

**Bupa Global Designated Activity Company**

**Directors' Report and Financial Statements for the  
financial year ended 31 December 2020**

---

## Contents

	Page
Directors and other information	1
Directors' report	2 – 6
Statement of directors' responsibilities	6
Independent auditor's report	7 – 10
Profit and Loss: technical account – non-life business	11
Profit and Loss: non-technical account	12
Statement of Other Comprehensive income	12
Balance sheet	13 -14
Statement of changes in equity	15
Notes to the financial statements	16 - 36

## Directors and other information

### Directors

Mark Duffy  
Conor Heery

### Non-Executive Director

Martin Potkins  
Taryn McHarg

### Independent Non-Executive Directors

Mary Fulton  
David Swanton

### Secretary

### Bupa Secretaries Limited

1 Angel Court  
London  
EC2R 7HJ

### Company number

623889

### Registered office

10 Pembroke Place  
Ballsbridge  
Dublin 4  
D04 V1W6

### Auditor

KPMG  
1 Harbourmaster Place, IFSC  
Dublin 1

### Head of Actuarial Function

Milliman  
7 Grand Canal Street Lower  
Dublin 2

### Bankers

HSBC Bank Plc  
1 Grand Canal Square  
Dublin 2

Citibank  
33 Canada Square  
Canary Wharf  
London  
E14 5LB

Standard Chartered  
1 Basinghall Avenue  
London  
EC2V 5DD

Bank of Valletta  
BOV Centre Cannon Road  
Sta. Venera SVR 9030  
Malta

Danske Bank  
Holmens Kanal 2-12  
DK-1092 Copenhagen

Barclays Bank Ireland PLC  
One Molesworth Street  
Dublin 2  
D02 RF29

## Directors' report

The Directors present their annual report, together with the audited financial statements of the Bupa Global Designated Activity Company ("the Company"), for the financial year ended 31 December 2020.

### Principal activities

The principal activity of the Company is to write International Private Medical Insurance (IPMI) and Travel Insurance to customers based within the European Economic Area (EEA).

Following the UK's decision to leave the EU, Bupa Insurance Limited's EU based IPMI and Travel members have migrated to the Company upon renewal.

The Company was incorporated on 5 April 2018 and was granted a license to sell insurance by the Central Bank of Ireland (CBI) in November 2018.

The Company commenced underwriting insurance policies from 29 March 2019.

The Company is wholly owned by the Bupa Group ("Bupa"), an international health insurer and provider. Over more than 70 years, Bupa's global footprint has grown from our origins in the UK to include businesses in Australia, Spain, Poland, Chile, Mexico, Turkey, the Middle East, the UK, Hong Kong SAR, New Zealand and Ireland. We also have associate businesses in Saudi Arabia and India. Bupa has 17.9m health insurance customers, provides healthcare to over 13.6m people in its health clinics, hospitals and dental centres, and looks after around 20,000 aged care residents and employs around 84,000 people globally. Bupa was established in 1947 when 17 British provident associates and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers.

The Company is driven by Bupa's purpose, helping people live longer, healthier, happier lives. This defines everything the Company does for its customers, inspiring and motivating the Company to improve its performance. The Company provides personal, corporate and small to medium enterprise (SME) health insurance, as well as travel insurance.

The main segment is international private medical insurance (IPMI) provided for individual consumers and employees requiring cover beyond their usual country of residence.

The principal operations take place in the Republic of Ireland, with branches sited in Denmark, Netherlands and Malta. The provision of mediation and administrative services are provided by Bupa Insurance Services Limited in the UK, Bupa Denmark Services A/S in Denmark and LifeStar Health Limited in Malta.

### COVID 19

The pandemic impacted the way we operate and changed the way many of our health insurance customers access products and services. The measures taken by governments to protect their citizens and public health systems meant that many treatments and procedures were delayed due to lockdown measures. We responded by expanding our range of remote services, to meet demand, offering around-the-clock access to expert advice and care to help customers stay in control of their physical and mental health from home.

Our IPMI policies include a wider range of benefits which were not disrupted, for example maternity care and chronic conditions, and full cover was provided for COVID-19 care giving reassurance of access to healthcare and support to our globally mobile customers. Having considered the conditions affecting our policyholders we concluded that they continued to receive value from their policies and so no return of premium was necessary.

### Key performance indicators

	2020	2019
Insured lives (thousands)	146	43
Net premiums earned (€'m)	101.9	27.1
Profit / (loss) before taxation (€'m)	6.4	(4.5)
Loss ratio	52%	55%
Combined operating ratio	93%	119%
Solvency II (SII) coverage ratio	156%	200%

## Directors' report (continued)

### Principal risks and uncertainties

Both the business performance and operations are subject to a number of risks and uncertainties. The Directors consider that the key risks and uncertainties relate to, market and competitor activity, insurance risk, COVID 19, investment risk, operational risk (including outsourcing risk and information security risk) and regulatory risk.

Performance is monitored by the Board and senior management using operational, financial and other data. The Company's Chief Risk Officer provides regular reporting to the Board Risk Committee on the risk profile of the Company and the key mitigation activities in place.

#### *Market and competitor activity*

IPMI markets are highly competitive with companies seeking to attract customers through new products and benefits. There is also demand for innovation to meet the different needs of corporate customers and individuals. The Company keeps its competitive position in each of its markets under continuous scrutiny and regularly reviews strategic and tactical objectives.

#### *Insurance risk*

The Company seeks to keep insurance risk, in the natural course of business, within the Board's risk appetite.

There is a risk that the frequency, size or timing of claims on insurance policies varies from that expected, leading to an unexpected impact on financial returns. The Company is exposed to a number of factors due to writing medical insurance business, including medical inflation, shifts in demographics, changes in population health, developments in healthcare delivery and technology, and catastrophes. Each of these factors could affect product pricing, reserving, and claim risk accumulation. In addition, general macroeconomic trends and changes in government policies could affect the lapse and persistency behaviour of current and prospective customers.

Insurance risks are managed in a variety of ways. The Company uses its data and experience to develop products that meet customers' needs and are priced competitively and fairly. In addition, the operations apply controls to underwriting and claims settlement. A significant mitigating factor is that the vast majority of business written is for short-term risks, which enable regular opportunities for re-pricing in the event of changes in claims trends. Refer to management of insurance risk in note 28.

#### *COVID-19*

The impact of COVID-19 on the Company introduces financial, operational and reputational risk including risks to operational resilience. COVID-19 scenario modelling has been performed at frequent intervals since the pandemic was declared and reported to the Risk Committee and Board showing the extent of the disruption to independent healthcare services and the impact of the pandemic on the Company's three-year plan. The detailed modelling is conducted under a wide range of scenarios and sensitivities in response to the uncertainty due to the lack of data and experience to base the assumptions on. The prospective solvency positions are regularly monitored, and management actions are identified where required to ensure the Company remains within risk appetite.

#### *Investment risk*

The long-term financial strategy is to facilitate growth without undue balance sheet risk. The Company manages investment risk through setting risk appetites with respect to interest rate and credit risk, in order to limit the investment risk charge contribution of the Company's Solvency Capital Requirement (SCR). The Company holds the vast majority of its cash on account with highly rated banks, refer to credit risk in note 28.

#### *Operational Risk*

A detailed Business Continuity Plan for the Company and all branches with dedicated specialised resources are in place to ensure appropriate operation of key processes and controls. Business continuity issues are reported to the Executive Risk Committee, with significant issues being escalated to the Board Risk Committee, which is responsible for ensuring appropriate controls are in place to mitigate potential risks.

Outsourcing risks exist as the Company engages with a number of service providers, most notably Bupa Insurance Services Limited (BISL), a Bupa group servicing company in the UK to carry out a number of activities on its behalf. The risk is mitigated as all bar one pre-approved controlled function roles and key oversight functions are based in the Company.

Information security risks, including those associated with non-compliance with data protection, privacy, and information governance requirements remain key risks for the Company as they are for all insurance companies. The Company continues to ensure that controls are in place and strengthened where necessary to address these risks, including enhancing the event monitoring and incident management.

The Company's IT services are provided by teams within the wider Bupa Group which are overseen by the Company's Director of Operations. These IT teams are responsible for the development, maintenance and monitoring of IT services. A programme of work is in place to ensure the continued development and enhancement of all IT services to provide the level of services required by the business and adequately protect sensitive customer and business data.

Undertaking significant change programmes introduces risks in relation to the capacity and capability of staff and senior management to continue to deliver on the strategic objectives, as well as on the change programmes themselves. The Company is focused on ensuring it has the right levels and amount of experience and succession plans to manage the business and deliver on change management.

#### *Regulatory risk*

Regulatory risk is described as the risk that insurance and reinsurance undertakings are unable to adapt their risk profile in response to sudden or unexpected changes in the legal environment, such as an unforeseen change in the law relating to IPMI in any jurisdiction.

## Directors' report (continued)

### Principal risks and uncertainties (continued)

#### Regulatory risk (continued)

The Company has a compliance function which has an advisory role and looks to ensure that the Company operates within its legal obligations and in line with the various regulations.

The Company finance team is supported by its outsourced provider and Group finance function in the preparation of its regulatory and other (including statutory) reporting.

The Board has approved a number of risk appetite statements in order to establish boundaries for the aggregate level and types of risk acceptable in order to ensure compliance with regulation and to achieve the strategic objectives and business plans.

#### Future developments

Whilst noting the positive early stages of vaccine deployment we are now seeing, it is clear COVID-19 will continue to impact economies, health systems and our business lines over the medium to long term. We are continuing to adapt and innovate by investing in digital services to enable customers to access their healthcare remotely and receive fast, high-quality treatment whenever they need.

The uncertain economic and healthcare environments could impact financial performance and we expect a rebound of deferred claims, which reduced claims costs in 2020, will increase claims experienced in 2021, however, we think it is likely that there will be a reduction overall as a result of the pandemic. We remain financially strong with a stable solvency capital position and are well placed to address these challenges.

#### Solvency

As at 31 December 2020, the Company's Eligible Own Funds to meet the SCR were €36.8m (2019: €36.0m), which exceeded the Company's SCR of €23.6m (2019: €18.0m). This represented a SCR ratio of 156% (2019: 200%). Own Funds have increased over the year reflecting a full 12 months of insurance business written and reflecting the statutory profit in the year. The higher SCR is primarily due to the higher expectation of earned premium over the future rolling 12-month period from end December and increased market risk due to changes in investment strategy.

Eligible Own Funds is comprised primarily of cash at bank and on deposit of €85.0m (2019: €67.0m), technical provisions of €39.5m (2019: €25.1m) (including a risk margin of €1.6m) and other liabilities (primarily intercompany balances and other payables) of €13.4m (2019: €17.3m).

The SCR has been calculated in line with the SII Standard Formula. The most material modules for the Company at 31 December 2020 are Health Insurance (€14.7m), Non-Life (€3.1m) insurance risk in relation to Claims incurred and expected 2021 IPMI and Travel earned premiums and Market risk (€5.1m). The increase in the SCR is predominantly due to the increasing volume of policies on the books of the Company since the end 2019 and the risk profile of the assets in the balance sheet. Diversification credit between generic risk groups amounts to €7.1m (2019: €5.8m).

#### Solvency II Capital position

	2020	2019
	€'m	€'m
Eligible Own Funds	36.8	36.0
Solvency Capital Requirement	23.6	18.0
Surplus	13.2	18.0
Solvency ratio	156%	200%

#### Solvency II Eligible Own Funds

	2020	2019
	€'m	€'m
Total capital and reserves	38.8	32.6
Valuation differences	(2.0)	3.4
Solvency II Eligible Own Funds	36.8	36.0

## Directors' report (continued)

### Solvency (continued)

#### Analysis of the Solvency Capital Requirement

	2020	2019
	€m	€m
Market Risk	5.1	2.9
Health Insurance Risk	14.7	13.9
Non - Life Risk	3.1	3.0
Counterparty Risk	2.6	2.4
Operational Risk	5.2	1.6
Diversification	(7.1)	(5.8)
<b>Total</b>	<b>23.6</b>	<b>18.0</b>

#### Results and dividends

The results for the period are set out in the Profit and Loss account on page 12 and in the related notes, showing a profit for the year of €6.2m (2019 Loss €4.5m).

The Directors confirm that they are satisfied that the Company has adequate resources to continue in operation for the next 12 months from the date of signing the Directors' report. Accordingly, they continue to adopt a going concern basis in preparing the financial statements (Note 1).

The Company did not pay a dividend during the year (2019: nil).

#### Directors, Secretary and their interests

The Directors of the Company are listed on page 1.

The Directors and Secretary who held office during the year ended 31 December 2020 had no interests in the shares in, or debentures or loan stock of, the Company and no options to acquire shares in the Company.

#### Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. These accounting records are maintained at the Company's registered office, 10 Pembroke Place, Ballsbridge, Dublin 4, D04 V1W6 and also at the service companies Bupa Insurance Services Limited, 1 Angel Court, London, EC2R 7HJ and Bupa Denmark Services A/S, Palaegade 8, DK-1261 Copenhagen K, Denmark.

#### Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

#### Audit Committee

The Company has established an Audit Committee with responsibility for monitoring the financial reporting process; monitoring the effectiveness of the Company's systems of internal control, internal audit and risk management, monitoring the statutory auditors, and in particular the provision of additional services to the Company, by the auditors.

#### Directors' compliance statement

The Directors in accordance with 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with the obligations specified in that section arising from the Companies Act 2014 and Tax Laws ("relevant obligations").

The Directors confirm that:

- a compliance policy statement had been drawn up setting out the Company's policies with regard to such compliance.
- appropriate arrangements and structures that are, in our opinion, designated to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

## Directors' report (continued)

### Political

The Company made no political donations and incurred no political expenditure during the year.

### Post balance sheet events

There have been no significant post balance sheet events which affect the financial statements of the Company.

### Central Bank of Ireland Corporate Governance Code

The Company is in compliance with the Corporate Governance Requirements for Insurance Undertakings 2015 issued by the Central Bank of Ireland. The Company is not required to comply with the additional requirements for high impact designated insurance undertakings.

### Auditors

KPMG, Chartered Accountants, were appointed statutory auditor on 4 December 2018 and have been reappointed annually since that date. KPMG will be replaced as the Company's statutory auditors for the year-ended 31 December 2021. A proposal to appoint an alternative audit firm as auditors will be put forward for approval at the annual general meeting in accordance with Section 394 of the Companies Act 2014.

## Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

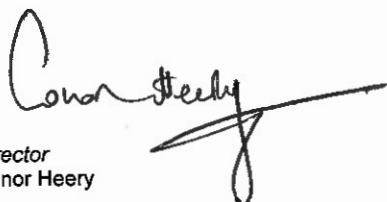
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board



Director  
Conor Heery



Director  
Mary Fulton

6 April 2021



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **Independent auditor’s report to the shareholders of Bupa Global Designated Activity Company**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Bupa Global Designated Activity Company (‘the Company’) for the year ended 31 December 2020 set out on pages 11 to 36, which comprise the profit and loss: technical account – non-life business, profit and loss: non-technical account, statement of other comprehensive income, balance sheet, statement of changes in equity and the related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and Financial Reporting Standard 101 *Reduced Disclosure Framework* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*;
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the directors on 4 December 2018. The period of total uninterrupted engagement is the 3 years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director’s assessment of the entity’s ability to continue to adopt the going concern basis of accounting included using our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations for a period of at least twelve months from the date when the financial statements are authorised for issue. The risk that we considered most likely to adversely affect the Company’s available financial resources over this period related to the valuation of insurance contract liabilities, including claims experience development caused by market wide catastrophe events including the impact of Covid 19.

We also considered less predictable but realistic second order impacts that could affect demand in the markets the Company’s serves, such as the failure of counterparties who transact with the Company (such as policyholders), the performance of the investment portfolio, solvency and capital adequacy.



## Independent auditor's report to the shareholders of Bupa Global Designated Activity Company (*continued*)

### Conclusions relating to going concern (*continued*)

We considered whether the going concern disclosure on page 16 of the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

#### **Valuation of insurance contract liabilities €12.8m (2019 – €6.9m)**

*Refer to pages 17, 20 and 21 (accounting policy) and pages 28 to 30 (financial disclosures)*

#### **The key audit matter**

The valuation of insurance contract liabilities is highly judgemental because it requires a number of assumptions to be made with high estimation uncertainty. These assumptions include claims cost inflation and medical trends and requires assumptions to be made in respect of current and future experience. The appropriate margin to recognise and the underlying Covid-19 model is also a subjective judgement and is based on the perceived uncertainty and potential volatility of underlying claims.

We consider the risk to have increased in the current year in light of the business and economic disruption caused by the Covid-19 pandemic.

The effect of the above matters is that, as part of our risk assessment, we determined that the valuation of insurance contract liabilities has a high degree of estimation uncertainty and small changes in assumptions used to value the insurance contract liabilities can have a significant impact on the overall liability valuation.

#### **How the matter was addressed in our audit**

Our procedures included but were not limited to:

- Obtaining and documenting our understanding of the process and testing the design and implementation of the key control relevant to the valuation of the insurance contract liabilities.
- Involving our insurance actuarial specialists to assess and challenge the Company's methodology and the significant assumptions relating to current and future experience, including cost inflation and medical trends, and margin estimates and considering the changes in claims patterns as a result of the Covid-19 pandemic and Covid-19 disruption rates applied. This was done by comparing them to expectations based on the Company's historical experience, current trends, with our own industry knowledge and with particular consideration of recognised actuarial practices, regulatory and reporting requirements and industry standards.
- Testing the completeness and accuracy of the key data on a sample basis, including claims, earned premiums and exposure, used in the valuation of the insurance contract liabilities.

Based on the procedures performed, we considered the key assumptions, data, and methods relating to the valuation of the Company's insurance contract liabilities are reasonable and found no material misstatements as part of our testing of the valuation of the insurance contract liabilities.



## **Independent auditor's report to the shareholders of Bupa Global Designated Activity Company (continued)**

### **Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at €1 million (2019: €0.648 million) determined with reference to a benchmark of actual gross written premiums (2019: forecasted gross written premium) of which it represents 1% (2019: 1%). We consider gross written premium to be the most appropriate benchmark as it provides a stable measure year on year.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €0.05 million (2019: €0.03 million)

### **Our application of materiality and an overview of the scope of our audit (continued)**

We subjected the Company's one (2019: one) reporting component, the Danish branch, to a full scope audit. We instructed the component auditor as to the significant areas to be covered, including the relevant risks and the information to be reported back. We approved component materiality of €0.8 million (2019: €0.648 million).

Telephone conference meetings were held with the component auditor. At these meetings, the findings reported to us were discussed in more detail, and any further work required by us was then performed by the component auditor.

Our audit of the Company was undertaken to the materiality level specified above and was performed by an engagement team based in Dublin and Copenhagen. We used the materiality level to assist us determine which risks were significant risk including those discussed above.

### **Other information**

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

### **Our opinions on other matters prescribed by the Companies Act 2014 are unmodified**

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, information and returns for our audit have been received from branches of the Company not visited by us and the Company financial statements are in agreement with the accounting records



## **Independent auditor's report to the members of Bupa Global Designated Activity Company (*continued*)**

### ***We have nothing to report on other matters on which we are required to report by exception***

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

### **Respective responsibilities and restrictions on use**

#### ***Directors' responsibilities***

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>.

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Niall Naughton  
**for and on behalf of**  
**KPMG**

**Chartered Accountants, Statutory Audit Firm**  
1 Harbourmaster Place  
IFSC  
Dublin 1

9 April 2021

## Profit and Loss account

for the financial year ended 31 December 2020

	Notes	For year ended 2020 €'000	For year ended 2019 €'000
<b>Profit and Loss: technical account – non-life business</b>			
Gross premium written	3	101,133	63,071
Change in the gross provision of unearned premiums	23	805	(35,964)
<b>Earned premium</b>		<b>101,938</b>	<b>27,107</b>
Other income		734	738
<b>Total technical income</b>		<b>102,672</b>	<b>27,845</b>
Claims incurred		(46,905)	(8,117)
Change in the provision for claims	24	(6,185)	(6,917)
<b>Claims incurred</b>	3	<b>(53,090)</b>	<b>(15,034)</b>
Net operating expenses	4	(42,210)	(17,134)
<b>Total technical charges</b>		<b>(95,300)</b>	<b>(32,168)</b>
<b>Balance on the technical account – non-life insurance business</b>		<b>7,372</b>	<b>(4,323)</b>

All profits are derived from continuing activities.

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

## Profit and Loss account

for the financial year ended 31 December 2020

	Notes	For year ended 2020 €'000	For year ended 2019 €'000
<b>Profit and loss: non-technical account</b>			
<b>Balance on the technical account – non-life insurance business</b>		<b>7,372</b>	<b>(4,323)</b>
Investment income	8	-	47
Investment charges	9	(969)	(228)
<b>Net financial expense</b>		<b>(969)</b>	<b>(181)</b>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>6,403</b>	<b>(4,504)</b>
Tax on profit on ordinary activities	11	(228)	-
<b>Profit / (loss) on ordinary activities after taxation</b>		<b>6,175</b>	<b>(4,504)</b>

### Statement of Other Comprehensive income

Profit / (loss) on ordinary activities after taxation		<b>6,175</b>	<b>(4,504)</b>
Amortisation of merger reserve		(187)	(148)
Other comprehensive expense for the year, net of tax		(187)	(148)
<b>Total comprehensive profit / (loss) for the year</b>		<b>5,988</b>	<b>(4,652)</b>

All profits are derived from continuing activities.

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

**Balance sheet**

as at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Assets</b>			
<b>Intangible assets</b>	12	-	3
<b>Investments</b>			
Deposits with credit institutions	14	19,901	-
		<b>19,901</b>	-
<b>Debtors</b>			
Debtors arising out of direct insurance operations	15	16,107	17,724
Other debtors	16	142	509
		<b>16,249</b>	<b>18,233</b>
<b>Other assets</b>			
Tangible assets	17	744	972
Land and buildings	13	2,841	3,182
Cash and cash equivalents	18	64,988	66,940
		<b>68,573</b>	<b>71,094</b>
<b>Prepayments and accrued income</b>			
Deferred acquisition costs	19	4,431	4,684
Deferred tax asset	20	21	-
Prepayments		293	16
		<b>4,745</b>	<b>4,700</b>
<b>Total assets</b>		<b>109,468</b>	<b>94,030</b>

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

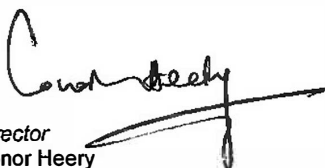
**Balance sheet (continued)**


as at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	21	39,600	39,600
Merger reserve	22	(653)	(840)
Profit and loss reserve		(145)	(6,133)
<b>Total capital and reserves</b>		<b>38,802</b>	<b>32,627</b>
<b>Liabilities</b>			
<b>Technical Provisions</b>			
Provision for unearned premiums	23	35,159	35,964
Claims outstanding	24	12,808	6,944
		<b>47,967</b>	<b>42,908</b>
<b>Other provisions</b>	<b>25</b>	<b>116</b>	<b>113</b>
<b>Creditors</b>			
Creditors arising out of direct insurance operations		6,184	4,771
Other creditors including tax and social welfare	27	13,374	10,245
		<b>19,558</b>	<b>15,016</b>
<b>Lease liabilities</b>	<b>26</b>	<b>3,025</b>	<b>3,366</b>
<b>Total liabilities</b>		<b>70,666</b>	<b>61,403</b>
<b>Total equity and liabilities</b>		<b>109,468</b>	<b>94,030</b>

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 6 April 2021 and were signed on its behalf by:

  
 Director  
 Conor Heery

  
 Director  
 Mary Fulton

## Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital account €'000	Merger reserve €'000	Profit and loss reserve €'000	Total €'000
<b>At the beginning of the year</b>		<b>39,600</b>	<b>(840)</b>	<b>(6,133)</b>	<b>32,627</b>
Amortisation of Merger Reserve		-	187	(187)	-
Profit for the year		-	-	6,175	6,175
<b>Total comprehensive profit for the year</b>				<b>5,988</b>	
<b>At the end of the year</b>		<b>39,600</b>	<b>(653)</b>	<b>(145)</b>	<b>38,802</b>

For the year ended 31 December 2019

	Notes	Share capital account €'000	Merger reserve €'000	Profit and loss reserve €'000	Total €'000
<b>At the beginning of the year</b>		<b>39,600</b>	<b>-</b>	<b>(1,481)</b>	<b>38,119</b>
Purchase during the year	22	-	(988)	-	(988)
Amortisation of Merger Reserve		-	148	(148)	-
Loss for the year		-	-	(4,504)	(4,504)
<b>Total comprehensive loss for the year</b>				<b>(4,652)</b>	
<b>At the end of the year</b>		<b>39,600</b>	<b>(840)</b>	<b>(6,133)</b>	<b>32,627</b>

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

## Notes forming part of the financial statements

### 1. Basis of Preparation

Bupa Global Designated Activity Company, is a company limited by shares and incorporated and domiciled in Ireland. The Company is authorised by the Central Bank of Ireland to carry out non-life insurance business.

The financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest €1,000.

The financial statements have been prepared on the going concern basis in accordance with the historical cost convention. The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. The going concern assessment has been made with consideration to the principal impacts and risks posed to the Company by COVID-19. As part of their assessment of the Company's ability to continue as a going concern including any associated impact on liquidity, regulatory capital and ability to meet obligations; the Directors looked at financial performance, capital management, cash flow, solvency and future outlook.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") under the historical cost convention and also in accordance with the requirements of the European Unions (Insurance Undertakings Financial Statements) Regulations 2015.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (Bupa), a company registered in England and Wales, which publishes consolidated accounts, the Company has not included details of transactions with other Bupa Group companies which are subsidiary undertakings of Bupa.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Related party transactions with fellow wholly owned Bupa Group companies; and
- The effects of new but not yet effective IFRSs.

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

### 2. Accounting policies

#### Summary of significant accounting policies

The Company has identified the accounting policies that are most significant to its current business operations and the understanding of its results.

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements, unless otherwise stated.

They are prepared under the historical cost convention except for financial assets, which are stated at fair value.

#### 2.1 Foreign currencies

##### a) Foreign branches

The activities of the foreign branches are carried out as an extension of the Company. All foreign branches have a Euro functional currency.

##### b) Foreign transactions

Transactions in foreign currencies other than the functional currency of the Company are translated to the respective functional currency of the Company or its foreign operations. Realised exchange differences arising on transactions of foreign currency amounts are recorded in the Profit and Loss Account.

## Notes forming part of the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.1 Foreign currencies (continued)

##### b) Foreign transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the balance sheet date; the resulting foreign exchange gain or loss is recognised in operating expenses, except where the gain or loss arises on financial assets or liabilities and then it is presented in financial income or expense as appropriate. Non-monetary assets and liabilities denominated in a foreign currency at historic cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in a foreign currency at fair value are translated using the exchange rate ruling at the date that the fair value was determined.

#### 2.2 Income tax

The taxation expense on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised, in respect of all timing differences that have originated but not reversed by the balance sheet date, except that;

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Where they relate to timing differences in respect of branches and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.3 Basis of accounting for underwriting activities

Underwriting activities are accounted for on an annual "accident year" basis, where loss experience is based on the calendar year they are incurred in.

#### 2.4 Net premiums earned

Net premiums earned represent the premiums earned relating to risk exposure for the reported financial year. They comprise gross premiums written, net of reinsurance and expected lapses, adjusted for the change in the net provision for unearned premiums during the financial year.

The unearned premium provision represents the proportion of premiums written in the financial year that relate to periods of risk in future accounting years.

Premiums are shown gross of commissions payable and net of insurance premium taxes that may apply in certain jurisdictions.

#### 2.5 Other income

Other income relates to recharges of staff and marketing costs from the branch located in Denmark to Bupa Danmark Services A/S.

#### 2.6 Net claims incurred

Net claims incurred represent the cost of all claims occurring during the year whether paid or provided for.

The gross technical provision for claims represents the estimated liability arising from claims episodes which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross technical provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events. Adjustments to the amount of claims provision for prior years are included in the technical account in the financial year in which the change is made.

Provision is made for unexpired risks where the claims and administrative expenses likely to arise after the end of the financial year, in respect of contracts commencing before that date, are expected to exceed the related unearned premiums, less related deferred acquisition costs. The methods used, and estimates made for claims provisions are reviewed regularly. Any identified deficiency is charged to the Profit and Loss account, initially by writing off deferred acquisition costs, and subsequently by establishing an unexpired risk provision for losses arising in excess of deferred acquisition costs.

## Notes forming part of the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.7 Acquisition costs

Acquisition costs included within net operating expenses, represent commissions payable and other direct expenses related to the acquisition of insurance contract revenues written during the financial year. Acquisition costs that have been paid that relate to subsequent periods are deferred and recognised in the technical account across the period in which the benefit has been recognised, on a straight-line basis.

#### 2.8 Expenses

Operating expenses include staff costs, overheads, depreciation, amortisation of intangible assets and gains or losses on foreign exchange transactions incurred as a consequence of operating our business. Operating expenses are recognised as an expense in the period in which they are incurred.

#### 2.9 Investment income and expenses

Investment income comprises interest income, realised gains on investments and foreign exchange gains and losses. Interest income except in relation to assets classified as fair value through profit and loss, using the effective interest method. This is recognised in the non-technical account as it accrues, as no interest on investments is specifically designated for the payment of claims.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

#### 2.10 Intangible assets

Intangible assets are non-physical assets used by the Company to generate revenues.

Costs relating to the development of intangible assets, including computer software, are capitalised once all the development phase recognition criteria are met.

Amortisation is charged to the Profit and Loss Account on a straight-line basis as follows:

- Computer software 2-7 years

Intangible assets that are subject to amortisation are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Profit and Loss account to reduce the carrying amount to the recoverable amount.

#### 2.11 Property, Plant and Equipment

Equipment (including leasehold improvements) are stated at cost less accumulated depreciation and accumulated impairment losses. The Company undertakes impairment reviews if there are indicators of impairment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of assets. The estimated useful lives are as follows:

Leasehold improvements	Shorter of useful life or lease term (10 years)
Equipment	3-5 years
Fixtures and Fittings	3-8 years

#### 2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the Balance Sheet at amortised cost.

Cash and cash equivalents which are held for operating purposes are classified as cash and cash equivalents on the Balance Sheet.

#### 2.13 Debtors

Insurance debtors are carried at amortised cost less provision for impairment. Non-insurance debtors are carried at amortised cost less expected credit losses.

## Notes forming part of the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.14 Financial instruments

The Company has classified its financial investments into the following categories: fair value through profit or loss and amortised cost. The Directors determine the classification of all financial investments at initial recognition. Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Company has transferred substantially all risks and rewards of ownership.

Measurement	Criteria and treatment
Fair value through profit or loss	Debt and equity instruments where performance is managed and evaluated on a fair value basis and the objective is to realise cash flows through the sale of the assets. The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the statement of Profit and Loss in the period in which they arise.
Amortised cost	Non-derivative debt instruments where the contractual characteristics of the financial assets represent solely payments of principal and interest and the objective is to hold the instrument to collect cash flows over its life. Any disposals are expected to be infrequent or insignificant. The investments are measured at amortised cost using the effective interest method, less any impairment losses. Any discount or premium on purchase is amortised over the life of the investment through the Statement of Profit and Loss.

Financial investments carried at fair value are measured using different valuation inputs categorised into a three-level hierarchy. The different levels have been defined by reference to the lowest level input that is significant to the fair value measurement, as follows;

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### *Recognition*

All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Under IFRS 9, impairment provisions for expected credit losses are recognised for financial investments measured at amortised cost. An allowance for either 12-month or life-time expected credit losses (ECL) is required depending on whether there has been a significant increase in credit risk since initial recognition. However, an assumption can be made that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (e.g. it is investment grade). The Company applies a 12-month ECL allowance, as all relevant financial investments are either investment grade or short term.

The measurement of ECL should reflect a probability-weighted outcome, the time value of money and the best available forward-looking information as at 31 December 2020.

#### *Derecognition of financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised in the Balance Sheet.

#### *Financial liabilities*

The Company's financial liabilities consists of trade and other payables which are recognised initially at fair value net of transaction cost incurred. They are subsequently recognised at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as profit or loss in the Statement of Comprehensive Income over the financial period using the effective interest rate method. The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired.

## Notes forming part of the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.14 Financial instruments (continued)

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are off-set and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.15 Creditors

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### 2.16 Property leases

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate, taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restoration costs, is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the IFRS 16 contractual lease term.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (€4,720). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

#### 2.17 Common control transactions

Common control transactions are acquisition / disposal of assets or businesses that occur between companies with the same ultimate parent as the Company. Any assets or liabilities transferred at book value as recorded within the transferring company. Any amounts in excess of book value are recognised in a merger reserve.

#### 2.18 Related party transactions

As the Company is a wholly owned subsidiary undertaking of British United Provident Association Limited ('Bupa'), a company registered in England and Wales, which publishes consolidated accounts, the Company has not included details of transactions with other Bupa Group companies which are wholly owned subsidiary undertakings of Bupa.

FRS 101 exempts entities from disclosure of compensation for key management personnel as required by IAS 24. There were no other related party transactions.

#### 2.19 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. It also requires the Directors to exercise judgement in applying the Company's accounting policies. The estimates and assumptions are based on historical experience and other related variables (as detailed below), updated to reflect current trading performance. The estimates and assumptions are reviewed on an ongoing basis and are considered to be appropriate but actual results may differ from these estimates.

Judgements made by management in applying the Company's accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in subsequent periods, are set out below:

## Notes forming part of the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.19 Accounting estimates and judgements (continued)

##### Assumptions for general insurance business

The process of recognising liabilities arising from general insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing whether additional provisions for unexpired risk are required. The principal assumptions in the estimation of the liability relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends. The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made. The resulting provisions for outstanding claims incorporate a margin for adverse deviation, over and above the best estimate liability, the quantum of which reflects the level of this uncertainty.

Estimation techniques are used in the calculation of the claims outstanding which are valued at a point estimate. The claims outstanding comprises the estimated costs of claims and claims handling expense for the two claims components as follows:

- Claims reported but not paid;
- Claims incurred but not reported (IBNR)

Claims reported but not paid are computed from direct data extraction from claims administration and accounting systems. For IBNR the method of computation is based upon the development of previously settled claims and the extrapolation of payments to date for each prior month.

Claims development patterns are analysed; where distinct sub-portfolios with different claims cost and development characteristics exist, further analysis is undertaken to derive assumptions for reserving that are appropriate and can be applied to relatively homogeneous groups of policies. Such sub-portfolios are currently defined by the market segments. Various established reserving methods for general insurance are considered, typically basic chain ladder, Bornhuetter-Ferguson and pure risk cost methods. Additional consideration is given to the treatment of large claims, claim seasonality, claims inflation, currency effects and the impact of COVID-19 in 2020, for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims across the Company, such claims are generally highly predictable in both frequency and average amount, and claims are settled quickly following the medical event for which the benefit is claimed. Medical expenses claims are typically, substantially fully-settled within just a few months. Claims management practices such as pre-authorisation of the claim with the insured, electronic claims settlement and effective network provider arrangements can reduce the development period to four to six months.

Insurance provisions are best estimates with a margin for adverse deviation. Actual experience of claims costs and/or administrative expenses may well vary from that anticipated in the reserving estimates.

### 3. Segmental analysis of gross premiums written

	IPMI €'000	Travel €'000	Total €'000
<b>For year ended 2020</b>			
Gross premiums written – Ireland	1,169	17	1,186
Gross premiums written – Other EEA countries	78,278	21,669	99,947
Earned premium	79,333	22,605	101,938
Other income	-	734	734
Claims incurred	(42,417)	(10,673)	(53,090)
Net operating expenses	(30,005)	(12,205)	(42,210)
Balance on the technical account – non-life insurance business	6,911	461	7,372

Premiums written are disclosed on a sold in country basis in this table. An immaterial number of policies are Irish resident with the remainder situated outside the Republic of Ireland

## Notes forming part of the financial statements (continued)

### 3. Segmental analysis of gross premiums written (continued)

	IPMI €'000	Travel €'000	Total €'000
<b>For year ended 2019</b>			
Gross premiums written – Ireland	-	-	-
Gross premiums written – Other EEA countries	51,951	11,120	63,071
Earned premium	21,132	5,975	27,107
Other income	-	738	738
Claims incurred	(11,424)	(3,610)	(15,034)
Net operating expenses	(12,731)	(4,403)	(17,134)
<b>Balance on the technical account – non-life insurance business</b>	<b>(3,023)</b>	<b>(1,300)</b>	<b>(4,323)</b>

### 4. Net operating expenses

	For year ended 2020 €'000	For year ended 2019 €'000
Commission and other acquisition costs	12,854	8,243
Changes in deferred acquisition costs	253	(4,684)
Administration expenses	28,534	13,076
Depreciation	569	499
<b>Total</b>	<b>42,210</b>	<b>17,134</b>

### 5. Employees

The average number of employees, including Executive Directors, employed by the Company, in the year was 90 (2019: 69).

	For year ended 2020	For period ended 2019
Employees categorised as sales	13	11
Employees categorised as administration	77	58

### 6. Staff costs

	For year ended 2020 €'000	For year ended 2019 €'000
Wages and salaries	7,953	6,678
Social insurance costs	1,489	1,117
Other retirement benefit costs	817	591
Other compensation costs	14	176
<b>Total</b>	<b>10,273</b>	<b>8,562</b>

Included in Wages and salaries are costs of €2,542k (2019: €1,074k), which are included within Commission and other acquisition costs. Acquisition wages and salary costs of €901k were deferred during the year (2019: €655k).

## Notes forming part of the financial statements (continued)

### 7. Directors' remuneration

	For year ended 2020 €'000	For year ended 2019 €'000
Emoluments	961	927
Company contributions to defined contribution pension schemes	87	85
Amounts receivable under long-term incentive schemes	502	488
<b>Total</b>	<b>1,550</b>	<b>1,500</b>

There are no loans, quasi loans of credit transactions with Directors that require disclosure. The Company has not paid any fees or other remuneration to the non-executive directors related to the directorship role they provided to the Company as part of their group-wide executive management role. The above amounts pertaining to non-executive directors are a recharge of the emoluments paid or payable by a group member to those individuals in relation to their group wide executive management role. The recharge is based on an estimate of the qualifying services, including management of the affairs of the company, they provided to the company during the financial year.

There are 3 directors who are members of a defined contribution pension scheme.

### 8. Investment income

	For year ended 2020 €'000	For year ended 2019 €'000
Interest receivable	-	47

### 9. Investment charges

	For year ended 2020 €'000	For year ended 2019 €'000
Realised foreign exchange losses	218	33
Unrealised foreign exchange losses	244	-
Expected credit loss charge	86	-
Interest expense on lease liabilities	63	67
Interest payable	358	128
<b>Total</b>	<b>969</b>	<b>228</b>

### 10. Auditor's remuneration

	For year ended 2020 €'000	For year ended 2019 €'000
Audit of these financial statements	105	75
Other assurance services	50	45
<b>Total</b>	<b>155</b>	<b>120</b>

## Notes forming part of the financial statements (continued)

### 11. Taxation on profit on ordinary activities

#### (i) Analysis of taxation charge in the financial year

	2020 €'000	2019 €'000
<b>Current Tax</b>		
Irish tax on income for the year	(174)	-
Foreign tax adjustment in respect of the prior year	(75)	-
<b>Total current tax</b>	<b>(249)</b>	-
<b>Deferred Tax</b>		
Origination and reversal of temporary differences	21	-
<b>Total deferred tax</b>	<b>21</b>	-
<b>Tax charge</b>	<b>(228)</b>	-

#### (ii) Reconciliation of effective tax rate

The differences between the total taxation expense shown above and the amount calculated by applying the standard rate of Irish corporation taxation to the profit before taxation is as follows:

	2020 €'000	2019 €'000
Profit / (loss) on ordinary activities before taxation	6,403	(4,504)
Irish Corporation tax rate	12.5%	12.5%
(Tax charge) / Tax credit at the Irish corporation tax rate	(800)	563
<b>Effects of:</b>		
Deductions not allowable for tax purposes	(11)	-
Different Taxation rates in foreign jurisdictions	(72)	-
Adjustments in respect of current income tax of previous years	(3)	-
Losses for which no deferred tax asset is recognised	-	(563)
Movement on deferred tax asset not recognised	658	-
<b>Taxation expense at the effective rate of 2.9% (2019: 0%)</b>	<b>(228)</b>	-

### 12. Intangible assets

Intangible assets held at 31 December 2020 relate to a license capitalised in December 2018 and software development.

	2020 €'000	2019 €'000
Balance at 1 January	3	1
Additions	-	2
Disposal	(3)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>3</b>
Accumulated amortisation	-	-
<b>Total</b>	<b>-</b>	<b>3</b>

## Notes forming part of the financial statements (continued)

### 13. Land and buildings

#### Property right-of-use assets

	2020	2019
	€'000	€'000
Balance at 1 January	3,182	-
Additions	-	3,530
<b>Balance at 31 December</b>	<b>3,182</b>	<b>3,530</b>
Depreciation	(341)	(348)
<b>Total</b>	<b>2,841</b>	<b>3,182</b>

### 14. Other financial investments

	2020		2019	
	Carry Value	Fair Value	Carry Value	Fair Value
	€'000	€'000	€'000	€'000
Deposits with credit institutions	19,901	19,992	-	-
<b>Total</b>	<b>19,901</b>	<b>19,992</b>	<b>-</b>	<b>-</b>

This is split into the FV Hierarchy as follows:

2020	€'000	€'000	€'000	Total
	Level 1	Level 2	Level 3	
<b>Amortised cost</b>				
Deposits with credit institutions	-	19,992	-	19,992
<b>Total</b>	<b>-</b>	<b>19,992</b>	<b>-</b>	<b>19,992</b>

2019	€'000	€'000	€'000	Total
	Level 1	Level 2	Level 3	
<b>Amortised cost</b>				
Deposits with credit institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 15. Debtors arising out of direct insurance operations

	2020	2019
	€'000	€'000
Policyholders	16,065	17,634
Provision for bad debt	(149)	(108)
Intermediaries	191	198
<b>Total</b>	<b>16,107</b>	<b>17,724</b>

### 16. Other debtors

	2020	2019
	€'000	€'000
Amounts owed by Bupa Group undertakings	14	267
Sundry debtors	58	119
VAT recoverable	70	123
<b>Total</b>	<b>142</b>	<b>509</b>

## Notes forming part of the financial statements (continued)

### 17. Tangible assets

	Computer Equipment €'000	Fixture and Fittings €'000	Total €'000
<b>Cost</b>			
At 1 January 2020	28	1,095	1,123
Additions	4	3	7
Disposals	-	(11)	(11)
<b>At 31 December 2020</b>	<b>32</b>	<b>1,087</b>	<b>1,119</b>
<b>Accumulated depreciation</b>			
At 1 January 2020	(9)	(142)	(151)
Charge during the year	(10)	(216)	(226)
Disposals	-	2	2
<b>At 31 December 2020</b>	<b>(19)</b>	<b>(356)</b>	<b>(375)</b>
<b>Net book value</b>			
At 1 January 2020	19	953	972
<b>At 31 December 2020</b>	<b>13</b>	<b>731</b>	<b>744</b>

### 18. Cash and cash equivalents

	2020 €'000	2019 €'000
Cash at bank and in hand	64,988	66,940

### 19. Deferred acquisition costs

	2020 €'000	2019 €'000
Balance at 1 January	4,684	-
Acquisition costs deferred	10,308	8,243
Amounts amortised to Profit and Loss	(10,548)	(3,559)
Foreign exchange	(13)	-
<b>Balance at 31 December</b>	<b>4,431</b>	<b>4,684</b>

## Notes forming part of the financial statements (continued)

### 20. Deferred taxation

	2020 €'000	2019 €'000
At the beginning of the year - net deferred taxation assets	-	-
Charged to profit and loss account	21	-
<b>At the end of the period - net deferred taxation assets</b>	<b>21</b>	<b>-</b>

Net deferred taxation asset is analysed as follows:

	2020 €'000	2019 €'000
Accelerated capital allowances	16	-
Provisions	5	-
<b>Total</b>	<b>21</b>	<b>-</b>

### 21. Called up share capital

	2020 €	2019 €
Allotted, called up and fully paid		
39,600,001 ordinary shares of €1 each (2019: 39,600,001 ordinary shares of €1 each)	39,600,001	39,600,001

### 22. Merger reserve

The merger reserve represents a €988k purchase of trade and assets of branches from Bupa Insurance Limited in 2019. The purchase related to renewal rights which are amortised over their useful lives (7 years for the Malta branch and 5 years for the Danish travel branch), to the profit and loss reserve.

### 23. Technical provisions

#### Provision for unearned premiums

	2020 €'000	2019 €'000
Balance at 1 January	35,964	-
Premiums written	101,133	63,071
Deferred premiums released to income	(101,938)	(27,107)
<b>Balance at 31 December</b>	<b>35,159</b>	<b>35,964</b>

### 24. Claims outstanding

	2020 €'000	2019 €'000
Balance at 1 January	6,944	-
Increase in current year claims	49,574	15,160
Cash paid to settle claims	(43,389)	(8,243)
Foreign exchange movements	(321)	27
<b>Balance at 31 December</b>	<b>12,808</b>	<b>6,944</b>

## Notes forming part of the financial statements (continued)

### 25. Other provisions

	2020	2019
	€'000	€'000
Balance at 1 January	113	-
Provision made during the year	3	113
<b>Balance at 31 December</b>	<b>116</b>	<b>113</b>

Other provisions consists of the restoration costs associated with the right of use property. The restoration provision relates to estimates of costs to restore the leased property to its original condition, where the key assumptions are the weighted average restoration cost per square foot of €26 and the expected term of occupancy of 10 years.

### 26. Lease liabilities

	2020	2019
	€'000	€'000
Balance at 1 January	3,366	-
Additions	-	3,419
Repayment of debt	(403)	(120)
Interest on lease liability	62	67
<b>Balance at 31 December</b>	<b>3,025</b>	<b>3,366</b>
<b>Falling due within one year</b>	<b>349</b>	<b>340</b>
<b>Falling due between one year and five years</b>	<b>1,466</b>	<b>1,428</b>
<b>Falling due after more than five years</b>	<b>1,210</b>	<b>1,598</b>

### 27. Other creditors including tax and social welfare

	2020	2019
	€'000	€'000
Amounts owed to Bupa Group undertakings	6,488	6,039
Accruals and deferred income	2,679	1,232
Premium tax	2,301	1,495
Corporation tax payable	532	-
PAYE	170	116
Other payables	1,204	1,363
<b>Total</b>	<b>13,374</b>	<b>10,245</b>

### 28. Risk management

The Directors are responsible for identifying, evaluating and managing risks faced by the Company and consider the acceptable level of risk, the likelihood of these risks materialising, how to reduce the risk and the cost of operating particular controls relative to the benefit from managing the related risks.

The Company operates the three lines of defense model:

1. Business management is responsible for the identification and assessment of risks and controls;
2. Risk and compliance functions provide support and challenge the completeness and accuracy of risk assessments and the adequacy of mitigation plans, and ensure that the Company is in compliance with the various regulatory and other requirements; and
3. Internal audit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls.

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

The principal significant risks of the Company and how they are mitigated are described on pages 3 to 4.

The Company has adopted a risk management strategy that aims to mitigate these risks to an acceptable level, which is approved by the Board.

The Company has exposure to a number of risks from its use of financial instruments and risks associated with its insurance business. These have been categorised into the following types of risk, and details of the nature, extent and how the Company has managed these risks is described below:

1. Insurance risk
2. Market risk
3. Credit risk
4. Liquidity risk

#### Insurance risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate tariffs of insurance products as well as reserving risk which relates to the potential inadequacy of claims provision.

##### i. Underwriting risk

Underwriting risk refers to the potential deviation from the actuarial assumptions used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both the setting of adequate premiums rates (pricing risk) and the management of claims (claims risk) for insurance policies.

##### ii. Pricing risk

Pricing risk relates to the setting of adequate premium rates taking into consideration the volume and characteristics of the insurance policies issued, such as future claim projections. External influences on pricing risk include (but are not limited to) competitors' pricing and product design initiatives, and regulatory environments. The level of influence from these external factors can vary significantly between regions and largely depend on the maturity of health insurance markets and the role of the regulator. Actuarial analysis performed on a regular basis combined with an understanding of local market dynamics and the ability to change premium rates when necessary are effective risk mitigations.

The Company's dominant product is an annually renewable international private medical insurance contract. This permits insurance premium rate revisions to respond quickly to changes in customer risk profiles, claims experience and market considerations.

The ability to review premium rates is a significant mitigant to pricing risk. In addition, the Company does not underwrite material insurance business that commits it to cover risks at premiums fixed beyond a 12-month period from inception or renewal.

##### iii. Claims risk

Claims risk is the risk of claims exceeding the amounts assumed in the premium rates. This can be driven by an adverse fluctuation in the amount and incidence of claims incurred and external factors such as medical cost inflation greater than that included in the premium rates.

Claims risk is managed and controlled by means such as pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges. Specific claims management processes vary across the Company depending on local requirements, market environment and practice.

Adverse claims experience, for example, which is caused by external factors such as medical inflation, will affect cash flows after the date of the financial statements. Recent claims experience is reflected in these financial statements in claims paid and in the movement in the claims provisions.

Generally, the Company's health insurance contracts provide for the reimbursement of incurred medical expenses, typically in-hospital for treatment related to acute, rather than chronic, medical conditions. The contracts do not provide for capital sums or indemnified amounts. Therefore, claims experience is necessarily underpinned by prevailing rates of illness giving rise to hospitalisations. Claims risk is generally mitigated by the Company having processes to ensure that both the treatments and the consequent reimbursements are appropriate.

##### iv. Reserving risk

Reserving risk is the risk that provisions made for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk compared to underwriting risk due to the very short-term nature of our claims development patterns. The short-term nature of the Company's insurance contracts means that movements in claims development assumptions are generally not significant. The development claims patterns are kept under constant review to maintain the validity of the assumptions and, hence, the validity of the estimation of recognised insurance liabilities.

Insurance provisions are best estimates. Actual experience of claims costs and/or administrative expenses may well vary from that anticipated in the reserving estimates.

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

The following table shows the impact on profit before tax, and consequently equity, of reasonably possible variation in assumptions in the carrying value of insurance contract liabilities at the end of the reporting period:

	Increase in claims €'000	Increase in expenses €'000
2020		
Change in variable	5%	10%
Reduction in profit before taxation	572	92

Since premium provisions include profit margins, variances from expectations can be absorbed by these margins.

The amount of claims provision at any given time that relates to potential claims payments that have not been resolved within one year is not material. The small provisions that relates to longer than one year can be calculated with reasonable confidence.

While the Company is currently seeing lower claims due to short-term delays to elective surgery as a result of the pandemic, the cost of claims could increase in the long run due to cost of deferred treatments. A specific reserve is not held for deferred treatments as the obligating event, the treatment, has not occurred.

#### v. Other risks relating to underwriting health insurance business

Claims provisions are not discounted, and their short-term nature means that changes in interest rates have no material impact on reserving risk. In addition, the future premium income and claims outflows of health insurance premium liabilities are largely unaffected by changes in interest rates. However, changes to inflationary factors such as wage inflation and medical cost inflation affect the value of future claims outflows.

The Company is exposed to foreign currency risk through some of the insurance liabilities which are settled in a local currency. Where possible these liabilities are matched to assets in the relevant currency to provide an economic hedge to this exposure.

The majority of the Company's insurance activities are single line health portfolios. Even though only one line of business is involved, the Company does not have significant concentrations of insurance risk for the following reasons:

- Geographically diverse policyholders.
- product diversity between individual and corporate health insurance; and
- a variety of claims type exposures across diverse medical providers - consultants, nursing staff, clinics, individual hospitals and hospital groups.

#### vi. Geographical concentrations of risk

The Company is exposed to the risk that a single event occurs in a location which would result in a large number of claims arising under a group risk policy. This is mitigated by the nature of the IPMI business which, diversifies the Company's portfolio of risks across a number of countries.

#### vii. Catastrophe risk

A natural disaster or a man-made disaster could potentially lead to a large number of claims and thus higher than expected claims costs. In the majority of jurisdictions, the Company is not liable for such claims. Risks are further reduced by the geographical diversity of the portfolio of risks. Consideration of pandemics forms part of our regular stress and scenario testing.

#### Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk.

The Company actively manages market risk by ensuring that the majority of its cash is held with highly rated credit institutions, in line with the Company's Risk Appetite Statement.

#### i. Foreign exchange risk

The Company is exposed to foreign exchange risks arising from commercial transactions and from recognising assets, liabilities and investments in overseas operations. The Company is exposed to both transaction and translation risk.

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

#### i. Foreign exchange risk (continued)

Transactional exposures arise as a result of differences between the currency of local revenues and costs. Key exposures are to the US dollar, Danish krone and Sterling.

The SII Economic Balance Sheet (EBS) is exposed to foreign currency transactional and translational exposures. A program is in place to reduce the foreign exchange exposures and minimise the foreign exchange charge within the SII Solvency Capital Requirement (SCR). The Company matches significant non-euro balances through regular rebalancing of cash accounts in the major corresponding currencies. Due to the large number of currencies involved, it is not possible for the Company to fully match the currency risk and it will therefore frequently monitor residual balances to ensure it remains within its stated currency risk appetite.

The carrying value of net assets/(liabilities) categorised by foreign currency is as follows:

	Net currency exposure €'000
<b>2020</b>	
US dollar	(2,418)
Danish krone	(4,234)
Sterling	(13,296)
<b>Total foreign currency denominated net assets</b>	<b>(19,948)</b>
	Net currency exposure €'000
<b>2019</b>	
US dollar	(634)
Danish krone	(5,674)
Sterling	(11,257)
<b>Total foreign currency denominated net assets</b>	<b>(17,565)</b>

The table presents the 'net currency exposure' of the Company's net assets which drive translational foreign exchange risk. The rates used by the Company were the same as those applied across Bupa and the following exchange rates applied during the financial year.

	Average rate 2020	Average rate 2019	Closing rate 2020	Closing rate 2019
Danish krone	7.4596	7.4703	7.4442	7.4723
Sterling	0.8897	0.8773	0.8935	0.8472
US dollar	1.1420	1.1200	1.2212	1.1217

The impact of a hypothetical 10% strengthening and weakening of Euro against the currencies below, with all other variables constant, would have increased / (decreased) profit before taxation and reserves by the amounts shown below:

	Gain/(loss) include in Profit and Loss, strengthening 10% €'000		Gain/(loss) include in Profit and Loss, weakening 10% €'000	
	2020	2019	2020	2019
Danish krone	51	180	(42)	(148)
Sterling	1,338	(115)	(1,095)	94
US dollar	(488)	(3)	399	(23)
	<b>901</b>	<b>62</b>	<b>(738)</b>	<b>(77)</b>

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

#### i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

To minimise this risk the Company holds the vast majority of funds on account with highly rated banks.

The impact of a hypothetical rise of 100 bps in interest rates at the reporting date, on an annualised basis, would have decreased profit and reserves by €0.8m (2019: decrease €0.7m). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

#### Credit risk

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations. Bupa Group Treasury manages the Company's credit risk under the guidance of the Board. The Company does not plan to hold any corporate or other bonds over the business planning period and is therefore not exposed to the risk of widening spreads and defaults. There is banking counterparty default risk in respect of deposits and policyholder receivables.

Counterparty exposure is managed by dealing with highly rated counterparties with exposure limits as approved by Bupa Group and the Company. In addition, the Company does not permit securitised lending of its assets.

Investment exposure with external counterparties is managed by ensuring there is a sufficient spread of investments and that all counterparties are rated at least 'A' by two of the three key rating agencies used by the Company (unless specifically approved by the CFO and Bupa Group).

Information regarding the credit rating of financial assets held at amortised cost is provided below:

	Deposits with credit institutions	Cash and cash Equivalents	Debtors arising out of direct insurance operations	Other debtors
	€'000	€'000	€'000	€'000
<b>2020</b>				
AAA to A-	19,987	64,102	-	-
BBB+ and below	-	886	-	-
Not rated	-	-	16,107	142
<b>Total</b>	<b>19,987</b>	<b>64,988</b>	<b>16,107</b>	<b>142</b>
ECL provision	(86)	-	-	-
<b>Carrying amount</b>	<b>19,901</b>	<b>64,988</b>	<b>16,107</b>	<b>142</b>

	Deposits with credit institutions	Cash and cash Equivalents	Debtors arising out of direct insurance operations	Other debtors
	€'000	€'000	€'000	€'000
<b>2019</b>				
AAA to A-	-	65,772	-	-
BBB+ and below	-	1,168	-	-
Not rated	-	-	17,724	509
<b>Total</b>	<b>-</b>	<b>66,940</b>	<b>17,724</b>	<b>509</b>
ECL provision	-	-	-	-
<b>Carrying amount</b>	<b>-</b>	<b>66,940</b>	<b>17,724</b>	<b>509</b>

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

#### Credit risk (continued)

Information regarding the ageing of financial assets arising from insurance operations, and the value of the impairment made against these assets, is provided below:

	Not past due or impaired €'000	Financial assets that are past due but not impaired				Total carrying value €'000
		0 to 3 months €'000	3 months to 6 months €'000	6 months to 1 year €'000	Greater than 1 year €'000	
<b>2020</b>						
Policyholders	11,562	2,278	1,395	624	206	16,065
Intermediaries	191	-	-	-	-	191
Provision for bad debt - insurance debtors – direct	-	(19)	(57)	(73)	-	(149)
Debtors arising out of direct insurance operations	11,753	2,259	1,338	551	206	16,107
Other debtors	121	19	-	-	2	142
ECL provision	-	-	-	-	-	-
<b>Total</b>	<b>11,874</b>	<b>2,278</b>	<b>1,338</b>	<b>551</b>	<b>208</b>	<b>16,249</b>
<b>2019</b>						
Policyholders	13,833	3,144	440	217	-	17,634
Intermediaries	198	-	-	-	-	198
Provision for bad debt - insurance debtors – direct	-	(68)	(33)	(7)	-	(108)
Debtors arising out of direct insurance operations	14,031	3,076	407	210	-	17,724
Other debtors	456	53	-	-	-	509
ECL provision	-	-	-	-	-	-
<b>Total</b>	<b>14,487</b>	<b>3,129</b>	<b>407</b>	<b>210</b>	<b>-</b>	<b>18,233</b>

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

#### Credit risk (continued)

Information regarding the ECL allowance by class of financial investments at amortised cost and fair value through profit or loss is shown below.

	Deposits with credit institutions	Cash and cash equivalents €'000	Debtors arising out of direct insurance operations €'000	Other debtors €'000
	€'000	€'000	€'000	€'000
<b>2020</b>				
At 1 January	-	66,940	17,724	509
Recognition and settlement	19,987	(1,546)	(1,252)	(367)
Foreign exchange and other movements	-	(406)	(365)	-
<b>Balance at 31 December</b>	<b>19,987</b>	<b>64,988</b>	<b>16,107</b>	<b>142</b>
ECL provision	(86)	-	-	-
<b>Carrying amount</b>	<b>19,901</b>	<b>64,988</b>	<b>16,107</b>	<b>142</b>
<b>2019</b>				
At 1 January	-	38,710	-	27
Recognition and settlement	-	28,190	17,537	456
Foreign exchange and other movements	-	40	187	26
<b>Balance at 31 December</b>	<b>-</b>	<b>66,940</b>	<b>17,724</b>	<b>509</b>
ECL provision	-	-	-	-
<b>Carrying amount</b>	<b>-</b>	<b>66,940</b>	<b>17,724</b>	<b>509</b>

## Notes forming part of the financial statements (continued)

### 28. Risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company enjoys a strong liquidity position and adheres to strict liquidity management policies as set by its Investment Committee.

Liquidity is managed by currency and by considering the segregation of accounts required for regulatory purposes.

The contractual maturities of financial liabilities and the expected maturities of other liabilities including estimated interest payments of the Company as at 31 December are as follows:

	Provision for unearned premiums €'000	Claims outstanding €'000	Total Creditors €'000	Lease liability €'000	Total €'000
<b>As at 31 December 2020</b>					
2021	35,159	12,808	19,558	403	67,928
2022	-	-	-	403	403
2023	-	-	-	403	403
2024	-	-	-	403	403
2025	-	-	-	403	403
2026 -2029	-	-	-	1,245	1,245
<b>Total</b>	<b>35,159</b>	<b>12,808</b>	<b>19,558</b>	<b>3,260</b>	<b>70,785</b>
<b>Carrying value</b>	<b>35,159</b>	<b>12,808</b>	<b>19,558</b>	<b>3,025</b>	<b>70,550</b>
<b>As at 31 December 2019</b>					
2020	35,964	6,944	15,016	403	58,327
2021	-	-	-	403	403
2022	-	-	-	403	403
2023	-	-	-	403	403
2024	-	-	-	403	403
2025 -2028	-	-	-	1,647	1,647
<b>Total</b>	<b>35,964</b>	<b>6,944</b>	<b>15,016</b>	<b>3,662</b>	<b>61,586</b>
<b>Carrying value</b>	<b>35,964</b>	<b>6,944</b>	<b>15,016</b>	<b>3,366</b>	<b>61,290</b>

The Company manages liquid cash and deposits with financial institutions against a short-term duration benchmark. The maturity profile of financial assets at 31 December are all less than one year or equal to one year in duration.

## Notes forming part of the financial statements (continued)

### 29. Capital management

The total capital of the Company as at 31 December 2020 consists of shareholder's equity of €38.8m (2019: €32.6m).

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all its customers, investors, regulator and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development.

Management reviews capital on an on-going basis with a view to maintaining a level of capital sufficient to cover significant balance sheet risks and regulatory requirements.

The Company's capital position is kept under constant review and is reported monthly to the Board.

The Company is subject to the requirements of the SII Directive and must hold sufficient capital to cover its Solvency Capital Requirement (SCR). In addition, the Company maintains a buffer in excess of this capital requirement, calibrated in line with the capital risk appetite set by the Board. The SCR is calculated in accordance with the Standard Formula specified in the SII regulations.

At least annually, the Company will carry out an Economic Capital Assessment (ECA) in which it makes its own quantification of how much capital is required to support its risks. The ECA is used to assess how well the Standard Formula SCR reflects the Company's actual risk profile.

The ECA forms part of the Own Risk and Solvency Assessment (ORSA) which comprises all the activities by which the Company establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA Report which is reviewed by the Risk Committee, approved by the Board and submitted to the CBI at least annually.

The Company's Eligible Own Funds, determined in accordance with the SII valuation rules, were €36.8m (2019: €36.0m) which was in excess of the SCR of €23.6m (2019: €18.0m). This represented a SCR ratio of 156% (2019: 200%).

### 30. Immediate and ultimate parent company

The Company's immediate parent undertaking is Bupa Global Holdings Limited, and the ultimate parent undertaking is Bupa, a company incorporated in the UK. The smallest and largest group into which these financial statements are consolidated are that headed by Bupa Finance plc and Bupa respectively. The consolidated financial statements for both Bupa Finance plc and Bupa may be obtained in offices located at 1 Angel Court, London, EC2R 7HJ, United Kingdom and are available at [www.bupa.com](http://www.bupa.com).

### 31. Subsequent events

There have been no significant subsequent events since the balance sheet date that require disclosure or adjustment to the financial statements.

### 32. Approval of financial statements

The Board approved these financial statements on 6 April 2021.