance with statutory regulations, specifications, or internal regulations. By contrast, behavioural risks (conduct risks) are understood as the risks resulting from inadequate behaviour of the company towards the customer, resulting from inappropriate treatment of the customer or advice using products that are unsuitable for the customer. Integrity Risks contain all risks that result from unethical behaviour and behaviour that is not in accordance with Volkswagen Financial Services AG group values (Group Essentials and the FS Values) by employees and conflict with sustainable business success.

The Compliance Officer supports and advises the Board of Directors on the avoidance of Compliance and Integrity risks and reports to them at regular intervals. The Board of Directors, in addition, agree on a self-commitment regarding Compliance & Integrity. This ensures that aspects of Compliance & Integrity are discussed and followed in every decision of the Board of Directors.

BUSINESS AND PERFORMANCE

A

A. Business and Performance

A.1. Business and external environment

Volkswagen Insurance Company DAC (VICO) is an Irish incorporated entity domiciled in the Republic of Ireland and is authorised by the Central Bank of Ireland to provide non-life insurance and reinsurance services under the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015). The principal activity of VICO is the acceptance of insurance and reinsurance business relating to the Volkswagen group in being a captive insurer. In broader terms, “an insurance or reinsurance undertaking, owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings within the meaning of Article 212(1)(c) of Directive 2009/138/EC (the Solvency II Directive) or by a non-financial undertaking, the purpose of which is to provide insurance or reinsurance cover exclusively for the risks of the undertaking or undertakings to which it belongs or of an undertaking or undertakings of the group of which it is a member.” (FRS, Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertaking, 2015).

VICO's registered office address is Block C, Liffey Valley Office Campus, Liffey Valley, Dublin 22, D22 CF60, Ireland.

VICO's Regulatory Supervisor Authority is the Central Bank of Ireland, whose address is: Central Bank of Ireland, New Wapping Street, North Wall Quay, Spencer Dock, PO Box 559, Dublin 1, Ireland.

VICO's External Auditor is Ernst & Young, Chartered Accountants and Statutory Audit Firm, EY Building, Harcourt Centre, 2 Harcourt Street, Dublin, Ireland.

VICO is a wholly owned subsidiary of Volkswagen Financial Services AG, incorporated in Germany. The ultimate parent company is Volkswagen AG as can be seen from the organisation chart below.

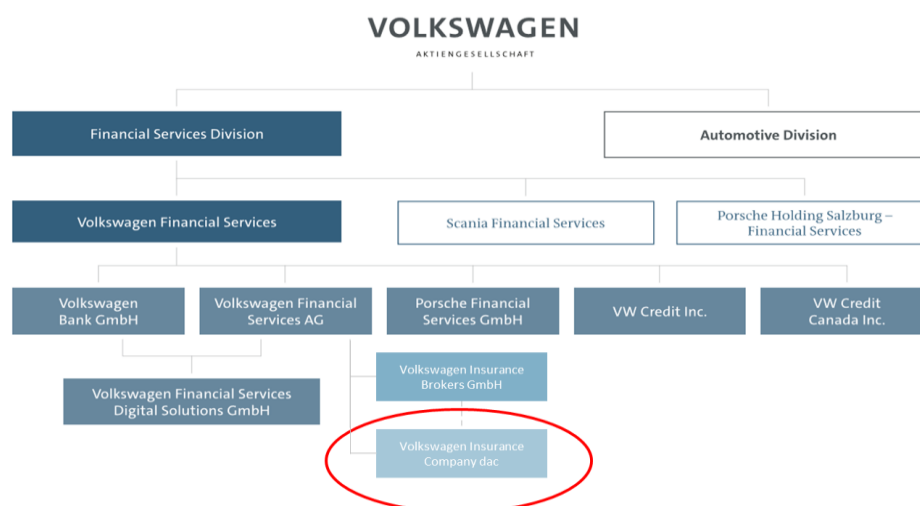


Figure 1 – Organisational Chart of Volkswagen AG and VICO's position in the organisation

VICO is classified as a Low Impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015.

A.2. Performance from underwriting activities

The following table sets out VICO's underwriting performance at an aggregate level and by line of business. The financial values are per VICO's financial statements, which have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 102 & 103 ("FRS

102 & 103”), as issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland (hereinafter “Local FRS”)

Underwriting Performance (by material line of business)	Total	Marine, aviation and transport insurance	Fire and other damage to property insurance	General Liability	Legal Expenses	Misc. financial loss
31-Dec-24	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Gross Written Premium	273,067	161,758	87,405	16,558	210	7,137
Gross Earned Premium	275,145	163,836	87,405	16,558	210	7,137
Net Written Premium	51,117	14,079	27,664	5,406	73	3,895
Net Earned Premium	53,195	16,157	27,664	5,406	73	3,895
Net Incurred Claims	11,307	123	0	0	0	11,184
Underwriting expenses	28,429	18,602	7,772	1,730	6	319
Underwriting result	16,951	(2,568)	23,384	3,675	67	(7,608)
Underwriting Performance (by material line of business)	Total	Marine, aviation and transport insurance	Fire and other damage to property insurance	General Liability	Legal Expenses	Misc. financial loss
31 Dec 2023	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Gross Written Premium	260,359	150,008	80,593	14,912	215	14,631
Gross Earned Premium	259,713	149,794	80,593	14,907	215	14,204
Net Written Premium	53,347	34,303	14,170	1,030	32	3,812
Net Earned Premium	52,701	34,090	14,170	1,024	32	3,385
Net Incurred Claims	-	-	-	-	-	-
Underwriting expenses	39,391	21,237	14,975	1,501	11	1,667
Underwriting result	13,310	12,853	(805)	(477)	21	1,718

Table 1 – Comparison of underwriting performance FY 2024 vs. FY 2023 by line of business

2024 brought a positive underwriting result, largely driven by Property business, VICO’s second largest line of business. In the Property business, VICO experienced rather high volume of premiums combined with low volumes of claims in 2024 compared to prior years. However, the overall underwriting result of the Company has been slightly better than the Budget for the year.

VICO’s lines of business remained consistent with the prior year. VICO’s inward exposure is reinsured by a multi-year, multi-line structured Risk Financing Program (RFP) supplemented by an inuring treaty. The following table sets out VICO’s underwriting performance at an aggregate level and by material geographical area. The financial values are per VICO’s Local GAAP financial statements:

Underwriting Performance (by geographical area)	Total	Germany	Mexico	Spain	United States	Italy	Other non Top 5
31-Dec-24	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Gross Written Premium	273,067	125,242	24,514	13,634	20,382	12,417	76,878
Gross Earned Premium	275,145	125,242	24,514	13,634	20,382	12,417	78,957
Net Written Premium	51,117	125,242	24,514	13,634	20,382	12,417	(145,072)
Net Earned Premium	53,195	125,242	24,514	13,634	20,382	12,417	(142,993)
Net Incurred Claims	11,307	(116,000)	1,570	11,113	5,516	8,241	100,867
Underwriting expenses	28,429	9,068	3,962	5,431	3,235	2,156	4,577
Underwriting result	16,951	232,173	18,982	(2,910)	11,631	2,020	(244,945)

Underwriting Performance (by geographical area)	Total	Germany	Mexico	Spain	United States	Italy	Others non Top 5
31 Dec 2023	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Gross Written Premium	260,359	113,088	22,886	13,200	20,004	11,498	79,683
Gross Earned Premium	259,713	113,088	22,886	13,200	20,004	11,498	79,037
Net Written Premium	53,347	23,171	4,689	2,705	4,099	2,356	16,327
Net Earned Premium	52,701	23,171	4,689	2,705	4,099	2,356	15,681
Net Incurred Claims	-	-	-	-	-	-	-
Underwriting expenses	39,391	17,110	3,463	1,997	3,027	1,740	12,054
Underwriting result	13,310	6,061	1,226	708	1,702	616	3,627

Table 2 – Comparison of underwriting performance FY 2024 vs. FY 2023 by geographical area

As apparent in above tables, the majority of VICO's risks are in Germany and other EU member states.

A.3. Performance from investment activities

Investment Income	2024	2023
	€'000s	€'000s
Deposits other than cash equivalents	7,934	2,992

Table 3 – Performance from investment activities

VICO's own funds are invested in minimum BBB-rated highly liquid cash deposits only. VICO continued to earn positive yields on its deposits held in both Euro and US-Dollar denomination; the variation between the two years is mainly due to the total amount of funds held on bank deposits (290 million in 2024 vs. 124 million in 2023).

A.4. Performance from other activities

During the reporting period 2024, VICO did not performed any other activities different from the activities listed in Section A.2 and A.3 above.

A.5. Any other information

No further information to report on Business and Performance.

DRAFT

Systems of Governance

B

B. Systems of Governance

B.1. General information on the system of governance

The VICO Board of Directors has ultimate responsibility for VICO's governance and risk management. The composition of the VICO Board changed in the course of 2024. An overview of previous and new Board members and their respective dates of appointment or dates of resignation are outlined below:

Name	Status of Board	Date of Appointment
Tibor Boettcher	Executive Director, CEO and Chairperson	19 July 2023 28 August 2023
Denisa Breathnach	Executive Director and Head of Underwriting	14 December 2023
Simona Loges	Non-Executive Director	14 December 2023

Table 4 – Board composition in 2024

It is worth mentioning that, effective the 25th of January 2025, Mr Tibor Boettcher resigned as Chairperson and Ms Simona Loges has been appointed as Chairperson.

VICO's governance and risk management system is based on three pillars:

- 1) A Governance Framework aligned with VICO's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, appropriate independence to various risk stakeholders, as well as clear escalating and reporting channels.
- 2) A Risk Management Function, in conjunction to a clearly defined Risk Appetite framework, sets out VICO's strategic objectives in documented Risk Policies.
- 3) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks facing VICO's global strategic objectives.

VICO has established four key control functions - Risk Management, Actuarial, Compliance, and Internal Audit. These functions are responsible for providing guidance, oversight of and challenge to the business, additionally providing assurance to the Board in relation to VICO's control framework. The table below outlines the four key control functions:

Key Functions	Name	Company
Head of Compliance*	Natalia Garcia-Barrios	Marsh Captive Solutions
Risk Function*	Marsh Captive Solutions	Marsh Captive Solutions
Head of Actuarial Function*	Fearghas Mac Gregor	Barnett Waddingham
Head of Internal Audit*	Diarmaid O'Keeffe	EisnerAmper

**Outsourced*

Table 5 – Overview of key functions

The roles and responsibilities of each key control function is reviewed annually by the Board to ensure each function has the required access to information and personnel, is independent and free from influence, and has the human and financial resources to fulfil its role. The Board retains responsibility for key activities and has not delegated such responsibility to any formal sub-committees.

VICO being a Captive Insurance Company, avails of the exemption to have an audit committee under section 1551 (13a) of the Companies (Statutory Audits) Act 2018.

B.1.1. Role of the Board of Directors

The Board of Directors is charged with the strategic management of VICO. The role of each director, in addition to their fundamental fiduciary duties under Company law in Ireland, includes:

- attending board meetings unless they are unable to do so owing to circumstances beyond their control
- ensuring to have knowledge and understanding of the business, risks, and material activities
- overseeing the effective management of VICO by the Management team
- participating actively in constructively challenging and developing strategies
- participating actively in the Board's decision-making process
- exercising appropriate oversight over execution of strategies, goals and to monitor reporting of performance
- propose strategies to the Board and following challenging Board scrutiny, overseeing the execution of the agreed strategies.

In 2024, VICO held four regular Board meetings which were attended by all Board Members. Internal Audit and Actuarial Function are included on agenda at least once a year.

B.1.2. Role of the Risk Management Function

The risk management function (RMF) is outsourced to Marsh Captive Solutions, among others with the purpose of assisting the Board in providing leadership, direction, and oversight of VICO's risk appetite, tolerance, risk strategy, risk management and control framework. The RMF's primary function is to identify, measure, manage, monitor, and report significant risks to the achievement of VICO's business objectives. The Risk Management Function is responsible for oversight of the RMF and has specific functional responsibilities associated with the role.

The Risk Management Function has direct access to the Board and reports at least once a year to the Board. The Board are provided with the risk report in advance of said Board meeting to allow the Board sufficient time to review.

B.1.3. Role of the Actuarial function

Head of Actuarial Function (HoAF) is outsourced to Barnett Waddingham. The responsibilities of the HoAF and the Actuarial Function, in line with regulatory guidance include, but are not limited to:

- Co-ordinate calculation of technical provisions
- Inform the Board of the adequacy of calculation
- Prepare opinion on overall underwriting policy
- Prepare opinion on adequacy of reinsurance arrangements
- Contribute to an effective risk management system
- Provide opinion on range of risks & adequacy of scenarios considered as part of the ORSA

HoAF has direct access to the Board and reports at least once a year to the Board. The Board is provided with the actuarial function report (AFR) in advance of said Board meeting to allow the Board sufficient time to review.

B.1.4. Role of the Compliance function

The compliance function is outsourced to Marsh Captive Solutions and has the following roles and responsibilities:

- Advise the Board on compliance with laws, rules, and standards, including keeping the Board informed on developments in compliance.
- Assist in educating the Board on compliance issues and acting as a contact point for compliance queries from staff members. The compliance function establishes written guidance on the appropriate implementation of compliance laws, rules, and standards through policies and

procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines.

- Monitoring and testing compliance by performing sufficient and representative compliance testing. Results of the compliance testing are reported to the Board on at least an annual basis.

The Compliance function, led by the Head of Compliance, reports administratively and functionally to the Board at each Board meeting. The Board is provided with a compliance update in advance of each Board meeting to allow the Board sufficient time to review.

B.1.5. Role of the Internal Audit function

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements to VICO's Internal Control System by facilitating an objective and independent assessment. Internal Audit is outsourced to EisnerAmper Ireland. It assists VICO to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes employed by VICO. The role of the Internal Audit function includes, where applicable and in accordance with the Board approved annual internal audit plan:

- examination and evaluation of the adequacy and effectiveness of the Internal Control Systems
- review of the application and effectiveness of risk management procedures and risk assessment methodologies
- review of the management and financial information systems, including the electronic information system and electronic banking services utilised by VICO
- review of the accuracy and reliability of the accounting records and financial reports
- review of the means of safeguarding assets
- testing of both transactions and the functioning of specific internal control procedures
- review of systems established by the compliance function to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures

The Internal Audit Function is objective and independent from the operational functions and does not have any responsibility for any other function when evaluating and reporting the audit results. The Head of Internal Audit has direct access to the Board and reports at least annually to the Board. The Board is provided in advance of said Board meeting an Internal Audit Report to allow the Board sufficient time to review.

B.1.6. Remuneration policy

VICO has implemented a Remuneration Policy which outlines the terms and conditions for the remuneration of Non-Executive Directors, Executive Directors, and Senior Management employees. The policy sets out to preclude the possibility of manipulation, negative incentives, and undesired risk taking. VICO's remuneration policy is aligned with the business and risk strategy and is designed to take account of the internal organisation and the risks inherent in the nature, scope, and complexity of business activities.

VICO does not provide any share based or long-term incentive schemes to its directors or employees. In addition, VICO does not provide any supplementary pension or early retirement schemes to its directors or key function holders.

B.1.7. Material transactions with related parties

As a captive insurer, the nature of VICO's business is it to deal with group-related entities. Hence, the need for VICO to have developed a sound system of governance to ensure appropriate controls are in place. Other than as part of the course of its normal business, there were no material transactions with shareholders, directors, or those who exert significant influence over VICO during the year.

B.1.8. Adequacy of the systems of governance

Reviews of the corporate governance and effectiveness of the Board of VICO are carried out on a regular basis, considering requirements of the Central Bank of Ireland's "Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015".

Given the nature, scale, and complexity of the risks inherent to the entity, Management, key functions and Board believe that the systems of governance in place are adequate and effective.

B.2. Fit and proper requirements

B.2.1. Fit and Proper policy

VICO's Fit and Proper policy sets out VICO's approach to the assessment of the fitness and probity of persons who run VICO or are responsible for key functions. This policy complies with any regulations around the area of Fitness and Probity and will be updated anytime the regulation changes. The purpose of the policy is to create transparency and consistency in our systems and processes to achieve our organisational targets and be always fully compliant with all legal requirements.

B.2.2. Fit and Proper assessment and requirements

The Criteria considered as part of the determination of an individual's Fitness and Probity includes whether the individual:

- possesses the necessary skills, knowledge, expertise, diligence, relevant qualification and soundness of judgment to undertake and fulfil the particular duties and responsibilities of the particular position
- has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously in their professional career
- possesses the competence, character, diligence, honesty, integrity and judgment to perform properly their duties
- the person has a conflict of interest in performing the duties
- has been reprimanded, or disqualified, or removed, by a professional or regulatory body in relation to matters regarding the person's honesty, integrity, or business conduct
- has been the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, and which reflected adversely on the person's competence, diligence, judgment, honesty or integrity
- has been substantially involved in the management of a business or VICO which has failed, where that failure has been occasioned in part by deficiencies in that management
- has sufficient time to devote to the role and associated responsibilities
- is financially sound.

Assessments of a person's fitness and propriety for a responsible person position must be made:

- before the person is appointed
- on at least an annual basis following appointment
- upon the event of material information adverse to the assessment becoming known to VICO or any other circumstances whereby the fitness or probity of responsible persons may be adversely affected.

B.3. Risk Management System (including the ORSA)

B.3.1. Risk Management System

VICO has implemented a risk management system which is a comprehensive process for monitoring, reviewing, and appropriately managing and mitigating the risks associated with VICO's objectives over the short, medium, and long term. The Risk Management System comprises of the following:

- Risk Management Strategy which outlines the framework with which VICO identifies, assesses, monitors, controls and reports on a continuous basis all key material risks facing the business;
- Risk Management Policies for each key risk class, which define the material risks faced by VICO, and sets out how the Risk Management Strategy and the relevant risk appetite shall be implemented across that risk class and the control framework in place;
- Risk Management Processes and Procedures which set out the processes and procedures that VICO employs to identify, assess, manage, and monitor material risks VICO is, or might be exposed to (emerging risks) and how these risks are reported; and
- ORSA process: the process of assessing all the risks inherent in the business and thereby determining the corresponding capital needs from a forward-looking perspective.

The Risk Management Strategy is a high-level plan developed by the Board of Directors and sets out how risk should be managed and how much risk should be accepted for VICO to achieve its strategic objectives. The strategy shall therefore operate across all operations of VICO and in all decision-making. A review of the Strategy takes place in the case of a material change in the Business Strategy.

B.3.2. ORSA

The Own Risk and Solvency Assessment policy and procedure is a top-down strategic analysis linking the business plan to risk and capital management. It may only be amended by the approval of the Board. The ORSA allows VICO to

- Assess the material risks it faces;
- Assess the amount of capital it requires to protect against those risks; and
- Document the assessment of risks and capital requirements to ensure that strategic decision making remains within appetite.

The ORSA assessment is used to determine whether VICO's risk management and solvency position is adequate, and to consider its development in the future. It represents a fundamental part of the risk management system. The ORSA is linked to VICO's business planning process and acts as a key management tool in the development of the strategy and risk and capital management.

Strategic decisions are taken into consideration in the ORSA process through a forward-looking assessment process. Additionally, management is aware of the implications of its decisions on the risk profile and regulatory capital requirements of VICO.

Strategic or other major decisions that may materially affect VICO's own funds and solvency position need to be considered through the ORSA process before such decision is taken. As such, the ORSA considers risk, capital, performance, and strategy processes, and provides management with information required to make key decisions regarding the overall risk and capital profile. The report is then presented to the Board for challenge, review, and approval. However, there are certain events that may require the process to be run on an ad hoc basis. Such events may follow from internal decisions and external factors or if the risk profile of VICO changes significantly. Below diagram details key inputs, processes and outputs associated with the ORSA:

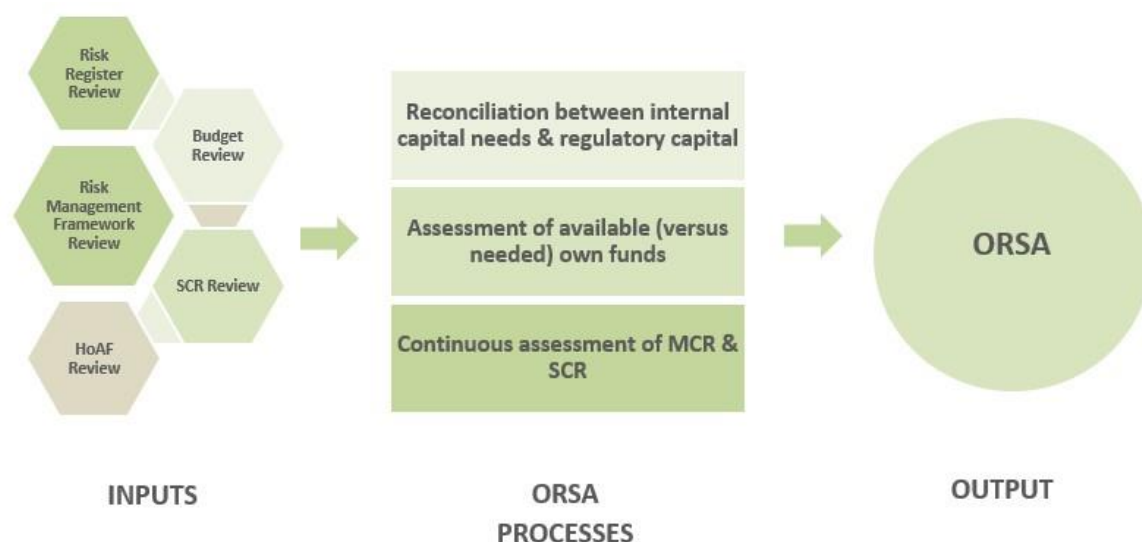


Figure 2 - Overview of ORSA process

VICO determined that the Solvency II standard formula would be used to calculate the required solvency capital. A five-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements (SCR) position is produced using the standard formula, as well as actuarial and reserving assumptions. The results are subjected to a range of stress and scenario tests that is reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted, and conclusions drawn. Furthermore, the risk management function, management and the Board consider its view of VICO's overall solvency need assessment which is subject to similar stress and scenario testing. This range of stress and scenario tests are considered to provide an adequate basis for the assessment of VICO's overall solvency needs.

Assessments indicate that, under the standard formula and ORSA scenarios presented by Management to the Board, VICO is adequately capitalised. Section E sets out VICO's capital management structure.

B.4. Internal control system

B.4.1. Internal control system (ICS)

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management systems. VICO has implemented internal controls and has in place internal procedures for most important business activities and inherent risks. The assessment reflects the following principles:

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within VICO's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders
2) Risk assessment	Procedures and policies are formalised to disclose the way of identifying, managing, controlling, mitigating, and reporting issues relating to each risk category.
3) Reporting channels	Clear reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct, and timely communication related to internal as well as external events.
4) Monitoring process	The escalation of issues to the Board, the involvement of all internal stakeholders as well as the Internal Audit process enables VICO to monitor and adapt when necessary its Internal Control System.
5) Control activities	VICO developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

Table 6 – Guiding principles for the internal control system

B.4.2. Head of Compliance Function

The Compliance Function is an independent function outsourced to Marsh

1. The Head of Compliance reports directly to the Board of VICO on a regular basis and at least annually. The Board ensures that the Head of Compliance has sufficient experience and qualifications and is of good repute to discharge the associated duties.
2. The Board endeavours to ensure the independence of the compliance function of VICO. The independence in respect of the day-to-day environment in which the Head of Compliance of VICO works is reinforced by the Board of VICO by:
 - Formal appointment by the Board
 - Compliance Officer reports directly to the Board
 - The Head of Compliance has complete and unfettered access to all information and personnel they require to discharge their duties
 - Peer review of compliance tasks carried out by a third party to confirm compliance with all regulatory requirements

The Board has committed to at least once a year to identify and assess the main compliance risk issues facing VICO. This forms part of the overall Risk Management System which monitors the risks faced by VICO. The Board amends the Compliance Policy as necessary to ensure that the policy continues to be relevant in addressing the compliance risks faced by VICO.

Such assessments should address any shortfalls related to how effectively existing compliance risks have been managed, as well as the need for any additional policies or procedures to deal with new compliance risks identified as a result of the annual compliance risk assessment. At least once a year, the Head of Compliance reports to the Board on the management of VICO's compliance risk, in such a manner as to assist Board members to make an informed judgment on whether VICO is managing its compliance risk effectively. Notwithstanding this the Head of Compliance reports promptly to the Board on any material compliance failures as they arise throughout the year. VICO's Head of Compliance must comply with requirements of VICO's compliance policy.

B.5. Internal audit function

B.5.1. Implementation of the Internal Audit Function

Internal Audit is an independent function outsourced to EisnerAmper Ireland, in line with VICO's outsourcing policy. Activities of the Internal Audit function are carried out by appropriately skilled and experienced individuals in line with VICO's Fitness and Probity Policy, and the Head of Internal Audit has been approved by the Central Bank of Ireland as a Pre-Approval Controlled function (PCF) role holder. Internal Audit independently examines and evaluates the functioning, effectiveness, and efficiency of VICO's internal control system and all other elements of the system of governance. Its purpose is to provide ongoing objective and independent evaluations of the effectiveness of the system of internal controls, and to perform special reviews and investigations as directed by the Board, Management, and the Parent. Internal audit prepares an Audit Plan annually, which is presented to the Board. To prepare the Audit Plan, the following are considered:

- The priorities that might be determined considering VICO's risk map and/or Parent's risks map.
- Board requirements.
- The requests of the Parent Audit and Control Committee.
- The requests of VICO.
- The experience and judgment of the Head of Internal Audit.

Internal Audit, on its own initiative or following a request of the Board, can be enabled to perform other assignments not included in the initial Audit Plan. Internal Audit is fully authorised to:

- request the cooperation of any employee, through the relevant hierarchical line
- have access to the facilities where VICO conducts its business; and
- have access to any information and documentation of VICO.

Internal Audit's activities are designed to provide advice to Management in improving the internal control environment and monitor the implementation of strategic control initiatives and Management's remediation activity.

B.5.2. Internal audit independence

To maintain independence and objectivity, Internal Audit will not prepare any accounting and related records or engage in any relevant activity requiring audit review, including the development or installation of new systems, policies, or procedures. The review of new systems or procedures prior to implementation shall not be considered an impairment of independence and objectivity. In addition, Internal Audit for VICO is outsourced to an independent external audit firm to ensure further independence from VICO's Board and management.

Internal Audit is included in the current organisational structure by means of a direct link to the Board of Directors, and the Internal Audit function of the Parent. The Internal Audit function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence of the Internal Audit function entails that the Internal Audit function operates under the direct control of the Board of Directors of VICO.

B.6. Actuarial function

The Actuarial function in VICO is outsourced to Barnett Waddingham in line with VICO's approved outsourcing policy. The Head of Actuarial Function (HoAF) provides independent opinion, analysis, and validation. The activities of the Actuarial function are carried out by appropriately skilled and experienced individuals in line with VICO's Fitness and Probity Policy and have been approved by the Central Bank of Ireland. Key responsibilities of the HoAF include:

- Co-ordination of the calculation of technical provisions. This consists of assessing the sufficiency of the provisions, assessing the uncertainty in the estimates, and justifying the differences between successive periods.
- Review the appropriateness of the models and assumptions, consider the sufficiency and quality of data, and interpret deviations of best estimates against experience. There is also a requirement to consider the verifiability of assumed management actions.
- The Actuarial Function must produce an annual report for the Board. The report should cover all information necessary for the Board to form its own opinion on the adequacy of technical provisions and on the underwriting and reinsurance arrangements.
- In addition to responsibilities in relation to the technical provisions, and the requirements to express opinions on underwriting policy and reinsurance arrangements, the HoAF contributes to the effective implementation of the risk management system of VICO.

The management team report to the Board on the performance of the Actuarial function as often as deemed necessary and at least annually. In addition, the Head of Actuarial function will provide the Board with an annual report outlining the tasks that have been undertaken by the Actuarial function, their results and any recommendations or suggestions for improvement.

B.7. Outsourcing

B.7.1. Outsourcing Policy

VICO maintains an Outsourcing Policy which is reviewed and approved annually by the Board. The purpose of the Outsourcing Policy is to establish a prudent approach to the management of the outsourcing arrangements and ensure compliance with the relevant regulatory requirements. The Board's objective is to ensure that outsourcing arrangements entered are subject to appropriate due diligence, approval, written agreements, and ongoing monitoring and effective management of risks associated with entering outsourcing arrangements. The Outsourcing Policy applies to all outsourcing agreements and covers the requirements for both external outsourcing and intra-group outsourcing. VICO also outsources functional areas categorised as important as identifiable in Table 7.

VICO outsources important activities to service providers based in and outside the European Economic Area. When the decision is taken to outsource an activity, VICO must carry out a tender to choose the most suitable provider and complete an assessment of the risks associated with the outsourcing of any function. The final outsourcing decision is not taken until the risk analysis has been completed. A business case is then prepared for consultation with the Board of Directors which includes the outcome of the evaluation on whether the outsourcing activity is high or low risk to the group. All material outsourcing arrangements must be undertaken using a written, legally binding contract. In line with Central Bank of Ireland guidelines and regulations, the Board has appointed a designated individual with overall responsibility for the outsourcing of key functions. This designated individual reports to the Board on all outsourcing activities.

B.7.2. Outsourced Activities

The following critical or important services have been outsourced by VICO:

Service Provider	Jurisdiction	Service Outsourced
Barnett Waddingham	United Kingdom	Actuarial Services and HoAF
EisnerAmper	Ireland	Internal Audit
Marsh Captive Solutions	Ireland	Captive Manager responsible for Administrative, Compliance, Company Secretary and Risk Functions

Table 7 – Overview of outsourced activities

B.8. Assessment of governance

Changes in VICO's Board as described in B.1.1 led to challenges but also immediate improvements in governance. The new Board members initiated several measures to realign and further strengthen VICO's governance. Governance will continue to be a focus for VICO's Board in 2024 with further measures of strengthening the governance underway.

Risk Profile

C

C. Risk Profile

Acceptance and transfer of risk is the core business of VICO. To achieve the Company's strategic objectives, VICO has identified and defined material risks that the Company is exposed to, with the aim of monitoring the Company's exposure to each risk. VICO produces Risk Monitoring Reports which measures actual results against risk tolerance levels to assess the need for additional risk mitigation. The Board's appetite for risk sets out the Company's overall approach to risk taking, especially regarding the types of risks it is willing to accept and to what extent. The RAS is aligned with the overarching Risk Management Framework. The material risks of the Company that have an impact on the achievement of strategic objectives are evaluated in the Risk Register. The key risks that VICO is confronted with (extreme and high inherent risks included in this report) along with the related mitigation actions and controls are outlined in the following.

The Risk Function updates the Board at least biannually on any changes or deviations and if the appetite or tolerance levels have been breached. Any changes or amendments in the risk profile are run through the SCR standard model with the results presented to the Board for review and consideration. The Board ensures that all scenarios are suitably stressed before committing to acceptance of the risk.

C.1. Underwriting risk

Underwriting and reserving risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, loss from exposure to risk concentrations, and the risk of inadequacy of premium income to cover expected claims and expenses. It can be broken down into underwriting risk related to premiums and underwriting risk related to catastrophic events.

Underwriting risk related to premiums and reserves

The premium and reserve risk covers that the invoiced premiums or the current reserves are insufficient to cover the corresponding obligation run-off over a 12-month time horizon.

VICO has defined suitable mitigations and controls to address this risk around the regular communication between VICO and Volkswagen's inhouse broker VIB and negotiation of potential premium increases with the VW Group brands if needed.

Underwriting risk related to catastrophic event

Risk of a catastrophic scenario due to a single high impact event or a chain of events resulting in financial loss.

VICO has defined suitable mitigations and controls to address this risk mainly by structuring its reinsurance cover in such a way that it maintains the zero net retention, based on actuarial considerations. Also, the HoAF assesses the adequacy of reinsurance on a regular basis. The SCR capital requirement for Premium & Reserve risk is €19.4m.

C.2. Market risk

Market risk describes the potential loss emanating from disadvantageous changes in market prices or in the parameters affecting price such as currency exchange rates, interest rates etc. VICO's risk appetite can be classified as moderate. VICO's primary objective in relation to market risk is to protect and preserve its assets. Most of the assets on VICO's balance sheet are held in cash or demand deposits. According to the 'Prudent Person Principle', VICO is required to apply this principle and has ensured that its investment policy is aligned with this Principle. VICO operates a review process as part of its risk appetite review which monitors the performance, financial security, and concentration risk of investments. The SCR capital requirement for Market risk is €32.4m.

Foreign Currency Risk:

Solvency and Financial Condition Report – Year Ended 31 December 2024

Foreign Currency Risk refers to the risk of loss arising from fluctuations in exchange rates that can affect the value of an insurer's assets, liabilities, and cash flows. The SCR capital requirement for foreign currency risk is €1.8m.

Interest Rate Risk:

VICO's exposure to Interest Rate Risk is low. VICO's investment strategy consists solely of short-term bank deposits. This means, in turn, that VICO will participate in changes in interest rates with a time delay of maximum one month. The SCR capital requirement for interest rate risk is €1.8m.

Concentration Risk:

Concentration Risk mainly stems from VICO's investment strategy carrying out short-term deposits with a limited number of banks. Even though the regulation of banking counterparties is harmonised, and anti-concentration regulation applies, the standard formula includes this as Concentration Risk. The SCR capital requirement for concentration risk is €31.8m.

Spread Risk:

As VICO does not issue or hold bonds or similar fixed income instruments. The SCR capital requirement for spread risk is €4.8m.

C.3. Credit risk

Credit risk refers to the risk that a counterparty will default on contractual obligations resulting in financial loss to VICO. The key areas of exposure for VICO relate to its investment portfolio and reinsurance balances recoverable.

Reinsurers

VICO buys down its inward insurance risk at the reinsurance markets which results in a significant counterparty exposure, and this is represented in the capital charge applied. The Counterparty Risk charge is a function of the loss-given default, the value of the claims recoverable and the number and ratings of reinsurance counterparties. Funds withheld is currently a contract feature used within the Company's reinsurance agreements (RFP cover) that absorbs a certain share of reinsurers' Counterparty Default Risk.

Cash and cash equivalents invested with banks

VICO maintains current accounts at a small number of banks. In case one of the banking counterparties defaults, VICO is exposed to a risk of losing cash sitting in the respective bank accounts. All banks where VICO holds cash accounts are rated at least BBB or higher.

In addition to the current accounts, VICO invests excess cash in short-term deposits according to its investment strategy at 4 to 5 different banks with ratings BBB or higher.

VICO's investment strategy is very conservative, cash and deposit accounts are only held with counterparties with rather high credit rating. While reflecting counterparty default risk on cash and cash equivalents in a SCR charge, VICO evaluates the actual risk of counterparty default on cash and cash equivalents as low.

Policyholders

VICO insures the majority of brands within Volkswagen Group globally and is therefore theoretically exposed to a Counterparty Default Risk that one of the brands will not be able to pay the premium for VICO's insurance cover. In case of default of a smaller co-insured brand, Volkswagen AG would, according to the structure of the insurance programs, step in and pay the premium. Therefore, the Counterparty Default Risk on insured brands is considered as very low.

C.4. Liquidity risk

Liquidity risk is the risk that VICO cannot meet its obligations associated with financial liabilities as they fall due. VICO's liquidity risk appetite can be described as that Company maintains liquidity sufficient to settle future outgoings without constraint. Liquidity risk is mainly managed by the short-term nature and therefore high availability of its investments. No breaches of the defined appetite level in the liquidity risk occurred in 2024.

C.5. Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems or from external events. There are no operational risks that have been deemed "material" in line with VICO's risk assessment methodology considering the probability, impact of the risk occurring and the mitigations in place to prevent or minimise the impact of a risk. The SCR capital requirement for Operational risk is €8.3m.

C.6. Other material risks

Outsourcing

In 2024, VICO has commenced the gradual outsourcing of several core insurance processes to Marsh Captive Solutions to ensure stable operations after experiencing changes in key personnel in previous years.

Valuation for Solvency Purposes

D

D. Valuation for Solvency Purposes

D.1. Assets

The Solvency II valuation method differs from the local GAAP statutory financial statements only in relation to technical provisions. Technical provisions are valued in accordance with Articles 75 to 86 of the Solvency II Directive. Additional information reading the calculation of technical provisions is provided in section D2.

The table below outlines the assets of VICO under the local GAAP and Solvency II valuation methods:

Assets	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31-Dec-24	€'000s	€'000s	€'000s	€'000s
Plant and Equipment	46	-	-	46
Bank deposits	290,000	-	-	290,000
Cash and cash equivalents	12,956	-	-	12,956
Reinsurers share of technical provisions	323,612	-	-57,340	266,272
Receivables (from insurance activities)	13,020	-	-	13,020
Other assets	1,202	-	-	1,202
Total	643,433	-	-57,340	583,495

Assets	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31 Dec 2023	€'000s	€'000s	€'000s	€'000s
Plant and Equipment	60	-	-	60
Bank deposits	122,639	-	-	122,639
Cash and cash equivalents	23,445	-	-	23,445
Reinsurers share of technical provisions	283,621	-	(31,682)	251,939
Receivables (from insurance activities)	39,311	-	-	39,311
Other assets	3,164	-	-	3,164
Total	472,239	-	(31,682)	440,558

Table 8 – Overview of assets

There have been no material changes in the relevant assumptions made in the calculation of asset valuations during the year.

D.1.1. Bases of asset valuation for material classes

For each material class of asset, the following sections outline the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

D.1.2. Deposits other than cash equivalents

Deposits other than cash equivalents comprise of demand deposits with specified short term maturity periods. These are carried at fair value on the Solvency II and Local GAAP balance sheets. Fair value is based upon amounts due on demand as these are highly liquid assets.

D.1.3. Insurance and intermediaries' receivable

Insurance and intermediaries' receivables are stated at realisable value and relate to the amounts due from ceding insurers linked to inward reinsurance business. These amounts are stated at fair value under Solvency II and Local GAAP. Given these assets are for the most part relatively short term (less than one year), VICO has determined that their realisable value reasonably approximates fair value. Further information on the best estimate of liabilities, its valuation methodology, basis, and assumptions used can be found in Section D.2.

D.2. Technical provisions

The Solvency II valuation method differs from the local GAAP statutory financial statements in relation to technical provisions. Technical provisions are valued in accordance with Articles 75 to 86 of the Solvency II Directive. Under SII, insurance contract liabilities required by local GAAP are replaced by an assessment of the technical provisions, comprising the Best Estimate Liability (BEL) and the Risk Margin. The BEL is determined as the discounted value of the projected cashflows involved in fulfilling the liabilities under the in-force business. It comprises:

- Best estimate claims provisions
- Best estimate premium provisions
- Expenses
- Events not in data

For all lines of business, the best estimate corresponds to the probability weighted average of future cash-flows taking account of the time value of money. The cash-flows are discounted using the relevant risk-free interest rates term structures as issued by EIOPA. No allowance has been included in the BEL for any of the transitional adjustments set out in the Solvency II Delegated Acts (i.e., matching or volatility adjustments to the risk-free rate, or transitional adjustments to the overall technical provisions).

The Risk Margin is determined as the cost of holding the Solvency Capital Requirement (SCR) over the lifetime of the insured portfolio. This cost is determined by applying a prescribed cost of capital rate of 6% p.a. to each year's projected SCR and discounting those amounts at the risk-free rates. In the calculation of technical provisions, it is necessary to make judgements, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

VICO's technical provisions under Solvency II include an allowance for business that is bound but not yet incepted (BBNI) at the valuation date. Premium provisions include future cashflows in respect of the BBNI business up to the relevant contract boundary.

Technical Provisions	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31-Dec-24	€'000s	€'000s	€'000s	€'000s
Best Estimate	336,545	-	-71,361	265,184
Risk Margin	-	-	2,704	2,704
Total	336,545	-	-68,657	267,888

Technical Provisions	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31-Dec-23	€'000s	€'000s	€'000s	€'000s
Best Estimate	287,699	-	-45,408	242,292
Risk Margin	-	-	2,832	2,832
Total	287,699	-	-42,576	245,124

Table 9 – Overview of technical provisions

The main lines of business are Property and Marine, which make up 77% of best estimates of technical provisions.

D.3. Other Liabilities

Technical Provisions	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31-Dec-24	€'000s	€'000s	€'000s	€'000s
Deferred Tax Liabilities	-	1,416	-	1,416
Payables (trade, not insurance)	-	-	-	-
Reinsurance payables	209,632	-	-	209,632
Any other liabilities, not elsewhere shown	24,097	-	-	24,097
Total	233,729	1,416	-	235,145

Technical Provisions	Statutory Accounts Value (Local GAAP FRS 102)	Reclassification due to SII	Difference due to SII Valuation Principles	SII Value
31-Dec-23	€'000s	€'000s	€'000s	€'000s

Deferred Tax Liabilities	-	-3,960	-	-3,960
Payables (trade, not insurance)	-	-	-	-
Reinsurance payables	111,654	-	-	111,654
Any other liabilities, not elsewhere shown	6,604	-	-	6,604
Total	118,258	-3,960	-	114,298

Table 10 – Overview of other liabilities

For each material class of other liability, the following are the bases, methods and main assumptions used in the valuation for Solvency II, together with an explanation of the material differences to those reported under Local GAAP.

Under Local GAAP, any other liabilities are stated at cost. Any other liabilities are stated at fair value on the Solvency II balance sheet. Due to the short-term nature of the obligation and no consideration of own credit risk in the valuation, the carrying value under Local GAAP is not considered materially different to the fair value under Solvency II.

There are no other liability positions besides the above mentioned.

D.4. Alternative methods for valuation

VICO does not employ any alternative valuation techniques to its assets or liabilities and does not have any other material information to disclose regarding the valuation for solvency purposes, other than what has been disclosed above.

D.5. Any other information

No other relevant information to report.

Capital Management

E

E. Capital Management

VICO's capital management strategy aims at ensuring availability of own funds to meet capital requirements and maintain a prudent cushion of equity to protect to Company's economic viability. The strategy is formalised through a capital management policy which is reviewed and approved annually by the Board.

E.1. Own funds

Items reported in Own funds are split into three categories depending on different factors such as quality, liquidity, and timeline to availability when liabilities arise. Tier 1 own funds include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Tier 2 own funds include cumulative preference shares, and subordinated liabilities with a shorter duration. Tier 3 own funds include own funds which do not satisfy the Tier 1 or Tier 2 requirements. VICO's own funds are all Tier 1 for Solvency II.

Own Funds	Total	Tier 1	Tier 2	Tier 3
31-Dec-24	€'000s	€'000s	€'000s	€'000s
Share Capital	5,113	5,113	-	-
Initial Funds, members contribution	57,117	57,117	-	-
Reconciliation reserve	18,234	18,234	-	-
Deferred tax asset	-	-	-	-
Total	80,464	80,464	-	-

Own Funds	Total	Tier 1	Tier 2	Tier 3
31-Dec-23	€'000s	€'000s	€'000s	€'000s
Share Capital	5,113	5,113	-	-
Initial Funds, members contribution	57,117	57,117	-	-
Reconciliation reserve	14,946	14,946	-	-
Deferred tax asset	3,960	-	-	3,960
Total	81,136	77,176	-	3,960

Table 11 – Overview of own funds

The difference between equity in the financial statements and basic own funds is as follows:

Reserve Item	2024	2023
	€'000s	€'000s
Financial Statement Equity	62,230	66,282
Reconciliation Reserve	18,234	10,894
Deferred tax asset		3,960
Basic own Funds	80,464	81,136

Table 12 - Difference financial statement equity and basic own funds

E.2. Solvency and Minimum Capital Requirement

For this section, VICO has adopted the Standard Formula approach. VICO's SCR and MCR requirements on 31 December 2024 are:

Capital Requirement	2024	2023
	€'000s	€'000s
Minimum Capital Requirement	13,308	10,996
Solvency Capital Requirement	53,230	43,985

Table 13 – Overview of MCR and SCR

It should be noted that the final SCR amount above is subject to supervisory assessment. The table below shows the components of the SCR requirement:

Capital Requirement	2024	2023
	€'000s	€'000s
Market Risk	32,414	17,655
Counterparty Default Risk	5,759	13,998
Life Underwriting Risk		-
Health Underwriting Risk		-
Non-Life Underwriting Risk	20,098	15,196
Diversification	(13,298)	(12,079)
Intangible Asset Risk		-
Basic Solvency Capital Requirement	44,973	34,771
Operational Risk	8,257	9,215
Adjustment		-
Solvency Capital Requirement	53,230	43,985

Table 14– Breakdown of SCR

VICO does not use any simplifications, or undertaking-specific parameters pursuant to Article 104(7) of Directive 2009/138/EC, in the calculation of the SCR.

E.3. Use of duration-based equity risk sub-module in the SCR

VICO has not opted to use the duration-based equity risk sub-module of the Solvency II regulations.

E.4. Internal model information

VICO applies the Standard formula and does not use an internal model to calculate the SCR.

E.5. Non-compliance

VICO has had own funds in excess of both the SCR and MCR requirements over the reporting year.

E.6. Any other Information

All important information regarding the capital management of VICO is addressed in the above sections.

Appendices – Quantitative Reporting Templates

31 December 2024 (€'000's)

S.02.01.02 Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	46
Investments (other than assets held for index-linked and unit-linked	R0070	290,000
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	-
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	290,000
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	266,272
Non-life and health similar to non-life	R0280	266,272
Non-life excluding health	R0290	266,272
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-	R0310	
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	13,020
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	-
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not	R0400	-
Cash and cash equivalents	R0410	12,956
Any other assets, not elsewhere shown	R0420	1,202
Total assets	R0500	583,496

Liabilities		-
Technical provisions - non-life	R0510	267,887
Technical provisions - non-life (excluding health)	R0520	267,887
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	265,184
Risk margin	R0550	2,703
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	1,415
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	-
Reinsurance payables	R0830	209,632
Payables (trade, not insurance)	R0840	-
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	24,097
Total liabilities	R0900	503,031
Excess of assets over liabilities	R1000	80,465

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		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
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110						101,366	334	13,845	
Gross - Proportional reinsurance accepted	R0120						60,392	87,071	2,713	
Gross - Non-proportional reinsurance accepted	R0130						-	-	-	
Reinsurers' share	R0140						152,679	54,518	11,152	
Net	R0200						9,079	32,887	5	
Premiums earned							-	-	-	
Gross - Direct Business	R0210						103,444	334	13,845	
Gross - Proportional reinsurance accepted	R0220						60,392	87,071	2,713	
Gross - Non-proportional reinsurance accepted	R0230						-	-	-	
Reinsurers' share	R0240						152,679	54,518	11,152	
Net	R0300						11,157	32,887	5,406	
Claims incurred							-	-	-	
Gross - Direct Business	R0310						68,680	513	17,333	
Gross - Proportional reinsurance accepted	R0320						29,451	(1,861)	754	
Gross - Non-proportional reinsurance accepted	R0330						-	-	-	
Reinsurers' share	R0340						90,888	5,457	18,087	
Net	R0400						7,243	(6,805)	-	
Expenses incurred	R0550						18,602	4,280	1,730	
Balance - other technical expenses/income	R1210									
Total technical expenses	R1300									

		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
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	-		7,137					122,681
Gross - Proportional reinsurance accepted	R0120	210		-					150,386
Gross - Non-proportional reinsurance accepted	R0130	-		-					-
Reinsurers' share	R0140	137		3,465					221,950
Net	R0200	73		3,672	-	-	-	-	51,117
Premiums earned									
Gross - Direct Business	R0210	-		7,137					124,759
Gross - Proportional reinsurance accepted	R0220	210		-					150,386
Gross - Non-proportional reinsurance accepted	R0230	-		-					-
Reinsurers' share	R0240	137		3,465					221,950
Net	R0300	73		3,672	-	-	-	-	53,195
Claims incurred									
Gross - Direct Business	R0310	-		-					86,525
Gross - Proportional reinsurance accepted	R0320	466		11,387					40,197
Gross - Non-proportional reinsurance accepted	R0330	-		-					-
Reinsurers' share	R0340	466		518					115,414
Net	R0400	-		10,869	-	-	-	-	11,307
Expenses incurred	R0550	6		319					24,937
Balance - other technical expenses/income	R1210								
Total technical expenses	R1300								24,937

		Direct business and accepted proportional reinsurance					Total Non-Life obligation
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Miscellaneous financial loss	
		C0070	C0080	C0090	C0110	C0130	
Technical provisions calculated as a whole	R0010						-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	9,657	(33,592)	3,557	10	(4,684)	(25,052)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	17,734	(29,551)	4,411	22	(4,083)	(11,467)
Net Best Estimate of Premium Provisions	R0150	(8,078)	(4,041)	(854)	(12)	(601)	(13,585)
Claims provisions							
Gross	R0160	109,023	119,658	47,911	507	13,136	290,235
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	108,287	118,846	47,598	504	2,557	277,791
Net Best Estimate of Claims Provisions	R0250	736	813	313	3	10,580	12,445
Total Best estimate - gross	R0260	118,680	86,066	51,468	517	8,453	265,184
Total Best estimate - net	R0270	(7,342)	(3,228)	(541)	(9)	9,979	(1,140)
Risk margin	R0280	1,225	660	220	1	597	2,703
Technical provisions - total							
Technical provisions - total	R0320	119,904	86,726	51,688	518	9,050	267,887
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	126,021	89,294	52,009	526	(1,526)	266,324
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(6,117)	(2,568)	(321)	(7)	10,576	1,562

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	UW Year
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											R0100	-
N-9	R0160	13,949	12,294	6,353	1,302	(12)	11	(31)	(118)	-	-	R0160	-
N-8	R0170	41,020	33,678	6,772	13,813	410	222	(1)	82	-		R0170	-
N-7	R0180	33,935	37,857	7,274	768	28	(246)	17	(383)			R0180	(383)
N-6	R0190	44,324	54,675	(250)	(594)	352	(98)	69				R0190	69
N-5	R0200	57,530	29,623	24,747	2,168	61	(8,301)					R0200	(8,301)
N-4	R0210	29,743	25,380	752	3,493	315						R0210	315
N-3	R0220	30,452	69,611	8,960	540							R0220	540
N-2	R0230	123,597	37,622	21,616								R0230	21,616
N-1	R0240	46,368	32,799									R0240	32,799
N	R0250	29,130										R0250	29,130
Total												R0260	75,785
													873,678

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year											Year end (discounted data)	Year end (undiscounted data)
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	C0360
Prior	R0100											R0100	
N-9	R0160	22,017	8,832	2,476	755	264	39	-	-	-	-	R0160	
N-8	R0170	84,630	24,390	14,765	1,817	289	170	201	-	-		R0170	
N-7	R0180	58,117	13,844	5,616	1,580	818	633	624	-			R0180	
N-6	R0190	53,680	17,639	7,297	3,881	2,821	2,297	-				R0190	-
N-5	R0200	79,599	40,485	8,707	4,265	3,293	2,308					R0200	2,252
N-4	R0210	24,202	13,146	2,668	1,345	219						R0210	214
N-3	R0220	301,621	84,796	10,119	754							R0220	736
N-2	R0230	164,595	47,204	18,118								R0230	17,678
N-1	R0240	227,554	119,283									R0240	116,390
N	R0250	156,767										R0250	152,965
Total												R0260	290,235
													297,449

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5,113	5,113			
Share premium account related to ordinary share capital	R0030	-	-			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-			
Subordinated mutual member accounts	R0050	-	-			
Surplus funds	R0070	-	-			
Preference shares	R0090	-	-			
Share premium account related to preference shares	R0110	-	-			
Reconciliation reserve	R0130	18,236	18,236			
Subordinated liabilities	R0140	-	-			
An amount equal to the value of net deferred tax assets	R0160	-	-			
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	57,117	57,117			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	80,465	80,465			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-			
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-			
Unpaid and uncalled preference shares callable on demand	R0320	-	-			
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-			
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-			
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-			
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-			
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-			
Other ancillary own funds	R0390	-	-			
Total ancillary own funds	R0400	-	-			
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	80,465	80,465			
Total available own funds to meet the MCR	R0510	80,465	80,465			
Total eligible own funds to meet the SCR	R0540	80,465	80,465			
Total eligible own funds to meet the MCR	R0550	80,465	80,465			
SCR	R0580	53,231	-			
MCR	R0600	13,308	-			
Ratio of Eligible own funds to SCR	R0620	151%				
Ratio of Eligible own funds to MCR	R0640	605%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	80,465
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	5,113
Adjustment for restricted own fund items in respect of matching adjustment portfolios at	R0740	57,117
Reconciliation reserve	R0760	18,236
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	23,184
Total Expected profits included in future premiums (EPIFP)	R0790	23,184

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Solvency Capital Requirement – for undertakings on Standard Formula

Basic Solvency Capital Requirement		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	32,414	-
Counterparty default risk	R0020	5,759	-
Life underwriting risk	R0030	-	-
Health underwriting risk	R0040	-	-
Non-life underwriting risk	R0050	20,098	-
Diversification	R0060	(13,298)	-
Intangible asset risk	R0070	-	-
Basic Solvency Capital Requirement	R0100	44,973	-

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	R0130	8,257
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	53,231
Capital add-on already set	R0210	-
of which, capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, capital add-ons already set - Article 37 (1) Type b	R0212	-
of which, capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	53,231
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR _{NL} Result	R0010	13,306

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	8,690
Fire and other damage to property insurance and proportional reinsurance	R0080	-	35,366
General liability insurance and proportional reinsurance	R0090	401	5,406
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	(142)
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	9,979	3,970
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Overall MCR calculation		C0070
Linear MCR	R0300	13,306
SCR	R0310	53,231
MCR cap	R0320	23,951
MCR floor	R0330	13,306
Combined MCR	R0340	13,306
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	13,306

Disclaimer

For computational reasons, rounding differences of +/- one unit (€, %, etc.) may occur in the tables and graphs in this report. This report contains forward-looking statements, considering certain planned and target values as well as expectations regarding the future development of the net assets, financial position and results of operations as well as the strategies of Volkswagen Insurance Company DAC. Statements other than statements of historical fact, statements regarding Volkswagen Insurance Company DAC's assumptions and expectations, and statements containing the words "may", "will", "should", "continue", "target", "estimate", "project", "believe", "intend", "plan", "expect" and "anticipate" (and words of similar meaning) are forward-looking statements. These statements are based on planned values and expectations as of the date of the report and projections at the time of execution of the ORSA reported herein. The limited reliability of these statements must be considered. By their very nature, forward-looking statements always involve risks and uncertainties. Numerous factors could influence the future development of the net assets, financial position and results of operations as well as strategies of Volkswagen Insurance Company DAC. Such factors may affect future capital market developments (e.g. interest rate and exchange rate fluctuations and the possibility of a prolonged period of low interest rates), the activities and publications of national and international supervisory authorities, developments in competition, economic growth, inflation, deflation, the development of longevity, mortality and disability rates, the development of cancellation rates, possible tariff adjustments, possible Effects of company acquisitions or mergers in relevant industries, possible capital increases or reductions, the effects of changes in solvency capital requirements, accounting standards or other regulatory requirements, as well as tax and other changes in the legal environment of Volkswagen Insurance Company DAC. These and other relevant factors may lead to changes in assumptions, for example. Volkswagen Insurance Company DAC expressly disclaims any obligation to update the forward-looking statements contained herein because of future developments or new information, except as required by applicable laws and regulatory requirements.

Glossary

List of abbreviations and definitions	
Abbreviation / term	Definition
AFR	Actuarial Function Report
BBNI	Bound but not yet incepted
BEL	Best Estimate Liability
bps	Basis points
CRO	Captive Reinsurance Company
EIOPA	European Insurance and Occupational Pensions Authority
EU	European Union
EUR	Euro
FOS	Freedom of Service
FRS	Financial Reporting Standards
FX	Foreign Exchange
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBP	Great British Pound
HoAF	Head of Actuarial Function
ICS	Internal Control System
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
RAS	Risk Appetite Statement
RFP	Risk Financing Program
RMF	Risk Management Function
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report (SFCR)
USD	U.S. dollar
VIB	Volkswagen Insurance Brokers GmbH
VICO	Volkswagen Insurance Company DAC
VRCO	Volkswagen Reinsurance Company DAC
VW FS (AG)	Volkswagen Financial Services AG
VW (Group)	Volkswagen Group
XoL	Excess of Loss

Imprint

PUBLISHER

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