ONE Insurance Ltd. (ONE)

Solvency & Financial Condition Report (SFCR)

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Owner of the document	CFO / Risk Management Function
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Table of Content

Management Summary

The following summary aims to reproduce the content of the Solvency and Financial Condition Report of ONE Insurance Ltd. ("ONE") in an easy-to-understand and compact form.

- **Chapter A Business and Performance** describes the business model and strategy of ONE. The financial performance of the individual insurance divisions is also shown.
- ONE Insurance Ltd. ("ONE") is an insurance company based in Liechtenstein (stock corporation pursuant to Art. 14 VersAG). The purpose of the company is the sale of direct property and liability insurance. ONE was founded on 23 January 2018 and received the corresponding insurance license from the Financial Market Authority of the Principality of Liechtenstein (FMA) at the beginning of February 2018. Gross premiums written in the target market of Germany amounted EUR 6.640m in 2019, of which EUR 4.477m was for household and EUR 2.163m for private liability.
- As stated in **Chapter B Governance,** ONE has built an effective organizational structure and risk management system, adapted to the size and complexity of the business model, based on the requirements of the FMA and the Solvency II Directive, with clearly defined responsibilities. Central element of governance are the control environment, which consists of the following components 1.) internal control system (ICS), 2.) holistic risk management as well as 3.) employee awareness.
- The main bodies are the Board of Directors, the Executive Board and key functions such as the Risk Management Function (RM), the Compliance Function (CF), the Internal Audit (IA) and the Actuarial Function (AF).
- ONE takes a holistic risk management approach with the aim of identifying potential risks, threats and opportunities at an early stage and reducing, avoiding, accepting or sharing them as part of its risk strategy. Based on the Plan-Do-Check-Act principle, risk assessments are carried out and risks are actively identified and controlled. The ORSA process plays a central role here as a link between risk management and business strategy.
- The main risks to which ONE is exposed are mentioned in **Chapter C Risk Profile.** These are the technical risk, market risk, credit risk, liquidity risk, operational risk and other material risks. The main risks are the insurance risk (Premium & Reserve Risk, Catastrophe Risk), market risk (foreign currencies), as well as credit risk (default).
- The resulting required Solvency Capital was calculated based on the standard formula under the Solvency II Directive.
- In **Chapter D Valuation for Solvency Purposes,** the assets and liabilities of ONE are evaluated and compared in accordance with the Solvency II Directive as well as statutory provisions of personal and company law (PGR) and the Insurance Supervision Ordinance (VersAV). The surplus in the Solvency II balance sheet amounted to EUR 6’159’025.
- The required Solvency Capital (SCR) and the Minimum Capital Requirement (MCR) is set out in **Chapter E Capital Management.** In the solvency balance sheet as of 31.12.2019, ONE had eligible own funds of EUR 7’834’658, which consists exclusively of Tier 1 capital. The SCR amounted to EUR 6’159’025, the calculated MCR is below the limit of EUR 3'700'000 set by the Insurance Supervision Act (VersAG), which was adopted accordingly as an MCR.
- As of 31.12.2019, the SRC quota was 131% and the MCR ratio was 166%. During the reporting period, both rates were always above 100%. On 29 January 2020 additional capital of EUR 1 700 000 were paid to the capital reserves leading to a SRC quota of 182% and a MCR ratio of 253%.

A. Business and Performance

A.1 Business

ONE Insurance Ltd. ("ONE") is an insurance company based in Liechtenstein (stock corporation pursuant to Art. 14 VersAG). The purpose of the company is the sale of direct property and liability insurance. ONE was founded on 23 January 2018 and received the corresponding insurance license from the Financial Market Authority of the Principality of Liechtenstein (FMA) at the beginning of February 2018.

ONE currently holds the authorization of the FMA for the operation of the insurance branches 8 and 9 ("fire and elemental damage as well as other property damage") and branch 13 ("General liability") in accordance with Annex 1 to the Insurance Supervision Act (VersAG). This authorization applies to the target market Germany. In 2020, it is planned to add Poland and Switzerland as a further target market.

a. Company name, domicile

Name and legal form of ONE Insurance Ltd.:

- **ONE Insurance Ltd.**
  Aeulestrasse 56
  LI-9490 Vaduz
  Liechtenstein

b. Regulator

ONE Insurance Ltd. is supervised by the Financial Market Authority (FMA) in Liechtenstein:

- **Financial Market Authority Liechtenstein**
  Landstrasse 109
  P. O. Box 279
  LI-9490 Vaduz
  Liechtenstein

c. External Auditors

PricewaterhouseCoopers Ltd are ONE Insurance Ltd. appointed auditors:

- **PricewaterhouseCoopers Ltd.**
  Birchstrasse 160
  CH-8050 Zürich
  Switzerland

d. Ownership structure

The shares of ONE are held 90% by ONE Holding AG and 10% by a qualified investor. ONE Holding AG is held by diversified shareholders, with the share capital divided into a preference share and ordinary shares. FinanceApp AG is part of this setup and holds the preferred share through which it has preferential rights to dividends and liquidation proceeds from ONE.

e. Group structure

ONE Insurance Ltd. Is part of FinanceApp AG respectively the Wefox-Group. FinanceApp AG, based in Zurich, was founded in 2014 as a broker of insurance solutions for private and individual customers. The business idea is to support the distribution and distribution of insurance services via digital channels (mobile applications and the Internet) via the Wefox brand with the aim of significantly improving the processes and services for the customer.

f. Business activities by division and country

ONE is currently exclusively active in the German insurance market and sells household and private liability insurance in direct sales as well as broker sales. Since October 2019 ONE is also licensed to sell motor insurance.

g. Subsequent events

On 29 January 2020 additional EUR 1’700’000 were paid to the capital reserves. Otherwise there were no other subsequent events.

A.2 Insurance performance

This chapter describes the insurance results by lines of business for the financial years 2018 and 2019.

	2018			**2019**		
	Liability	**Household**	**Total**	**Liability**	**Household**	**Total**
Premiums earned, gross	502’709	161’668	664’377	2’138’199	4’453’461	6’591’659
Claims incurred, gross	-298’326	-216’949	-515’275	-1’463’695	-1’265’895	-2’729’591
Loss ratio, gross	59%	134%	78%	68%	28%	41%

The country-specific presentation is not shown, since Germany is currently the only market in which ONE is active.

A.3 Investment results

In the year under review, ONE did not hold any investments.

A.4 Development of other activities

ONE's core business is the digital distribution of insurance. No other activities took place.

A.5 Other information

There were no other extraordinary income or expenses.

B. Governance

B.1 General information on the governance system

Solvency II requires insurance and reinsurance undertakings to establish an effective governance system that ensures sound and prudent management of the business and is appropriate to the nature, scale and complexity of the business.

ONE's governance system has an appropriate and transparent organizational structure with a clear allocation and appropriate separation of responsibilities. In addition, this governance system ensures an effective and efficient transmission of information.

An important part of ONE’s governance are the existing policies and guidelines. Further essential components are the internal control system (ICS), the risk management as well as training and risk awareness activities.

The responsibility for setting up, designing and operating risk management lies with the Board of Directors. This also includes the definition of the risk strategy and the risk appetite as well as the execution of the risk management process for the identification and management of risks.

a. Primary responsibilities of corporate bodies

Board of Directors

The Board of Directors has the following responsibilities (non-transferable and tasks that can’t be delegated:

- Management of the company and the issuing of the necessary instructions;
- Definition of the organization;
- The organization of accounting, financial control and, where appropriate, financial planning;
- Appointment and dismissal of persons entrusted with the management and representation and the determination of their subscription rights;
- Oversight of the persons entrusted with the management, in particular with regard to compliance with the laws, articles of association, regulations and instructions including the policies and guidelines of the Financial Market Authority,
- Preparation of the annual report and the preparation of the General Assembly and the implementation of its decisions;
- Reporting to the Financial Market Authority (FMA) and guaranteeing the relevant reporting, submission and information obligations of the company, unless it has been delegated to the management in a legally permissible way;
- Notification to the bankruptcy court in the event of over-indebtedness or insolvency;
- Design, design, operation and monitoring of enterprise-wide risk management systems;
- Definition of the risk strategy and risk appetite of the company.

Executive Management

ONE's Executive Management (EM) has the following responsibilities:

- The management is responsible for the management of the business, the management of the resources and the logistics as well as the management of risks and compliance within their area of responsibility;
- Adoption of methods, procedures, tasks and responsibilities.

Key functions

The governance system of one includes the following key functions in accordance with the applicable legal regulations, Solvency II and the Insurance Supervision Act (VersAG):

- Risk management function
- Compliance function
- Internal audit function
- Actuarial function

These governance functions are considered to be key functions and thus also important and critical functions.

b. Changes and adjustments to the corporate governance

During the reporting period no changes were made to the corporate governance.

c. Remuneration System

Currently, ONE does not have a remuneration policy, but ONE has a strategy to ensure a balance between market benchmarks, legal and regulatory requirements. The basic principles include:

- Internal fairness includes fair remuneration of employees within a department based on the respective activity and individual characteristics.
- External competitiveness is reviewed against external salary benchmarks to ensure that remuneration packages help attract, motivate and retain appropriately qualified employees for the company in the long term.
- Compensation packages must also be economically sustainable by matching the personnel budget – and control over personnel expenditure must be ensured at all times. ONE's business strategy and long-term strategic plans are key factors in structuring and regularly reviewing pay packets. The contribution of individuals and teams to ONE's success is integrated into the compensation packages through a performance related compensation component.
- Fixed remuneration: The basic annual salary is the fixed remuneration component, which consists of the responsibility, complexity and hierarchy level of the position and individual characteristics such as experience, skills, talent and potential and external salary benchmarks.
- Variable remuneration: For the time being, there is no part of the variable remuneration such as annual bonus, short-term bonus, long-term bonus that has been agreed at ONE. A variable compensation component is not offered at ONE for the time being, but there is a share-based compensation agreement with an agreed cash compensation (Phantom Stock Agreement). This remuneration component is granted to both key functionaries and employees who have been employed by ONE for at least 2 years.

- The management of ONE has entered into a contractual agreement with the LLB Pension Foundation, which provides pension rights, disability insurance and survivors' benefits. The old age pension is usually due for payment at the age of 65. The pension entitlement is reduced in the event of early retirement, whereby the pension can only be paid out from the age of 60. In the case of disability pension and survivors' benefits, basic amounts are provided as a minimum pension.

d. Key transactions in the reporting period

There were no significant extraordinary transactions during the reporting period.

B.2 Requirements for professional qualifications and personal reliability

An essential role in the governance system of ONE are the holders of key functions. Their professional qualifications ("fitness") and their personal integrity ("properness") are fundamental prerequisites for business operations and are of great importance.

The detailed Fit & Proper requirements are dealt with in a guideline. This policy serves as a guidance of the legal and regulatory requirements for the professional qualifications and personal integrity of the members of the Board of Directors, the Executive Board and the holders of key positions.

The first assessment of professional and personal qualifications is generally made at the time of recruitment or at the time when the person is to take on the relevant tasks. Subsequent assessments are carried out at least once a year. In detail, this means:

a. Professional requirements

Professional competence requires professional qualifications, knowledge and experience, which ensure a solid and prudent management of the company. This requires adequate theoretical and practical knowledge of insurance business and, in the case of management tasks, adequate management experience.

b. Review and evaluation

The assessment of the professional qualification does not only relate to the examination of applicants at the time of recruitment, but also includes further professional training as required, so that (senior) employees can increase or adapt to steadily changing requirements in relation to their responsibilities.

The holders of the following key functions are covered by the Fit & Proper requirements:

- Board of Directors
- Chief Executive Officer (CEO) – Member of the Executive Management
- Chief Financial Officer (CFO) – Member of the Executive Management
- General Counsel (GC)
- Actuarial function (AF)
- Compliance function (CF)
- Risk management function (RF)
- Internal audit (IA)

B.3 Risk management including company-owned risk and solvency assessment

a. Risk management system

- ONE adopts a holistic risk management approach with the aim of identifying potential risks, threats and opportunities at an early stage and mitigating, avoiding, accepting or sharing them as part of the risk strategy.
- In addition, risk management should apply corrective measures, implement measures to avoid product and liability actions and ensure ongoing reporting on current or changed risk situation. For this purpose, appropriate measures are implemented and the Board of Directors, as the highest corporate body, regularly informed about changes in the risk profile and the implementation of measures.
- ONE's risk management system uses both quantitative and qualitative methods. According to the Plan-Do-Check-Act principle, known and potential risks are regularly identified, evaluated, monitored and controlled in the context of risk assessments.
- Risk management at ONE also includes the organizational structures, strategies, processes, reporting procedures and controls necessary to continuously identify existing and potential risks and threats on an individual basis and to identify, measure, monitor, control and report on the aggregate basis (including their interdependencies).

b. Risk management function

In addition to the actuarial function, the compliance function and the internal audit, the risk management function is one of the key functions of ONE (2nd Line of Defence) - according to the guideline "Fit & Proper", the risk management function has to meet special professional and personal requirements.

c. ORSA process

The ORSA process outlines the individual steps that need to be undertaken by management to carry out the own risk and solvency assessment and articulate the necessary risk performance information to the Board. The process is an integral component of the Company's risk management framework and is formally documented within its ORSA directive, which is a separate standalone document.

Within this context, the prime purposes of the ORSA process is to:

- provide the Board of Directors and Executive Management with an assessment of whether ONE Insurance's solvency position is currently and prospectively adequate;
- provide the shareholders of ONE Insurance with a plan for capital needs over the time horizon of the business planning period;

- serve as an essential insight for any strategic decisions to be made as part of the regular business planning process or for any ad-hoc initiatives;
- serve as a supervisory tool by providing a detailed understanding of ONE Insurance's evolving risk exposure, solvency position and capital planning of the Company to its Supervisory Authority, should it be requested.

The board has mandated the Risk Management Function to carry out the ORSA. The RF has - in collaboration with other functions such as the AF, Finance, selected members of the Executive Management team as well as IA to carried out the assessment and submitted its results in form of the ORSA report to the Board of Directors.

Based on the output of the qualitative risk assessment the AF has proposed stress test scenarios to the Board of Directors who reviewed and confirmed them.

The board has thoroughly discussed and ratified the ORSA report.

B.4 Internal Control System

a. Internal Control System

ONE has implemented an internal control system (ICS) that covers all divisions of the company and provides corporate governance in achieving the company's goals through effective processes and compliance with existing internal and external requirements. The focus is on the reliability of financial reporting, the optimization of business processes as well as the enforcement of internal and external regulations and requirements.

The ICS is an essential part of the control environment and helps to effectively manage risks and opportunities. At ONE, the individual controls are regularly reviewed, evaluated and optimized if necessary. The minimum requirements (content, scope, methods) for the internal control system are set out in the guideline "internal control system".

The following processes are given special consideration in the ONE ICS:

- Financial Accounting/ Financial Reporting
- Compliance, Data Protection
- IT, IT Security and Access Management
- Debt collection / disbursements
- Underwriting
- Pricing and reserving
- Claims management

b. Compliance function

The compliance function is considered a key function in Solvency II and has to meet therefore special professional and personal requirements in accordance with the guideline "Fit & Proper".

The compliance function at ONE includes the following activities and responsibilities:

- Development of compliance program and compliance plan, and development of uniform minimum standards for compliance organization;

- Implementation of compliance requirements and regulations and ensuring the availability and correctness of internal instructions;
- Advising the company bodies on the applicable laws, regulations and to conduct employee training;
- Annual reporting to the Board of Directors and the Executive Management;
- Advice on the introduction of new products, projects and services.

B.5 Internal audit

a. Internal audit function

Internal audit (key function according to Solvency II with special requirements for professional and personal qualifications) provides independent and objective audit and advisory services aimed at creating value and improving the quality of the business processes. It supports the Board of Directors and the Executive Management in achieving its objectives by taking a systematic and targeted approach to ensure the effectiveness of risk management, compliance, internal control and corporate governance processes and helps to improve them.

b. Independence of internal audit

As a 3rd Line of Defence, the internal audit assesses the effectiveness and efficiency of the control processes and examines the 1st and 2nd Line of Defence regarding risk and control behaviour. The internal audit is independent and reports directly to the Board of Directors.

B.6 Actuarial function

The actuarial function (key function according to Solvency II with special requirements for professional and personal qualifications) together with the risk management function and the compliance function forms the 2nd Line of Defence. It coordinates the calculation of technical provisions and ensures the adequacy of the methods and the underlying models. The actuarial function shall also inform the Board of Directors, Executive Management and other supervisory bodies of the reliability and adequacy of the calculation of technical provisions. In addition, the actuarial function makes an important contribution to the effective implementation of the risk management system referred to in Article 446 (Solvency II Directive), in particular with a view to the creation of risk models that can be used to calculate the risk capital requirements within the meaning of Chapter VI, Sections 4 and 5 (the Solvency II Directive), and the assessment referred to in Article 457 (the Solvency II Directive).

B.7 Outsourcing

ONE has outsourced critical functions, key functions other operational services in the context of (functional) outsourcing to intra-group companies or external specialists in the European Union, the Principality of Liechtenstein and Switzerland.

The outsourcing of functions and operational services is carried out in compliance with ONE's quality standards and is used to ensure performance and reliability (business continuity). In addition, critical functions, key functions and operational services are being taken into account in the prudential framework.

The following principles also apply:

- For each outsourcing of critical functions, key functions or operational services, there is a corresponding functional outsourcing agreement, which regulates the reasons, objectives and mode of outsourcing and corresponding service level agreement.
- Critical functional outsourcing and the outsourcing of key functions are approved by the FMA.

- The compliance with the contractual agreements by the (functional) outsourcing partners is monitored by means of the internal control system.
- ONE has appointed an outsourcing officer for each (functional) outsourcing partner.
- The same legal requirements also apply to outsourcing of critical functions and key functions as for internal service delivery (e.g. ensuring fit & proper requirements, loyalty, capital market compliance).

B.8 Other information

ONE's responsible corporate bodies assess the current governance system, risk management and compliance management as reliable, complete, effective and appropriate in terms of the size, nature and complexity of the organization and business areas. All important and relevant information were explained in the previous sections.

C. Risk profile

ONE's required solvency capital is calculated under Solvency II based on the standard formula. The BSCR is calculated from the aggregation of the various risk modules and risk submodules taking into account correlation effects. The underlying risk measure is the 99.5 percent value-at-risk (VaR) over a time horizon of one year.

The sum of BSCR, capital requirements for operational risk and adjustments for free surpluses and deferred taxes result in the Solvency Capital Requirement (SCR).

All calculations for the risk modules and submodules and their aggregation are based on the methods or regulations set out in Delegated Regulation (EU) 2015/35 (see also Chapter E.2).

Risks are continuously identified, measured, evaluated, monitored and controlled.

a. Risk identification

At ONE, risks are recorded according to a uniform classification and compiled into a risk inventory. A complete risk inventory is carried out at least once a year, with a review of the risk inventors by the risk management function at least every six months. The identification of risks in the context of the risk management control process is carried out by means of appropriate process.

b. Risk consolidation

The identified risks are categorized and consolidated.

c. Risk analysis and evaluation

The risk assessment includes the analysis and assessment of the risks. For this purpose, the risks already identified and collected and categorized in the central risk inventory, as well as the dependence between the risks are analysed and evaluated on the basis of a transparent measurement methodology. This assessment methodology ensures that the two dimensions, the extent of damage and the probability of occurrence of a damage event, are appropriately collected, related and evaluated. The result of the assessment is shown in a risk map.

d. Definition of measures

Risk management is based on the risk strategy. The risk strategy provides the framework for risk steering measures.

C.1 Underwriting risk

Underwriting risk may arise from an inaccurate assessment of the risks associated with writing an insurance policy or from uncontrollable factors. As a result, the insurer's costs may significantly exceed earned premiums.

The underwriting risk can be split by:

- Premium & reserve risk: risk of inadequacy of premiums charged and reserves held to cover claims outgo and loss expenses
- Catastrophic risk: losses resulting from extreme events.

- *Premium and reserve risk*

This is the largest component of ONE's SCR and reflects the risk that premiums and reserves may be insufficient to cover claims. The two products considered here are household and liability. The premium risk is the main driver here. The short-term nature of these products means that claims are typically settled very quickly, and therefore low risk that the reserves are insufficient. The premium risk is reduced via the proportional reinsurance.

- *Catastrophic risk*

Catastrophe risk reflects the loss arising from extreme or exceptional events. This would reflect, for example, one or more large personal liability claims arising from causing serious bodily injury to someone. To mitigate the risk, we have excess of loss reinsurance treaties on household and liability in addition to the quota share. These agreements limit our maximum losses in possible e catastrophe events.

C.2 Market Risk

Market risk is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which the investor is involved. It arises mainly from the investment assets and consists of seven sub-categories of which the most relevant for ONE at this time are currency risk and spread risk.

C.3 Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments.

ONE's key credit risks stem from the following sources:

- Reinsurance assets with reinsurers;
- Cash at bank with UBS and LGT predominantly. ONE is heavily exposed to the default of UBS. To mitigate these risk contributors, cash at bank will be diversified across several banks and investment activities may be taken up;
- Insurance premium due but not yet collected from customers mitigated through the dunning process established in 2019;
- Loans issued to brokers amounting to currently EUR 240k and may rise to EUR 3m over the next two years.

C.4 Liquidity Risk

Liquidity risk is the risk that the Company to make available enough liquidity to meet its financial obligations in respect of operations and conduct of insurance business.

The operating cash position is forecasted to raise to above EUR 30m and is maintained in a way to meet all anticipated operating requirements. With initiation of the investment activities a more sophisticated liquidity monitoring will be established.

C.5 Operational Risks

Operational risk refers to the risk of a loss arising from inadequate or failed internal processes and/or systems, from employee’s actions and/or from external events.

ONE’s operational risks are identified and captured during the risk assessment workshop and further during topical reviews by internal audit. The level of operational risks is medium to high. The AF stresses the importance for management to implement internal audit findings in the required time frames and execute the action plans included in the risk inventory.

C.6 Other significant risks

a. Reputation Risks

Reputation risk is the potential loss to financial capital, social capital and/or market share resulting from damage to a firm's reputation. This is will be measured in lost revenue, increased operating, capital or regulatory costs, or destruction of shareholder value.

Reputational risk is consequential of an adverse or potentially criminal event even if the company is not found guilty. Adverse events typically associated with reputation risk include ethics violations, safety issues, security issues, a lack of sustainability, poor quality, and lack of or unethical innovation. Corporate trust and relations often have an impact on the degree of reputational risk a business will experience.

This type of risk is often informational in nature and to determine the financial magnitude is rather difficult. However, extreme cases may lead to bankruptcy. The reputational risk may not always be the company's fault.

In terms of financial magnitude, reputation means that even seemingly small events or losses, such as a minor regulatory fine, can have larger consequences. The impact of reputational damage can be minor at first, however issues that are amplified by external social processes (including the media and legal systems) can lead to severe impacts on the firm's position.

b. Strategic Risks

Strategic risk is defined as the risk of the current and prospective adverse impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to external industry forces.

The exposure to potential strategic risk is high. ONE’s strategy has been approved by the board of ONE.

c. Regulatory risks

Regulatory risks arise from the violation or non-compliance with laws, regulations and regulations.

C.7 Other information

This sub-chapter is devoted to the main risk concentrations, the handling of risks and a description of the methods used, which are based on stress tests and sensitivity analyses.

- ONE monitors material concentration risks as part of the recurring performance measurement. The risk concentration of household insurance is evaluated according to geographical zones. No significant concentration risk was identified in the reporting period. The reinsurance program also covers any cumulative events.
- The basis for this is the SCR determined according to the standard formula as well as the division into the risk modules. As materiality level 10% of the solvency capital required according to the standard formula was used. .In 2019, this threshold was EUR 468’651. The following risk categories were analysed:
  - Liquid assets / foreign currencies (undiversified SCR: EUR 600’756)
  - Default (undiversified SCR: EUR 1’022’595
- ONE's cash and cash equivalents consist of EUR and CHF. The CHF exposure is the main driver of the currency-related SCR. The default risk is made up of two main drivers. First, through reinsurance assets from the reinsurance program. The high credit rating of AA (Standard & Poor's) as well as the eligible liabilities reduce the impact of a potential default scenario. The second driver is the liquid funds held by different commercial banks.
- As part of the ORSA process, stress tests and sensitivity analyses are performed on risk exposure relevant to ONE. The results and mitigation strategies, all of which are described in the ORSA reports, were discussed and adopted by the Board of Directors.

D. Valuation for Solvency II

The table below compares the Solvency II balance sheet as of 31.12.2019.

in EUR	Solvency II	Statutory	+/-
Assets			
Intangible assets	0	1’267’820	-1’267’820
Deferred tax assets	1’675’633	984’655	690’978
Property, plant & equipment held for own use	12’451	12’451	0
Loans and mortgages	307’344	247’500	59’844
Reinsurance recoverables from:	-525’995	818’996	-1’344’991
Insurance and intermediaries receivables	1’467’034	1’467’034	0
Reinsurance receivables	1’746’927	1’748’679	-1’752
Cash and cash equivalents	21’398’389	21’398’389	0
Any other assets, not elsewhere shown	1’541’760	1’541’760	0
Total assets	**27’623’543**	**29’487’284**	**-1’863’741**
Liabilities			
Technical provisions – non-life	5’246’756	1’598’765	3’647’990
Insurance & intermediaries payables	292’307	292’307	0
Reinsurance payables	2’172’791	2’172’791	0
Subordinated liabilities	4’325’113	5’000’000	-674’887
Any other liabilities, not elsewhere shown	7’751’918	7’751’918	0
Total liabilities	**19’788’884**	**16’815’781**	**2’973’103**
Excess of assets over liabilities (Own Funds)	**7’834’658**	**12’671’502**	**-4’836’844**

D.1 Assets

A significant portion of the assets (72.6%) consists of cash & cash equivalents. The remaining amounts are equally divided into receivables from FinanceApp AG (EUR 1’467’034), receivables from reinsurers (EUR 1’748’727), a deferred tax asset of EUR 984’855 and smaller accrued income amounts. Under Solvency II the amounts for intangible assets and recoverable amounts from reinsurers are adjusted for.

D.2 Technical provisions

The technical provisions are shown in the table below. In principle, a distinction is made as follows:

- Case reserves are provisions for future cash flows (claims expenses and costs) that occurred before the balance sheet date.
- Unearned premium reserves are provisions for future claims payments and costs for commitments incurred regarding future risks (e.g. losses occurring after the balance sheet date)
- The risk margin corresponds to the cost of capital that another insurer would require to assume claims reserves and unearned premiums.

Technical Reserves in EUR	Household	Liability	Motor TPL	Motor MOD	Total
Gross claims reserves	327'484	922'312	0	0	1'249'796
Gross IBNR	234'093	0	0	0	234'093
END Loading	3'604	-137'992	0	0	-134'388
Gross claims reserves - SII	565'181	784'320	0	0	1'349'500
Gross unearned premiums	45'135	69'742	0	0	114'877
Variance	-1'576'156	-76'293	1'837'524	794'075	979'150
Gross unearned premiums SII	-1'531'021	-6'551	1'837'524	794'075	1'094'026
Gross technical reserves - SII	-965'840	777'768	1'837'524	794'075	2'443'527
Risk margin	-1'108'018	892'261	2'108'019	910'967	2'803'229
Total gross technical provisions - SII	**-2'073'859**	**1'670'029**	**3'945'543**	**1'705'042**	**5'246'756**
Claims reserves reinsurance	-194'960	-553'387	0	0	-748'347
IBNR - reinsurance	0	0	0	0	0
END Loading	5'516	96'945	0	0	102'461
Claims reserves reinsurance - SII	-189'444	-456'442	0	0	-645'886
Unearned premiums reinsurance	27'478	43'170	0	0	70'648
Variance	-14'456	-1'613	955'930	161'372	1'101'233
Unearned premiums reinsurance - SII	13'023	41'557	955'930	161'372	1'171'881
Technical reserves reinsurance - SII	**-176'421**	**-414'885**	**955'930**	**161'372**	**525'995**
Total net technical provisions - SII	**-2'250'280**	**1'255'144**	**4'901'473**	**1'866'414**	**5'772'751**

- ONE applies established actuarial methods to estimate claims provisions. The results are compared by several static methods. Finally, the best estimate is determined using market data. The amounts of the best estimate are projected according to the expected payment patterns and discounted with the risk-free interest rate curve.
- The unearned premium provisions are calculated according to an expected claims cost ratio taking into account the commitments entered into. In 2018 ONE only had monthly paid contracts with short notice periods. Since 1.1.2020 ONE also writes motor insurance the amount of unearned premium provisions increased significantly.
- The net provisions for property, liability and motor (unearned premium provisions) are determined in accordance with the existing reinsurance contracts.
- We notice that future claims are subject to natural uncertainty. ONE's still relatively short history of losses and the size of the portfolio make it difficult to estimate the commitments. ONE therefore monitors the course of the subscribed business on an ongoing and adjusts the provisions if necessary.

D.3 Other liabilities

Other liabilities in the solvency balance sheet amount to EUR 3m. This basically includes liabilities from VAT, social security, various vendors and accruals. The above liabilities are valued in the Solvency II balance sheet in the same way as in the local accounts.

D.4 Alternative valuation methods

In the 2019 financial year, no alternative valuation methods were used. Exception is the valuation of furniture (and property, plant and equipment).

D.5 Other information

The following rates of exchange were used as of the balance sheet date:
as of 31.12.2019 - CHF 1.0000 - EUR 0.9199632 (as of 31.12.2018: EUR 0.8873902).

E. Capital management

The capital management of ONE takes into account the regulatory and legal requirements. ONE ensures that the capital requirements were met through proactive capital management all time. Available own funds must meet both Solvency II prudential capital requirements and the required liquidity. A further objective of capital management, the financial strength of ONE is to be actively guaranteed even under difficult economic conditions in order to ensure the continued existence of the insurance business.

E.1 Equity

Reconciliation of equity to regulatory own funds in accordance with local accounting rules.

As of 31.12.2019 the statutory equity amounted to EUR 12.671m. Own funds in accordance with regulatory economic valuation principles amounted to EUR 7.834m. The following table shows the reconciliation from equity to economic equity to the statutory equity.

Reconciliation as of 31.12.2019 in EUR

Statutory equity	**12’671’502**
Intangible assets	-1’267’820
Deferred tax assets	690’978
Loans and mortgages	59’844
Reinsurance recoverables	-1’344’991
Reinsurance receivables	-1’752
Technical provisions - non-life	-3’647’990
Subordinated loans	674’887
Economic equity	**7’834’658**

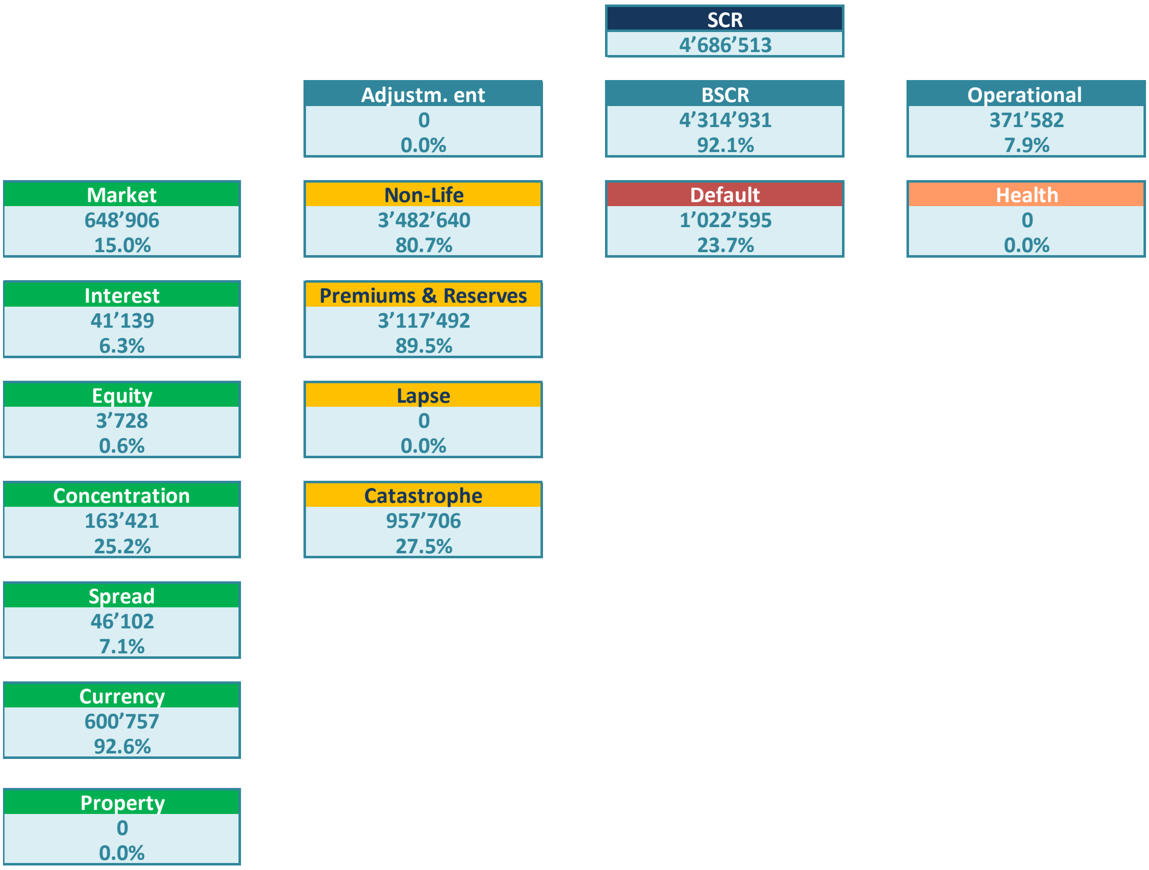
At ONE, economic own funds correspond exactly to economic equity. ONE has only Tier 1 own resources, which can be credited without restrictions. The deferred tax asset is not recognized as SCR in SII.

E.2 Solvency capital requirement and minimum capital requirement

The solvency ratio of THE ONE is shown in the table below. The ONE uses the standard formula to determine capital requirements. The calculation of the Solvency Capital Requirement shall be carried out in accordance with the relevant Solvency II regulations and shall be carried out on the assumption that the business will continue to operate. The Solvency Capital Requirement shall be calibrated to ensure that all quantifiable risks to which the Company is exposed are taken into account. This includes both current business activities and new business expected in the following twelve months. According to the Solvency II Guidelines, the Solvency Capital Requirement corresponds to the value-at-risk of ONE's basic own funds at a confidence level of 99.5 percent over the period of one year. The minimum capital requirement (MCR) is also calculated in accordance with the Solvency II directive. For THE ONE, the limit value of the MCR is currently even higher than the calculated MCR. That is why the MCR is EUR 3. 7m.

Values in EUR	in EUR	Tier 1	Tier 2	Tier 3
Total eligible own funds to meet the SCR	6'159'025	6'159'025	0	0
Total eligible own funds to meet the MCR	6'159'025	6'159'025	0	0
SCR	4'686'513			
MCR increased by 50% as demanded by FMA	5'550'000			
MCR (without 50% loading)	3'700'000			
SCR Quota	131%			
MCR Quota	166%			

The figure below shows the solvency capital requirement of ONE per risk module. Most of the risk comes from currency risk, non-life insurance risk and default risk. ONE does not use company specific parameters or simplifications when evaluating the standard formula.



E.3 Using the duration-based submodule Stock Risk

ONE currently does not hold any shares and has therefore no equity risk.

E.4 Differences standard formula and internal models

ONE does not use an internal model to determine solvency capital requirements.

E.5 Non-compliance Minimum capital requirement and Solvency Capital Requirement

ONE had a minimum capital ratio and solvency capital ratio of more than 100% at any time.

E.6 Other information

All important and relevant information was presented in the previous sections.

F. Annexes

S.02.01.02.01 Balance Sheet

S.02.01.02.01 Balance sheet					Solvency II value
					C0010
Assets	Goodwill			R0010	
	Deferred acquisition costs			R0020	
	Intangible assets			R0030	
	Deferred tax assets			R0040	1'675'633.00
	Pension benefit surplus			R0050	
	Property, plant & equipment held for own use			R0060	12'451.00
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	
		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	
		Other investments		R0210	
	Assets held for index-linked and unit-linked contracts			R0220	
	Loans and mortgages			R0230	307'344.01
		Loans on policies		R0240	
		Loans and mortgages to individuals		R0250	307'344.01
		Other loans and mortgages		R0260	
	Reinsurance recoverables from:			R0270	-525'995.20
		Non-life and health similar to non-life		R0280	-525'995.20
			Non-life excluding health	R0290	-525'995.20
			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	1'467'034.00
	Reinsurance receivables			R0370	1'746'926.82
	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 yet paid i			R0400	
	Cash and cash equivalents			R0410	21'398'389.00
	Any other assets, not elsewhere shown			R0420	1'541'760.00
	Total assets			R0500	27'623'542.62
Liabilities	Technical provisions – non-life			R0510	5'246'755.57
		Technical provisions – non-life (excluding health)		R0520	5'246'755.57
			Technical provisions calculated as a whole	R0530	
			Best Estimate	R0540	2'443'526.57
			Risk margin	R0550	2'803'229.00
		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-lin		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	0.00
	Derivatives			R0790	
	Debts owed to credit institutions			R0800	
	Financial liabilities other than debts owed to credit institutions			R0810	
	Insurance & intermediaries payables			R0820	292'307.00
	Reinsurance payables			R0830	2'172'791.00
	Payables (trade, not insurance)			R0840	
	Subordinated liabilities			R0850	4'325'112.56
		Subordinated liabilities not in Basic Own Funds		R0860	4'325'112.56
		Subordinated liabilities in Basic Own Funds		R0870	
	Any other liabilities, not elsewhere shown			R0880	7'751'918.34
	Total liabilities			R0900	19'788'884.47
Excess of assets over liabilities				R1000	7'834'658.15

S.05.01.02.01

S.05.01.02.01 Non-Life (direct business/accepted proportional reinsurance and acc			Line of Business for: non-life insurance and reinsurance obli		Total
			Fire and other damage to pro	General liability insurance	
			C0070	C0080	C0200
Premiums w	Gross - Direct Business	R0110	4'477'010.49	2'163'513.73	6'640'524.22
	Gross - Proportional reinsurance accepted	R0120	0.00	0.00	0.00
	Gross - Non-proportional reinsurance accepted	R0130			
	Reinsurers' share	R0140	964'682.48	1'339'211.53	2'303'894.01
	Net	R0200	3'512'328.01	824'302.20	4'336'630.21
Premiums e	Gross - Direct Business	R0210	4'453'460.58	2'138'198.69	6'591'659.27
	Gross - Proportional reinsurance accepted	R0220	0.00	0.00	0.00
	Gross - Non-proportional reinsurance accepted	R0230			
	Reinsurers' share	R0240	950'345.30	1'323'541.53	2'273'886.83
	Net	R0300	3'503'115.28	814'657.16	4'317'772.44
Claims incu	Gross - Direct Business	R0310	819'921.87	751'914.48	1'571'836.35
	Gross - Proportional reinsurance accepted	R0320	0.00	0.00	0.00
	Gross - Non-proportional reinsurance accepted	R0330			
	Reinsurers' share	R0340	491'541.36	451'148.68	942'690.04
	Net	R0400	328'380.51	300'765.80	629'146.31
Changes in	Gross - Direct Business	R0410	211'880.38	711'780.83	923'661.21
	Gross - Proportional reinsurance accepted	R0420	0.00	0.00	0.00
	Gross - Non-proportional reinsurance accepted	R0430			
	Reinsurers' share	R0440	125'598.32	427'068.50	552'666.82
	Net	R0500	86'282.06	284'712.33	370'994.39
Expenses incurred		R0550	4'895'508.69	1'138'461.31	6'033'970.00
Other expenses		R1200			
Total expenses		R1300			6'033'970.00

17.01.02.01

S.17.01.02.01 Non-Life Technical Provisions					Direct business and accepted proportional reinsurance				Total Non-Life obligation
					Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	
					C0050	C0060	C0080	C0090	C0180
Technical provisions calculated as a whole				R0010					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses				R0050					
Technical pr	Best estima	Premium pr	Gross	R0060	0.00	0.00	565'180.28	784'319.80	1'349'500.08
			Total recoverable from reinsurance/SPV and Finite Re after t	R0140	0.00	0.00	189'444.03	456'442.17	645'886.20
			Net Best Estimate of Premium Provisions	R0150	0.00	0.00	375'736.25	327'877.63	703'613.88
		Claims prov	Gross	R0160	1'837'524.23	794'074.51	-1'531'020.87	-6'551.38	1'094'026.49
			Total recoverable from reinsurance/SPV and Finite Re after t	R0240	-955'929.57	-161'372.08	-13'022.62	-41'557.14	-1'171'881.40
			Net Best Estimate of Claims Provisions	R0250	2'793'453.80	955'446.59	-1'517'998.25	35'005.76	2'265'907.90
	Total Best estimate - gross			R0260	1'837'524.23	794'074.51	-965'840.59	777'768.42	2'443'526.57
	Total Best estimate - net			R0270	2'793'453.80	955'446.59	-1'142'262.00	362'883.39	2'969'521.78
	Risk margin			R0280	667'759.03	479'236.98	1'434'398.80	221'834.19	2'803'229.00
	Amount of t	Technical Provisions calculated as a whole		R0290					0.00
		Best estimate		R0300					0.00
		Risk margin		R0310					0.00
Technical pr	Technical provisions - total			R0320	2'505'283.26	1'273'311.49	468'558.21	999'602.61	5'246'755.57
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for ex			R0330	-955'929.57	-161'372.08	176'421.41	414'885.04	-525'995.20
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			R0340	3'461'212.83	1'434'683.57	292'136.80	584'717.57	5'772'750.78

S 23.01.01.01

S.23.01.01.01 Own funds			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own f	Ordinary share capital (gross of own shares)	R0010	5'550'000.00	5'550'000.00			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	609'025.15	609'025.15			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160	1'675'633.00				1'675'633.00
	Other own fund items approved by the supervisory authorit	R0180					
Own funds	Own funds from the financial statements that should not be	R0220					
Deductions	Deductions for participations in financial and credit instituti	R0230					
Total basic own funds after deductions		R0290	7'834'658.15	6'159'025.15			1'675'633.00
Ancillary ow	Unpaid and uncalled ordinary share capital callable on dema	R0300					
	Unpaid and uncalled initial funds, members' contributions o	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subo	R0330					
	Letters of credit and guarantees under Article 96(2) of the Di	R0340					
	Letters of credit and guarantees other than under Article 96(	R0350					
	Supplementary members calls under first subparagraph of A	R0360					
	Supplementary members calls - other than under first subpa	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		R0400					
Available ar	Total available own funds to meet the SCR	R0500	7'834'658.15	6'159'025.15			1'675'633.00
	Total available own funds to meet the MCR	R0510	6'159'025.15	6'159'025.15			
	Total eligible own funds to meet the SCR	R0540	6'159'025.15	6'159'025.15			
	Total eligible own funds to meet the MCR	R0550	6'159'025.15	6'159'025.15			
SCR		R0580	4'686'512.71				
MCR		R0600	3'700'000.00				
Ratio of Eligible own funds to SCR		R0620	1.31				
Ratio of Eligible own funds to MCR		R0640	1.66				

S23.01.01.02

S.23.01.01.02 Reconciliation reserve			C0060
			C0060
Reconciliati	Excess of assets over liabilities	R0700	7'834'658.15
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	7'225'633.00
	Adjustment for restricted own fund items in respect of matc	R0740	
Reconciliation reserve		R0760	609'025.15
Expected pr	Expected profits included in future premiums (EPIFP) - Life b	R0770	
	Expected profits included in future premiums (EPIFP) - Non-l	R0780	
Total Expected profits included in future premiums (EPIFP)		R0790	

S 28.01.01.01

S.28.01.01.01 Linear formula component for non-life insurance and rei		MCR components
		C0010
MCRNL Result	R0010	717’887.25

S28.01.01.02

S.28.01.01.02 Background information		Background information	
		Net (of reinsurance/SPV) best	Net (of reinsurance) written p
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsura	R0040		
Motor vehicle liability insurance and proportional reinsuran	R0050	2’793’453.80	
Other motor insurance and proportional reinsurance	R0060	955’446.59	
Marine, aviation and transport insurance and proportional r	R0070	0.00	0.00
Fire and other damage to property insurance and proportio	R0080	0.00	3’512’328.01
General liability insurance and proportional reinsurance	R0090	362’883.39	824’302.20
Credit and suretyship insurance and proportional reinsuran	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional rein	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsuranc	R0160		
Non-proportional property reinsurance	R0170		

S28.01.01.05

S.28.01.01.05 Overall MCR calculation		C0070
		C0070
Linear MCR	R0300	717’887.25
SCR	R0310	4’686’512.71
MCR cap	R0320	2’108’930.72
MCR floor	R0330	1’171’628.18
Combined MCR	R0340	1’171’628.18
Absolute floor of the MCR	R0350	3’700’000.00
Minimum Capital Requirement	R0400	3’700’000.00