HDI ASSICURAZIONI

Solvency and Financial Condition Report 2024

HDI ASSICURAZIONI S.p.A.

Solvency and Financial Condition Report

2024

Approved by the Board of Directors on 21 March 2025

INDEX

SIGNIFICANT COMPANY FIGURES AS OF DECEMBER 31, 2024

Net profit*

Variation:
-14,176 thousand €

28,443 thousand €

Pre-tax profit*

Variation:
-18,812 thousand €

35,875 thousand €

Net assets*

Variation:
-25,907 thousand €

637,967 thousand €

Investments*

Variation:
-5.08%

6,404,350 thousand €

Issued premiums*

Variation:
+14.3%

1,826,076 thousand €

Solvency Ratio

Variation:
+11.5%

206,5%

Solvency Capital Requirement

Variation:
-18,623 thousand €

452,721 thousand €

Minimum Capital Requirement

Variation:
-8,381 thousand €

203,724 thousand €

Own Funds to cover the SCR

Variation:
+15,407 thousand €

934,696 thousand €

Own Funds to cover the MCR

Variation:
+29,837 thousand €

755,874 thousand €

Employees

Variation:
+24

602

Sustainable investments ESG*

1,304,087 thousand €

*Statutory account


SYNTHESIS
HDI
ASSICURAZIONI

This document represents the Annual Report on Solvency and Financial Condition (SFCR) of HDI Assicurazioni S.p.A., (hereinafter also the Company), and is intended to meet specific information obligations, in order to ensure transparency towards external parties and the market, as governed by Directive 2009/138/EC issued by the European Parliament (Solvency II Directive), transposed by the Private Insurance Code (CAP), by the requirements of Delegated Regulation (EU) 2015/35 (Delegated Acts), which supplements the Directive, and according to the provisions of IVASS Regulation no. 33.

This section summarizes the essential information relating to the Company's solvency and financial situation, which is discussed in more detail in the following sections with reference to:

A. Activities and Results
B. Governance System
C. Risk Profile
D. Solvency assessment
E. Capital Management

All information contained in the document refers, unless otherwise indicated, to the Company's 2024 financial year.

All amounts are shown in thousands of euros. Any inconsistencies in the sums/differences shown in the tables are due to rounding.

A. Activities and Results

The company operates with a defined and selected customer base, offering systems of products and services designed to create value for the customer and a competitive advantage for the company.

The customer base consists mainly of the retail segment and is divided into the following segments in order to best identify insurance needs: households, tradesmen, craftsmen, small professionals and small and medium-sized enterprises.

The company closed 2024 with a pre-tax profit of 35,875 thousand euros, showing an overall decrease of 18,812 thousand euros compared to 54,687 thousand euros in 2023. On the other hand, the net profit for 2024 amounted to 28,443 thousand euros, a decrease of 14,176 thousand euros compared to the previous year.

Specifically, the profit before tax related to the non-life business decreased by 11,769 thousand euros, from 48,077 thousand euros in 2023 to 36,308 thousand euros in 2024, while the profit before tax related to the life business decreased by 7,043 thousand euros, from a profit of 6,610 thousand euros in 2023 to a loss of 433 thousand euros in 2024.

The decrease in the profit before tax is mainly due to the following changes.

The non-life technical account result improves by 19,916 thousand euros, while the life technical account result worsens by 11,211 thousand euros.

Other income and expenses were negative at 16,672 thousand euros and improved by 171 thousand euros compared to the previous year, of which -1,400 thousand euros non-life and +1,571 thousand euros life. Extraordinary income and expenses recorded a decrease of 25,272 thousand euros, of which -27,682 thousand euros non-life and +2,410 thousand euros life.

With respect to the net financial income, there was a decrease of 7,565 thousand euros in the life business; in particular, the net investment income decreased by 10,922 thousand euros, while the net extraordinary income increased by 3,357 thousand euros. The non-life financial result decreased by EUR 5,785 thousand, with a decrease of EUR 5,844 thousand in the investment result and an increase of EUR 59 thousand in the extraordinary result.

The technical performance of the non-life business - direct business - shows improved results compared to the previous year in terms of the combined ratio, which decreased from 103.4% in 2023 to 90.61% in 2024 (-12.79 percentage points). The improvement in the gross combined ratio is due to the combined effect of the reduction in claims (2023 was characterised by a high claims ratio, partly due to the weather events recorded during the year) and the increase in gross premiums written during the year.

Shareholders' equity as at 31 December 2024 amounted to 637,967 thousand euros, of which 227,204 thousand euros life and 410,763 thousand euros non-life, compared with 663,874 thousand euros as at 31 December 2023, of which 224,158 thousand euros life and 439,716 thousand euros non-life. 716 thousand non-life, increased by the profit for the year 2024 of 28,443 thousand euros, of which 3,046 thousand euros life and 25,397 thousand non-life, and decreased by the distribution to the shareholder of dividends paid by the non-life business of 54,350 thousand euros.

Premiums written totalled 1,826,076 thousand euros, an increase of +14.3 per cent from 1,597,369 thousand euros in the previous year. Premiums written in direct non-life business amounted to 769,555 thousand euros, an increase of +7.5% compared to 715,742 thousand euros in the previous year, while premiums written in life business amounted to 1,056,358 thousand euros, an increase of +19.8% compared to 881,483 thousand euros in the previous year.

The percentage composition of total premiums written shows an increase in life business from 55.2% in 2023 to 57.9% in 2024, while the weight of non-life premiums decreases from 44.8% to 42.1%.

In relation to the turbulent situation in the financial markets during 2022, Decree Law No. 73 of 21 June 2022, converted with amendments by Law No. 122 of 4 August 2022, had introduced the option for Italian insurance companies to prepare their financial statements and half-yearly report in accordance with Legislative Decree No. 122 of 26 May 1997, 173, to derogate temporarily and extraordinarily from the rules provided for by the Civil Code on the valuation of securities not intended to remain permanently in the company's assets and, as such, present in the portfolio for non-durable use. The exemption allowed insurance companies that had recorded capital losses on securities in the non-durable portfolio to value them at the value resulting from the regularly approved annual financial statements or, for securities not present in the portfolio as at 31 December 2021, at acquisition cost, instead of at the realisable value inferred from market trends, with the exception of losses of a durable nature. However, the rule provided that profits could not be distributed until such non-write-down ("unavailable reserve") could be distributed. IVASS, in implementation of the aforementioned primary rules, adopted Regulation no. 52 of 30 August 2022.

In the first months of 2023, the legislator intervened on the legislation illustrated above when converting the so-called Aid Decree quarter, providing for the possibility of deducting from the amount of the unavailable reserve the portion, attributable to policyholders, of the non-write-down of securities, referring to the financial year and up to five subsequent years (a rule inspired by the shadow accounting technique provided for by international accounting standards). To this end, IVASS Provision no. 127 of 14 February 2023 updated the text of some provisions of IVASS Regulation no. 52 of 30 August 2022.

The Decree of the Ministry of Economy and Finance of 14 September 2023, published in the Official Gazette on 23 September 2023, in view of the continuing situation of volatility and turbulence in the financial markets, had also extended this option to the entire financial year 2023, but without the possibility of deducting the portion from the amount of the unavailable reserve, attributable to the insured, the non-write-down of securities, referring to the financial year and up to five subsequent years. To this end, IVASS Provision no. 138 of 25 September 2023 had updated the text of some provisions of IVASS Regulation no. 52 of 30 August 2022.

In September 2023, the legislator again intervened on the aforementioned primary rule with Decree-Law No. 131 of 29 September 2023, converted with amendments by Law No. 169 of 27 November 2023, reformulating Article 45 of Decree-Law No. 73/2022 and reintroducing the possibility of deducting from the amount of the unavailable reserve the portion attributable to policyholders, the non-devaluation of securities, referring to the financial year and up to five subsequent years. The Minister of Economy and Finance, with the Decree of 8 February 2024, published in the Official Gazette of 26 February 2024, considering the persistence of a situation of price volatility and therefore of market turbulence, confirmed the extension to the whole of the financial year 2023 of the right for insurance companies to also take into account the effect on existing commitments to policyholders referring to the financial year and up to five subsequent years. The same decree provided that companies determine the amount of distributable profits taking into account the amount already distributed for the 2022 financial year. IVASS, with provision no. 143 of 12 March 2024, has therefore again amended Regulation no. 52 of 30 August 2022 to implement the provisions issued by the Minister of Economy and Finance.

Finally, the Ministry of Economy and Finance, with a decree published on 27 September 2024, also extended for the entire financial year 2024 the right for Italian insurance companies to derogate temporarily and extraordinarily from the rules provided for by the Civil Code on the valuation of securities not intended to remain permanently in the company's assets and, as such, present in the wallet for non-durable use. A similar extension did not take place with reference to the possibility of deducting the portion attributable to policyholders from the amount of the unavailable reserve.

For the purposes of preparing the 2024 financial statements, in continuity with the previous year, the Company has decided to make use of the provisions in question and therefore use the right to derogate from the normal valuation criteria of securities provided for by the Civil Code.

On 2 November 2023, IVASS had given the green light to the merger of the CBA Accumulo separate management into the Alfiere separate management, with Provision no. 0251167/23. The merger took effect from 1 April 2024 and involved two separate management companies characterised by homogeneous investment policies and which have a similar composition in terms of asset class, albeit with an allocation that sees a higher percentage of UCIs with regard to the Alfiere separate management.

In addition, on 17 July, IVASS gave the green light to the merger of the Bancom segregate fund into the Alfiere segregate fund, with Provision no. 0172719/24. The merger took effect from 1 October 2024 and involved two separate management companies characterised by homogeneous investment policies and with similar risk profiles.

Both transactions took place without any increase in charges or expenses for the contracting parties, as provided for by art. 34 of ISVAP Regulation No. 14/2008, and were carried out in order to achieve the interest of the contractors, as they were mainly motivated by the need for dimensional adequacy, by the search for an improvement in management efficiency that can be achieved both through the management of a single larger asset and through the management of a portfolio open to new production, able to seize the investment opportunities offered by the financial markets

The month of January 2025 was marked by a flow of data, events and news of great importance, which triggered a significant increase in volatility. First, a slew of data on the U.S. economy has again led investors to assume a "higher, longer" rate scenario; secondly, the news of the release by the Chinese company DeepSeek of a new artificial intelligence model has triggered a deep rotation and widespread profit-taking within the technology sector. Finally, the White House's announcement of tariffs of 25% on imports from Canada and Mexico and 10% on those from China triggered pessimistic expectations at the end of the month. On the other hand, the decisions taken by the Fed and the ECB did not hold any major surprises: the US central bank left rates unchanged, while the ECB cut rates by 25 basis points and confirmed the adoption of a gradual approach, while stressing that the disinflation process is in full swing and monetary policy is still tight.

Against this backdrop, global bond markets performed marginally well.

Despite a scenario that remains highly uncertain at the date of preparation of the financial statements, the results for the first months of 2025, with reference to insurance and financial technical management, are in line with the trends highlighted in 2024 and in line with the objectives set and expectations.

As far as the insurance business is concerned, no particularly significant events were reported.

B. Governance System

HDI Assicurazioni S.p.A., in accordance with IVASS Regulation no. 38 of 3 July 2018, adopts an "enhanced" corporate governance system, referred to in the IVASS Market Letter of 05 July 2018, considered the most suitable for the sound and prudent management of the Company.

HDI Assicurazioni's Governance System is proportionate to the nature, complexity of the Company's activities and risk profile; is oriented towards the objective of creating value for shareholders in the medium to long term, in the awareness of the social importance of the activities in which the Company is engaged and of the consequent need to adequately consider, in their performance, all the interests involved.

The Company adopts the traditional Governance System as defined by Italian legislation, having as its main bodies: the Shareholders' Meeting which, in matters within its competence, expresses the will of the Shareholders; the Board of Directors, which is entrusted with the strategic management of the Company, and the Board of Statutory Auditors, which operates to supervise compliance with the Law and the Articles of Association.

The Top Management responsible for the implementation, maintenance and monitoring of the policies and directives issued by the Board of Directors is also an integral part of the corporate governance model.

In addition, the Company, in accordance with the provisions of the regulations, has established four Fundamental Functions, so-called Key Functions: Internal Audit, Group Risk Management, Group Compliance and Actuarial Function and, in accordance with the provisions of IVASS Regulation no. 44/2019, has established an independent Anti-Money Laundering, Anti-Terrorism and Anti-Fraud Function.

The roles and responsibilities of the fundamental functions responsible for internal control are set out in specific policies approved by the Company's Board of Directors.

C. Risk Profile

The establishment of a Risk Management System structured according to the nature, scope and activity carried out that allows the Company to identify, assess and control the risks associated with the business activity carried out, together with a system of limits and thresholds, are the fundamental elements that allow the Company to monitor its risk profile in order to achieve the objectives set, avoiding those risks that could undermine its solvency.

With reference to the valuation as at 31/12/2024, the total amount of the Solvency Capital Requirement (SCR) is equal to 452,721 thousand, while the Minimum Capital Requirement (MCR) is equal to 203,724 thousand.

With reference to the risks assessed through the capital requirement calculated according to the Standard Formula with the application of USP parameters to technical non-life risks, the amount of the SCR per risk module is shown below.

SOLVENCY CAPITAL REQUIREMENT (amounts in EUR thousand)	2024
Market risk	172.907
Counterparty default risk	69.584
Life underwriting risk	85.234
Health underwriting risk	30.368
Non-life underwriting risk	288.089
Diversification	-207.776
BSCR	**438.406**
Operational risk	62.487
Loss-absorbing capacity of deferred taxes	-48.172
SCR	**452.721**

In this context, the most significant risk modules are underwriting risk for the Non-Life segment, market risk and underwriting risk for the Life segment.

D. Assessment for Solvency

The total assets of the Solvency II financial statements amount to 6,970,903 thousand Euros and compared to 7,361,214 thousand Euros of the statutory financial statements, show a lower value of -390,311 thousand Euros.

The total liabilities of the Solvency II financial statements amount to 6,142,835 thousand Euros and compared to 6,723,247 thousand Euros of the statutory financial statements, show a lower value of -580,412 thousand Euros. Overall, therefore, the excess of assets over liabilities in the Solvency II financial statements amounts to 828,068 thousand Euros and compared to 637,967 thousand Euros in the statutory financial statements, it shows a higher value of 190,101 thousand Euros.

The technical provisions of the P&C business relating to the valuation under Solvency II as at 31 December 2024 amounted to 1,318,493 thousand Euros, while the technical provisions of the life business, again according to the Solvency II assessment, as at 31 December 2024 amounted to 4,367,306 thousand Euros.

Further details on the criteria and methodologies applied for the valuation of assets and liabilities are provided in this section.

E. Capital Management

With regard to solvency, as at 31 December 2024, the Company had Eligible Own Funds to cover the SCR amounting to 934,696 thousand Euros, of which 715,130 thousand Euros classified in Tier 1, 196,728 thousand Euros classified in Tier 2 and 22,838 thousand Euros classified in Tier 3. The Solvency Capital Requirement is equal to 452,721 thousand Euros and therefore the Company's Solvency Ratio, given by the ratio between eligible own funds and the Solvency Capital Requirement, is equal to 206.5%.

With regard to MCR, the Company holds eligible Treasury funds for coverage of 755,874 thousand Euros, of which 715,130 thousand Euros classified in Tier 1 and 40,745 thousand Euros classified in Tier 2. The minimum capital requirement is equal to 203,724 thousand Euros; therefore, the MCR Ratio is equal to 371.0%.

AVAILABLE AND ELIGIBLE OWN FUNDS (amounts in EUR thousand)

	2024
Total available own funds to meet the SCR	**934.696**
Total available own funds to meet the MCR	**911.857**
Total eligible own funds to meet the SCR	**934.696**
Total eligible own funds to meet the MCR	**755.874**
SCR	452.721
MCR	203.724
Ratio of Eligible own funds to SCR	206,5%
Ratio of Eligible own funds to MCR	371,0%

A. ACTIVITIES AND RESULTS

A.1 Activities

A.1.1 Company Information

HDI Assicurazioni S.p.A., with registered office in Rome, is an insurance company authorised to carry out life and non-life insurance activities by Ministerial Decree no. 19570/1993 and is registered in Section I of the Register of Insurance Companies under no. 1.00022.

On 15 July 2008, IVASS registered the HDI Assicurazioni Group in the Register of Insurance Groups, assigning it the order number "015".

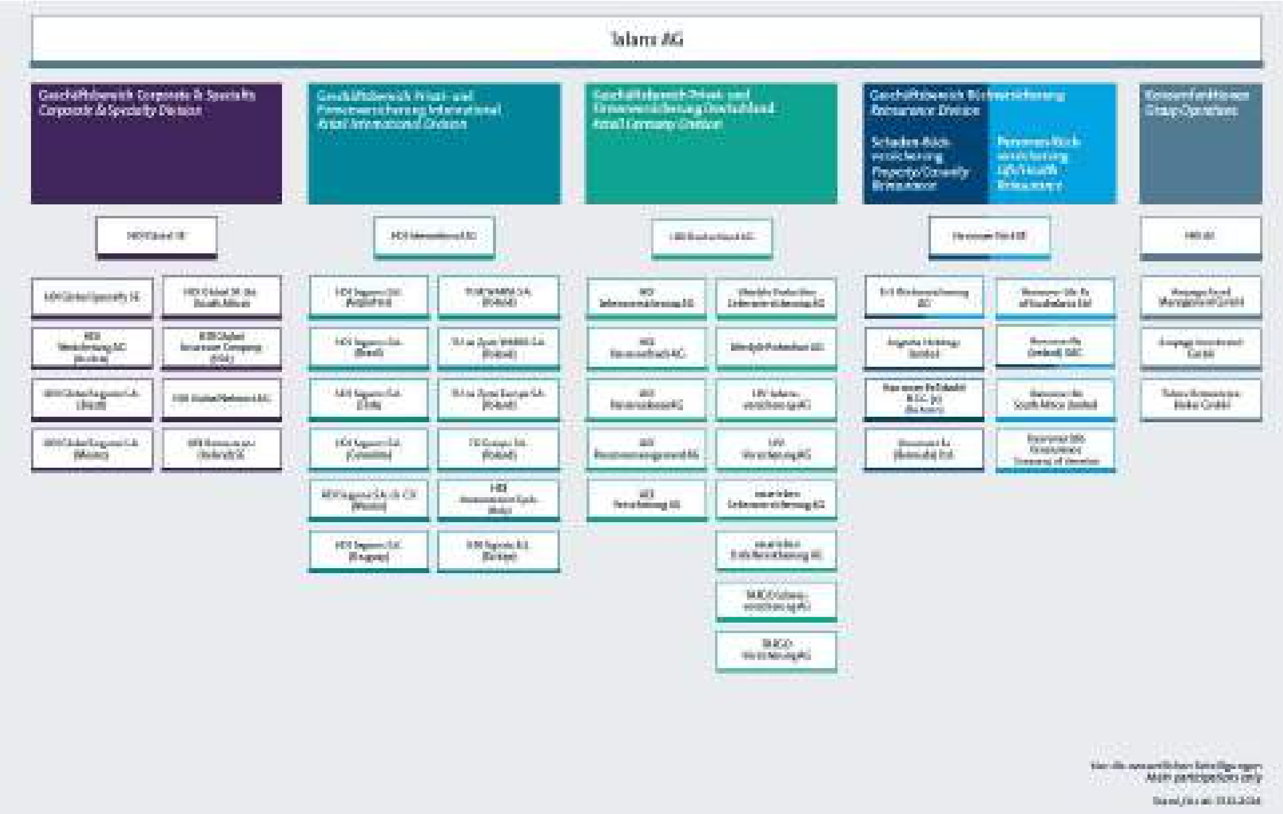
As of December 31, 2024, the following companies belong to the Group:

- HDI Assicurazioni S.p.A. (Parent Company), with registered office in Rome P.zza Guglielmo Marconi, 25;
- HDI Immobiliare S.r.l., with registered office in Rome, P.zza Guglielmo Marconi, 25, a real estate management company 100% owned by HDI Assicurazioni S.p.A.;
- InLinea S.p.A., with registered office in Rome, P.zza Guglielmo Marconi, 25, a financial and insurance brokerage company, 100% owned by HDI Assicurazioni S.p.A.;
- InChiaro Life dac, an Irish insurance company, based in Dublin, engaged in life insurance activities, 100% owned by HDI Assicurazioni S.p.A.

The Company is part of a large German insurance company present in over 175 countries worldwide, given that the controlling shareholder - as the holder of 88.58% of the share capital - is HDI International AG whose share capital is wholly owned by Talanx AG.

It should be noted that the owner of the remaining 11.42% of the share capital is HINT Europa Beteiligungs AG & Co. KG, which in turn is controlled by HDI International AG.

Talanx AG - the holding company of the HDI Group - is a mutual insurance company - through various companies, operating in the field of direct non-life and life insurance, in the field of non-life, life, health reinsurance, and in financial services.



HDI Assicurazioni S.p.A., as already highlighted, is a multi-class company that operates on the national territory, through a network of General Agencies and with specific agreements with banking institutions and brokers.

The auditing of the accounts of HDI Assicurazioni S.p.A. is carried out by the Independent Auditors PricewaterhouseCoopers S.p.A.

The company mission is summarized in the claim "by your side, every day": proximity to the customer is the element that differentiates us. The claim expresses HDI Assicurazioni's vision of the insurance relationship, which must be based on precise values such as proximity, service, transparency, honesty and competence.

The Company operates with a defined and selected clientele by proposing offer systems consisting of products and services designed to create value for customers and produce a competitive advantage for its activities. The clientele is mainly composed of the Retail segment.

The origins of the Company have their roots in our country, Italy, where in 1881 the "Mutual Aid Society" was founded by a group of railway workers. HDI Assicurazioni is today the result of that journey that began more than a century ago.

In 1997 HDI took another step forward, becoming part of the Talanx Group of Hanover (formerly the HDI Group), a large German insurance group of international importance.

In Italy, HDI can count on over 800 agents distributed equally throughout the territory and a presence made even more widespread by the partnership with important players in the banking sector that complete the Company's sales network. In 2021, with the acquisition of Amissima Assicurazioni SpA, HDI Assicurazioni moved to 11th place among non-life insurers in Italy.

HDI Assicurazioni's strategic vision, in line with the Group's principles, is based first and foremost on the centrality of its customers. We want to be an insurance company that is always connected with the customer, able to improve the quality of the offer and service. To constantly improve the service to policyholders by differentiating our offer and optimizing rates.

In summary, being "By your side, every day" for HDI means:

- create "tailor-made" offer profiles and services, distributed through specific channels;
- act according to the principles of social responsibility and with particular attention to the community in which we live;
- build, over time, a relationship of loyalty, mutual esteem and trust with people who believe in the importance of insurance, as a useful tool for safeguarding and increasing their standard of living.

A.1.2 Significant events

During the second half of 2024, the merger of two separate management companies of HDI Assicurazioni was completed: in particular, the separate management "Bancom Fund" was incorporated into the separate management "Alfiere".

As required by current regulations, the transaction was previously authorised by IVASS.

A.2 Underwriting Results

The result of underwriting activities, net of reinsurance, broken down by business segment (Lines of Business), is shown in the following table. The net underwriting result differs from the net technical balance in the statutory financial statements prepared in accordance with Italian accounting standards, due to the absence of financial income and expenses and other technical income and expenses. Claims costs include settlement costs, which amount to 60,156 thousand Euros in the non-life business and 1,251 thousand Euros in the life business. P&C operating expenses include acquisition costs of 94,669 thousand Euros, administrative expenses of 21,423 thousand Euros and general expenses of 85,426 thousand Euros. Life management expenses include acquisition costs of 355 thousand Euros, administrative expenses of 4,868 thousand Euros and general expenses of 14,827 thousand Euros.

UNDERWRITING RESULTS (NET OF REINSURANCE) (amounts in EUR thousand)

Lines of Business	Premiums written	Premiums earned (A)	Claims (B)	Variation of other technical provisions (C)	Management Expenses (D)	Underwriting Result E=A-B-C-D
Medical expense insurance	5.057	4.659	2.048	-	2.147	464
Income protection insurance	48.919	52.140	17.018	-	20.769	14.353
Motor vehicle liability insurance	406.605	401.144	299.792	-	92.740	8.612
Other motor insurance	90.342	78.602	54.896	-	29.220	-5.514
Marine, aviation and transport insurance	1.998	1.270	3.301	-	364	-2.395
Fire and other damage to property insurance	75.850	71.398	40.812	-	31.036	-450
General liability insurance	47.283	47.919	17.779	-	17.040	13.100
Credit and suretyship insurance	19.661	18.848	1.150	-	4.078	13.620
Legal expenses insurance	2.077	1.664	963	-	-1.194	1.895
Assistance	11.753	12.569	2.518	-	4.926	5.125
Miscellaneous financial loss	1.682	2.883	6.187	-	392	-3.696
Total Non Life	711.227	693.096	446.464	-	201.518	45.114
Health insurance	-	-	-	-	-	-
Insurance with profit participation	976.616	976.616	1.290.620	-	19.175	-333.179
Index-linked and unit-linked insurance	71.531	71.531	66.763	-	1.578	3.190
Other life insurance	2.235	2.235	3.691	-	-703	-753
Total Life	1.050.382	1.050.382	1.361.074	-	20.050	-330.742
Total	**1.761.609**	**1.743.478**	**1.807.538**	**-**	**221.568**	**-285.628**

Prizes issued

Gross premiums issued for direct business amounted to 1,825,913 thousand Euros, an increase of +14.3% compared to 1.597,225 thousand Euros in the previous year. P&C premiums amounted to 769,555 thousand Euros, increasing by +7.52% compared to 715,742 thousand Euros in the previous year. Life written premiums, amounting to 1,056,358 thousand Euros, recorded an increase of +19.8% compared to 881,483 thousand Euros in 2023.

The percentage composition of total premiums issued shows a decrease in non-life classes from 44.8% to 42.1%, while life classes grew from 55.2% in 2023 to 57.9% in 2024.

The motor classes, with 508,967 thousand Euros, represent 66.1% of the total non-life classes (64.7% in 2023) and compared to the previous year recorded an increase of 45,728 thousand Euros, while the other non-life classes, with 260,588 thousand Euros, represent 33.9% of the total non-life classes (35.3% in 2023) and compared to the previous year recorded an increase of +8,085 thousand Euros (+3.2%).

WRITTEN PREMIUMS (amounts in EUR thousand)

Direct Business	2024		2023		Variation	
	Amount	%	Amount	%	Amount	%
Motor vehicle liability insurance	408.985	22,40%	381.179	23,9%	27.806	7,3%
Other motor insurance	99.982	5,5%	82.060	5,1%	17.922	21,8%
Total Motor segments	508.967	27,9%	463.239	29,0%	45.728	9,9%
Medical expense insurance	5.211	0,3%	4.625	0,3%	586	12,7%
Income protection insurance	50.414	2,8%	51.525	3,2%	-1.111	-2,2%
Marine, aviation and transport insurance	2.063	0,1%	1.930	0,1%	133	6,9%
Fire and other damage to property insurance	85.049	4,7%	77.792	4,9%	7.257	9,3%
General liability insurance	50.618	2,8%	50.260	3,1%	358	0,7%
Credit and suretyship insurance	38.413	2,1%	38.574	2,4%	-161	-0,4%
Legal expenses insurance	7.508	0,4%	7.548	0,5%	-40	-0,5%
Assistance	19.548	1,1%	19.229	1,2%	319	1,7%
Miscellaneous financial loss	1.764	0,1%	1.020	0,1%	744	72,9%
Total other non-life segments	260.588	14,3%	252.503	15,8%	8.085	3,2%
Total Non-Life	**769.555**	**42,1%**	**715.742**	**44,8%**	**53.813**	**7,5%**
Health insurance	3	0,0%	4	0,0%	-1	-25,0%
Insurance with profit participation	976.623	53,5%	809.490	50,7%	167.133	20,6%
Index-linked and unit-linked insurance	71.531	3,9%	62.988	3,9%	8.543	13,6%
Other life insurance	8.201	0,4%	9.001	0,6%	-800	-8,9%
Total Life	**1.056.358**	**57,9%**	**881.483**	**55,2%**	**174.875**	**19,8%**
Total direct business	**1.825.913**	**100,0%**	**1.597.225**	**100,0%**	**228.688**	**14,3%**
Total indirect business	**163**		**144**		**19**	**13,2%**
Total written premiums	**1.826.076**		**1.597.369**		**228.707**	**14,3%**

Premiums written by the Motor Vehicle Liability Insurance segment amounted to 408,985 thousand Euros, representing 22.4% of total non-life classes, while premiums written by Other motor insurance amounted to 99,982 thousand Euros, equal to 5.5% of total non-life classes. The increase in motor liability premiums was determined by an increase in the average premium (+6.9%), while there was a slight decrease in the number of policies in the portfolio (-0.8%).

As part of the other non-life classes, among the most significant classes is the increase in the Insurance against fire and other property damage classes (+7,257 thousand Euros compared to the 2023 figure); the changes recorded by the other non-life classes were more contained, although growing overall.

Within the life business, the increase in premiums issued, amounting to +174,875 thousand Euros, is mainly attributable to the premium income of the Insurance business with profit sharing, which amounted to 976,623 thousand Euros and increased by +167,133 thousand Euros (+20.6 thousand Euros).%), premium income relating to the Insurance business linked to an index and linked to units increased from 62,988 thousand Euros in 2023 to 71,531 in 2024 (+13.6%). Finally, premiums written in the Other Life Insurance business decreased by -8.9% compared to 2023 and amounted to 8,201 thousand Euros.

New business amounted to 971,276 thousand Euros, an increase of 20.7% compared to 2023. In particular, single premiums and recurring premiums, with 969,475 thousand Euros, increased by 20.9%, while annual premiums, with 1,801 thousand Euros, decreased by 39.8%.

Technical performance of claims and management expenses

The technical performance of the P&C business – direct business – shows improved results compared to the previous year, with reference to the combined ratio which went from 103.41% in 2023 to 90.62% in 2024.

The total claims-to-premiums ratio decreased by 11.92 points, from 73.59% to 61.67%.

The cost ratio decreased from 29.82% to 28.94%.

The aforementioned ratios are calculated considering the settlement costs in the context of claims charges, in line with the classification in the statutory financial statements.

TECHNICAL PERFORMANCE

	2024	2023	Variation
Total C/P	61,67%	73,59%	-11,92
Cost ratio	28,94%	29,82%	-0,87
Combined ratio	90,62%	103,41%	-12,79

The improvement in the gross combined ratio is attributable to the combined effect of the reduction in claims (2023 was characterized by a high claims rate, also due to the weather events recorded during the year) and the increase in gross written premiums recorded during the year.

The following tables show the data relating to the ratio Total Claims (Claims for the year and previous years) / Accrual premiums and the ratio Management expenses / Accrual premiums, by Solvency II balance sheet class compared with the data of the previous year.

CLAIMS / EARNED PREMIUMS

(amounts in EUR thousand)

Description	2024			2023			Variation
	Claims pertaining to the period	Premiums pertaining to the period	Claims/ Premiums	Claims pertaining to the period	Premiums pertaining to the period	Claims/ Premiums	Claims/ Premiums
Medical expense insurance	2.134	4.892	43,62%	988	17.421	5,67%	37,95
Income protection insurance	17.727	54.391	32,59%	22.033	41.564	53,01%	-20,42
Motor vehicle liability insurance	300.200	403.524	74,39%	283.601	369.901	76,67%	-2,27
Other motor insurance	54.483	88.242	61,74%	60.080	76.220	78,82%	-17,08
Marine, aviation and transport insurance	3.193	1.335	239,18%	409	1.999	20,46%	218,72
Fire and other damage to property insurance	45.395	80.457	56,42%	83.260	71.525	116,41%	-59,99
General liability insurance	22.422	51.228	43,77%	37.106	49.202	75,42%	-31,65
Credit and suretyship insurance	3.201	35.910	8,91%	13.527	33.138	40,82%	-31,91
Legal expenses insurance	1.948	7.490	26,01%	-546	7.713	-7,08%	33,09
Assistance	5.996	19.611	30,57%	6.082	19.256	31,58%	-1,01
Miscellaneous financial loss	6.246	3.543	176,29%	600	1.173	51,15%	125,14
Total	462.945	750.623	61,67%	507.140	689.112	73,59%	-11,92

OPERATING EXPENSES INCURRED / EARNED PREMIUMS

(amounts in EUR thousand)

Description	2024			2023			Variation
	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	Operating expenses incurred	Premiums pertaining to the period	Expenses/ Earned premiums	Expenses/ Earned premiums
Medical expense insurance	2.163	4.892	44,22%	1.912	17.421	10,98%	33,24
Income protection insurance	20.924	54.391	38,47%	21.307	41.564	51,26%	-12,79
Motor vehicle liability insurance	95.237	403.524	23,60%	93.016	369.901	25,15%	-1,54
Other motor insurance	29.233	88.242	33,13%	24.414	76.220	32,03%	1,10
Marine, aviation and transport insurance	454	1.335	34,01%	489	1.999	24,46%	9,55
Fire and other damage to property insurance	31.484	80.457	39,13%	27.544	71.525	38,51%	0,62
General liability insurance	17.866	51.228	34,88%	18.246	49.202	37,08%	-2,21
Credit and suretyship insurance	11.455	35.910	31,90%	10.446	33.138	31,52%	0,38
Legal expenses insurance	2.143	7.490	28,61%	2.192	7.713	28,42%	0,19
Assistance	5.743	19.611	29,28%	5.702	19.256	29,61%	-0,33
Miscellaneous financial loss	546	3.543	15,41%	192	1.173	16,37%	-0,96
Total	217.248	750.623	28,94%	205.460	689.112	29,82%	-0,87

With reference to the most significant balance sheet classes in terms of premiums issued, Motor Vehicle Liability Insurance shows a decrease of approximately 2.27 points in the total S/P ratio (from 76.67% to 74.39%).

The management expenses of direct work as a whole amount to 239,792 thousand Euros (of which 217,247 non-life and 22,545 life). The impact on total premiums, as shown in the table below, decreased and stood at 13.1%; in the P&C segment the incidence decreased by -0.5 points to 28.2%, while in the Life segment it decreased by 0.6 points (from 2.7% to 2.1%).

EXPENSES INCURRED (amounts in EUR thousand)

	2024			2023			Variation %		
	Non-Life	Life	Total	Non-Life	Life	Total	Non-Life	Life	Total
Administrative expenses	21.423	4.868	26.291	20.106	4.795	24.901	6,55%	1,52%	5,58%
Acquisition expenses	110.398	2.850	113.248	104.035	3.646	107.681	6,12%	-21,83%	5,17%
Overhead expenses	85.426	14.827	100.253	81.319	15.624	96.943	5,05%	-5,10%	3,41%
Total operating expenses	217.247	22.545	239.792	205.460	24.065	229.525	5,74%	-6,32%	4,47%
Expenses to premiums ratio	28,20%	2,10%	13,10%	28,70%	2,70%	14,40%	-0,50	-0,60	-1,30
Investment management expenses	7.706	5.253	12.959	1.989	5.495	7.484	287,43%	-4,40%	73,16%
Claims management expenses	60.155	1.251	61.406	60.816	1.514	62.330	-1,09%	-17,37%	-1,48%
Total expenses incurred	285.108	29.049	314.157	268.265	31.074	299.339	6,3%	-6,5%	5,0%

A.2.1 Areas of activity and substantial geographical areas

The Company carries out its activities exclusively in Italy.

A.3 Investment results

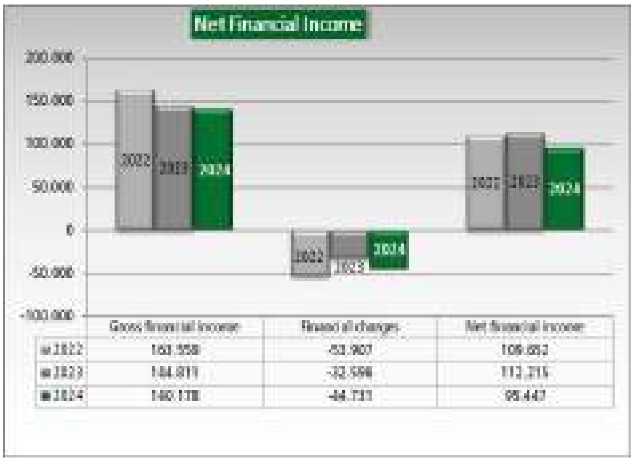
A.3.1 Overall results of investment activities and their components

Investments, excluding assets held for contracts linked to an index and linked to units, amounted to 5,485,470 thousand Euros, down by -248,633 thousand Euros compared to 5,734,103 thousand Euros in 2023; the Fair Value measurement resulted in a lower value in the Solvency II valuation than in the statutory financial statements of 257,794 thousand Euros. It should be noted that, in order to provide a representation of the statutory data consistent with the values of the Solvency II financial statements, the accrued income on interest, which in the statutory financial statements, as required by ISVAP Regulation no. 22 of 4 April 2008, are shown in item G. Accruals and deferrals, have been reclassified under investments.

INVESTMENTS (amounts in EUR thousand)

	2024			2023		
	Solvency II value	Statutory accounts value	Variation	Solvency II value	Statutory accounts value	Variation
Property (other than for own use)	44.506	29.909	14.597	43.539	33.844	9.695
Holdings in related undertakings, including participations	137.335	136.288	1.047	151.902	146.256	5.647
Equities	5.904	5.585	319	6.519	6.401	119
Equities - listed	3.730	3.706	24	5.184	5.065	119
Equities - unlisted	2.174	1.879	295	1.336	1.336	-
Bonds	5.016.257	5.294.846	-278.589	5.219.511	5.625.766	-406.255
Government Bonds	3.401.974	3.639.930	-237.956	3.639.941	3.959.925	-319.985
Corporate Bonds	1.610.473	1.650.901	-40.428	1.573.603	1.659.312	-85.709
Structured notes	-	-	-	-	-	-
Collateralised securities	3.811	4.015	-204	5.967	6.528	-562
Collective Investments Undertakings	281.467	276.636	4.832	311.125	306.904	4.221
Derivatives	-	-	-	-	-	-
Deposits other than cash equivalents	-	-	-	1.506	1.506	-
Other investments	-	-	-	-	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	5.485.469	5.743.264	-257.795	5.734.102	6.120.676	-386.574
Assets held for index-linked and unit-linked contracts	686.670	686.670	-	643.121	643.121	-

Net profit from investments at the end of the year amounted to 95,447 thousand Euros, compared to 112,215 thousand Euros in 2023, with a decrease of 16,768 thousand Euros (-14.9%). Net profit from investments in life business amounted to 82,975 thousand Euros (93,900 thousand Euros in 2023, with a decrease of -10,925 thousand Euros), while non-life business recorded a positive result of 12,472 thousand Euros (18,315 thousand Euros in 2023, with a decrease of 5,843 thousand Euros).



In particular, in 2024, there were lower ordinary net income compared to the previous year for -6,682 thousand Euros, of which -10,171 thousand Euros for Life and +3,489 thousand Euros for Non-Life, lower net valuation income for -1,658 thousand Euros, of which +718 thousand Euros for Life and -2,376 thousand Euros for Non-Life and lower net realized income for -8,248 thousand Euros, of which -1,472 thousand Euros Life and +6,976 thousand Euros non-life.

Extraordinary financial income, net of related charges, shows a negative result of -2,336 thousand Euros, of which -1,924 thousand Euros Life and -412 thousand Euros non-life, recording a better result of +3,417 thousand Euros compared to the 2023 figure, in which a negative result of -5,753 thousand Euros was recorded, of which -5,283 thousand Euros life and -470 thousand Euros non-life.

INCOME AND CHARGE ON FINANCIAL INVESTMENTS (amounts in EUR thousand)

	2024			2023			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
a) Income on equities	1.114	8	1.122	455	62	517	144,8%	-87,1%	117,0%
b) Income on other investments:									
lands and buldings	2.539	35	2.574	-	387	387	0,0%	-91,0%	565,1%
debt securities and other fixed income securities	90.044	29.787	119.831	102.692	20.318	123.010	-12,3%	46,6%	-2,6%
other income	6.982	271	7.253	7.944	128	8.072	-12,1%	111,7%	-10,1%
	99.565	**30.093**	**129.658**	**110.636**	**20.833**	**131.469**	**-10,0%**	**44,4%**	**-1,4%**
c) Write-backs:									
lands and buldings	-	-	-	-	17	17	-	-100,0%	-100,0%
equities	891	214	1.105	812	203	1.015	+ 9,7 %	5,4%	8,9%
debt securities and other fixed income securities	18	92	110	-	-	-	0,0%	-	0,0%
other financial investments	2.471	-	2.471	2.367	216	2.583	4,4%	-100,0%	-4,3%
	3.380	**306**	**3.686**	**3.179**	**436**	**3.615**	**6,3%**	**-29,8%**	**2,0%**
d) Gains on the realisation of investments:									
equities	1.392	-	1.392	910	-	910	53,0%	0,0%	53,0%
debt securities and other fixed income securities	1.226	876	2.102	968	41	1.009	26,7%	2036,6%	108,3%
other financial investments	203	2.015	2.218	5.207	2.084	7.291	-96,1%	-3,3%	-69,6%
	2.821	**2.891**	**5.712**	**7.085**	**2.125**	**9.210**	**-60,2%**	**36,0%**	**-38,0%**
Total Income (A)	106.880	33.298	140.178	121.355	23.456	144.811	-11,9%	42,0%	-3,2%
a) Management charges:									
equities	162	54	216	39	25	64	315,4%	116,0%	237,5%
lands and buldings	1.205	103	1.308	995	174	1.169	21,1%	-40,8%	11,9%
other financial investments	3.871	1.962	5.833	4.438	1.706	6.144	-12,8%	15,0%	-5,1%
interest on deposits from reinsurers	-	-	-	-	-	-	0,0%	0,0%	0,0%
general expenses and mortisation	16	5.586	5.602	23	84	107	-30,4%	6550,0%	5135,5%
	5.254	**7.705**	**12.959**	**5.495**	**1.989**	**7.484**	**-4,4%**	**287,4%**	**73,2%**
b) Value adjustments:									
lands and buldings	931	11	942	922	45	967	1,0%	-75,6%	-2,6%
equities	314	-	314	338	-	338	-7,1%	0,0%	-7,1%
debt securities and other fixed income securities	3.044	247	3.291	655	62	717	364,7%	298,4%	359,0%
other financial investments	11.542	3.784	15.326	14.433	1.689	16.122	-20,0%	124,0%	-4,9%
	15.831	**4.042**	**19.873**	**16.348**	**1.796**	**18.144**	**-3,2%**	**125,1%**	**9,5%**
c) Losses on the realisation of investments:									
equities	295	-	295	-	-	-	0,0%	0,0%	0,0%
debt securities and other fixed income securities	2.520	9.079	11.599	5.580	1.356	6.936	-54,8%	569,5%	67,2%
other financial investments	5	-	5	32	-	32	-84,4%	0,0%	-84,4%
	2.820	**9.079**	**11.899**	**5.612**	**1.356**	**6.968**	**-49,8%**	**569,5%**	**70,8%**
Total charges (B)	23.905	20.826	44.731	27.455	5.141	32.596	-12,9%	305,1%	37,2%
Net financial income (A-B)	**82.975**	**12.472**	**95.447**	**93.900**	**18.315**	**112.215**	**-11,6%**	**31,9%**	**-14,9%**
Extraordinary income (C)	4.593	1.089	5.682	3.879	133	4.012	18,4%	718,8%	41,6%
Extraordinary financial charges (D)	6.517	1.501	8.018	9.162	603	9.765	-28,9%	148,9%	-17,9%
Net extraordinary income (C-D)	-1.924	-412	-2.336	-5.283	-470	-5.753	-63,6%	-12,3%	-59,4%
Total net income from investments	**81.051**	**12.060**	**93.111**	**88.617**	**17.845**	**106.462**	**-8,5%**	**32,4%**	**-12,5%**

Real estate management generated a positive net result of +325 thousand Euros, determined by the income, net of depreciation, amortization and overheads, deriving from the new lease, with effect from July 2024, of the property in Rome via Abruzzi 10; Real estate management recorded an improvement of +2,057 thousand Euros compared to 2023, in which a loss of -1,732 thousand Euros was recorded.

Securities management generated a positive result of +2,794 thousand Euros in the equity segment (of which 431 thousand Euros is the positive result deriving from group companies), compared to a positive result of +2,039 thousand Euros recorded in 2023 (of which +456 thousand Euros deriving from group companies).

The result of the ordinary management of the bond segment shows a positive result of 101,318 thousand Euros (of which 261 thousand Euros deriving from group companies), compared to a positive result of 110,221 thousand Euros in 2023 (of which 287 thousand Euros deriving from group companies). Finally, other investments generated a negative result of -8,990 thousand Euros, compared to a positive result of +1,687 thousand Euros recorded in 2023.

INVESTMENT INCOME BY TYPE OF MANAGEMENT (amounts in EUR thousand)

	2024			2023			Variation		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
Property	404	-79	325	-1.916	184	-1.732	2.320	-263	2.057
Equities	2.626	168	2.794	1.799	240	2.039	827	-72	755
Bonds	81.851	19.467	101.318	92.986	17.235	110.221	-11.135	2.232	-8.903
Other investments	-1.906	-7.084	-8.990	1.031	656	1.687	-2.937	-7.740	-10.677
Total	82.975	12.472	95.447	93.900	18.315	112.215	-10.925	-5.843	-16.768

A.3.2 Investments in securitisations

There are no significant investments in securitisations in the portfolio.
Possible exposures will always remain of little magnitude and materiality.

A.3.3 Investment strategy

In accordance with the requirements of IVASS Regulation no. 46 of 2020, the investment strategy adopted by the Company is set out below.

In defining the investment policy, the Company takes into account risk appetite, risk tolerance levels and the ability to identify, measure, monitor and manage the risks associated with each type of business, including sustainability risks.

As of 2021, the Company has committed to reducing the carbon intensity associated with the issuers in its securities portfolio, fully sharing the objectives of the Talanx AG Group, expressly indicated in the Group's Sustainability Report.

The Company intends to continue on the path of supporting technical management with the achievement of financial management objectives in the medium to long term in line with the economic and financial risk profile that the Company has set itself. The intent of the Top Management will be to best combine the management of interest rate risk with the management of spreads on the specific country risk (Italy in the first place) and the credit risk relating to the issuers present to varying degrees in the securities portfolio. Future management actions will be guided by the intention to meet the profitability commitments undertaken by the Company, with the preservation and expansion of the reference market.

The strategic policy is shown below according to the following breakdown of the portfolios:

- **Life Portfolio:**
  - **Segregate fund:** there are five Segregate funds of the Company: Fondo Futuro, Alfiere, Capitalbank and, for social security purposes, the Approdo and HDI Fondo Pensione.
  - **Vita Libero.**
- **P&C Portfolio**
- **Unit Linked Portfolio**
- **Fondo Pensione Aperto**

The Strategy – Segregate fund (Alfiere, Futuro, Capitalbank)

During 2024, the merger of the Accumulo fund and the Bancom fund into Alfiere was implemented and 2025 will be the first full year of the new management.

The Company, indicatively, aims to achieve a gross annual return of Alfiere and Fondo Futuro in line with previous years, while for Capitalbank the goal is to obtain a return above the market, trying to benefit from new capital inflows. The final objective will be set to promote a consolidation of the Company's position in the current market and to maintain a technical balance and stability of results.

The Alfiere portfolio has begun to receive the ESG rating from the provider Mainstreet, as the products of which it represents the underlying are certified art. 8 ex SFDR. During 2025, the asset allocation of Alfiere and Fondo Futuro will be affected by investment and divestment choices aimed at seeking profitability and improving the ESG rating.

Liquidity will be maintained in an appropriate measure, ensuring proper monitoring and efficient management of cash flows. This approach will make it possible not only to cope with the dynamics of redemptions, but also to optimize the timing of investments, making the most of the opportunities offered by the market.

Any new investments in illiquid or complex securities will be valued only if they are necessary to generate additional income, only marginally and in compliance with the relevant limits, as well as on the basis of risks that the Company is able to monitor. "Not rated" securities will be purchased only after internal risk analysis and under the condition of constant and progressive monitoring.

Investments in the stock market will remain marginal. A low volatility strategy, aimed at reducing risk, or a dividend strategy, will continue to be favoured, maintaining a prudent approach in line with the overall strategy.

The Strategy – HDI Fondo Pensione – Approdo

The Company, indicatively, in 2025 aims to achieve returns in line with the market, with a slight increase compared to previous years for both Funds.

The return targets will be determined with the intention of meeting the commitments undertaken, maintaining an adequate risk profile and confirming the Company's position in the insurance market.

Fixed income will remain the reference asset class and, within it, the reallocation will depend on the opportunities given by duration and the normalization of the rate curve.

The reference countries for new investments will continue to be mainly those of the European Union. Emerging countries will be very marginal compared to other geographical areas with respect to government issues in Euro or corporate issues, also in Euro, which are very liquid, attributable to leading issuers.

Duration will be managed according to maturities and interest rate risk, but an extension is likely to be likely, albeit gradually.

The realisation of extraordinary income will become very residual, which is why the search for ordinary profitability in fixed income will have a fast track, also in terms of credit risk and spreads.

The allocation between asset classes will depend on the level of turnover of the portfolio and the influence of new investments on the return of the existing portfolio.

The Strategy - Life Portfolio

The strategic asset allocation will be kept stable, in terms of diversification by issuer, sector and geographical allocation. In the case of new investments, portfolio management will aim to seek higher average yields to maturity and an increase in duration, compatibly with volatility and market interest rate trends. The liquidity of the issues remains a priority requirement, which can be found in the standing of the issuer and the amount issued.

Investments in government issues and derisking activities will be preferred in order to optimize capital absorption, without excluding good quality corporate investments, whose weight, however, will tend to remain constant on the total portfolio.

The Strategy – P&C Portfolio

In 2025, the approach of extending duration on a timely basis, i.e. trying to cover the maturities of the passive portfolio in detail, will continue. This strategy will have benefits both on the side of growth in yields to maturity and from the point of view of the capital charge, i.e. the absorption of capital.

In the medium to long term, portfolio management could be a little less conservative but aim for greater diversification and quality of issuers, as well as a reduction in liquid deposits, especially if the attractive rate environment continues and if the rate curve tends to normalize with a premium on longer maturities.

This strategy, to be implemented in the short term, could allow the portfolio to benefit from significant returns in the coming years at a time when restrictive monetary measures could be relaxed.

Interest in the primary market will turn to very liquid, investment-grade issues and to issuers of primary importance, but above all to the world of government bonds.

The Strategy - Unit Linked

The Unit Linked will follow both passive management with selection of best-in-class ETFs (as in the case of the Multisolution product) and active management (as for the Multi Value Flex portfolio).

For almost all assets, Unit Linked portfolios will be increasingly inspired by an ESG approach, taking into account the United Nations SDGs objectives, for which the impact report is drawn up on a six-monthly basis.

Unit Linked and Line III products are an asset class that the Company intends to increase and therefore will be an increasingly strategic business in the short and long term.

The Strategy – Fondo Pensione Aperto

Fondo Pensione Aperto will maintain an investment strategy in line with previous years, the guidelines of the four lines are shown below:

- **Linea Prudente;** Oriented towards financial instruments of a bond nature with the exclusion of debt securities bearing options on shares. The sub-fund's assets are mainly invested in government bonds denominated in Euro with a Rating of not less than B (Standard & Poor's) and ancillary in other financial instruments denominated in Euro that have an average Rating of not less than BB (Standard & Poor's) and/or Baa2 (Moody's).
- **Linea Bilanciata;** The sub-fund's investment policy is aimed at ensuring a balanced portfolio composition between debt and equity securities. Investment in equity securities may not exceed 50% of total assets. The assets of the sub-fund are invested both in financial instruments denominated in Euro.
- **Linea Dinamica;** Mainly oriented towards equity securities denominated in euros and, residually, in foreign currencies. The equity component represents almost the entire portfolio.
- **Linea Garantita;** Composed of a prevalence of debt securities, mainly in Euro. The equity component, including UCIs, may not exceed 10%.

A.4 Results of other activities

Other revenues

OTHER REVENUES (amounts in EUR thousand)

	2024	2023	Variation
Interest on cash and cash equivalents	2.951	3.295	-344
Recoveries from third parties for management fees and expenses	523	497	26
Recovery of foreign claims handling fees	774	562	212
Use of funds	5.755	5.975	-220
Tax credit income	205	794	-589
Other income	656	664	-8
Interest on receivables	246	257	-11
Foreign exchange gains	494	210	284
Gains on the disposal of furniture	3	-	3
Extraordinary tax income	-	131	-131
Non-technical contingent assets	1.073	25.612	-24.539
Total	12.680	37.997	-25.317

The use of provisions includes the withdrawal from the tax provision for 96 thousand Euros, from the provision for executive health expenses for 338 thousand Euros and seniority bonus for 26 thousand Euros, from the provision for doubtful accounts receivables from agencies, co-insurance companies and reinsurance for a total of 2,015 thousand Euros, from the provision for company reorganization for 2,249 thousand Euros, from the provision for fraudulent cheques for 176 thousand Euros, from the liabilities for price adjustment relating to the acquisition of Amissima Assicurazioni for 250 thousand Euros, from the agents' litigation fund for 484 thousand Euros and withdrawals from other funds for a total of 121 thousand Euros.

Foreign exchange gains amounted to 494 thousand euros.

Interest on receivables, amounting to 246 thousand Euros, mainly refers to interest income accrued on receivables from agents for recourse.

Interest on cash and cash equivalents amounted to 2,951 thousand Euros.

Recoveries from other companies for foreign claims management skills amount to 774 thousand euros.

Income from tax credits refers to the purchase of tax credits for a total of Euro 4,068 thousand from credit institutions. The receivables have already been fully used in compensation through F24 by the end of the year, obtaining a total economic benefit of 205 thousand euros.

Recoveries from third parties for administrative expenses and charges amounted to 523 thousand Euros and refer to the recovery of the cost of seconded personnel and revenues for administrative services provided to subsidiaries, as shown in the following table; an additional one thousand euros refer to the portfolio run-off management service stipulated with the subsidiary HDI Global Specialty SE.

RECOVERY OF EXPENSES FROM SUBSIDIARIES (amounts in EUR thousand)

	2024	2023	Variation
InChiaro Life	77	68	9
InLinea S.p.A.	423	406	17
HDI Immobiliare S.r.l.	22	22	-
Total	522	496	26

Non-technical contingent assets amounting to 1,073 thousand Euros decreased by 24,539 thousand Euros compared to 2023, where they amounted to 25,612 thousand Euros. In 2023, in non-technical contingent assets, BPER's compensation as a penalty of 23,500 thousand Euros for the breach of the contract that HDI Italia had entered into in March 2021 with Banca Carige for the exclusive distribution of non-life insurance products, expiring on 31 December 2024 and automatically renewing unless terminated by the Company for a further 10 years, had been included in non-technical contingent assets. During 2022, Banca Carige was purchased and then subsequently merged into BPER, which ceased the distribution of HDI Italia's products, communicating to the market the renewal of its distribution agreements with another non-life insurance company.

Other expenses

Other expenses amounted to 32,727 thousand Euros, an increase of 3,199 thousand Euros compared to the previous year; The following table shows the details of other expenses compared with the previous year.

OTHER EXPENSES (amounts in EUR thousand)

	2024	2023	Variation
Other taxes and penalties	622	415	207
Allowance for doubtful accounts	385	2.090	-1.705
Amortization of goodwill	7.634	7.634	-
Provision for tax provision	-	-	-
Provision for miscellaneous risks and charges	-	7	-7
Provision for litigation fund	-	7	-7
Provision for fraudulent check fund	11	-	11
Administrative charges to third parties	3.441	3.808	-367
Charges related to employees	-	-	-
Interest on subordinated liabilities	11.829	12.535	-706
Interest expense	2.972	2.043	929
Losses on receivables	1.352	316	1.036
Foreign exchange losses	30	99	-69
Isvap penalties	-	14	-14
Provision for premium for anz. and health policy for executives	-	121	-121
Miscellaneous charges	1	8	-7
Losses on disposal of movable assets	4	8	-4
Impairment of intangible assets	115	-	115
Contingent liabilities for taxes	59	34	25
Extraordinary acc. Provision for corporate reorganization	4.100	-	4.100
Non-technical contingent liabilities	172	389	-217
Total	32.727	29.528	3.199

Administrative charges on behalf of third parties amount to 3,441 thousand Euros and refer to expenses incurred for personnel who manage foreign claims and provide services to subsidiaries; consist of personnel expenses for 2,888 thousand Euros (of which 2,249 thousand Euros consisting of expenses incurred for redundant personnel), general expenses for 525 thousand Euros, expenses incurred on behalf of the UCI for 26 thousand Euros and other expenses for 2 thousand Euros.

Losses on receivables amounted to 1,352 thousand Euros.

Interest expense amounts to 11,829 thousand Euros and includes interest expense accrued on subordinated loans taken out by the shareholder HDI International for 6,924 thousand Euros, by associates for 1,698 thousand Euros and by third-party companies for 3,207 thousand Euros.

Interest expense amounted to 2,972 thousand Euros and mainly includes interest accrued on the repurchase agreement for 2,945 thousand Euros.

The provision for doubtful accounts amounts to 385 thousand Euros and includes the provision made during the year for receivables from agencies.

During the year, an additional amount of Euro 4,100 thousand was set aside to the provision for corporate reorganisation of costs to be borne by the Company. This fund was set aside following the appeal to the extraordinary section of the Intersectoral Solidarity Fund for the insurance sector, with regard to company reorganization processes, in relation to the agreement signed in 2021 between the companies HDI Assicurazioni and HDI Italia and the related company trade union representatives and the issuance of the related calls for membership.

Finally, other expenses include the portion of goodwill amortization, amounting to 7,634 thousand Euros, of which 3,118 thousand Euros of amortization of goodwill deriving from the merger by incorporation of CBA Vita and InChiaro Assicurazioni into HDI Assicurazioni and 4,516 thousand Euros deriving from the merger by incorporation of HDI Italia into HDI Assicurazioni.

A.4.1 Significant leasing contracts

There are no leased assets and no acquisition transactions have been carried out under finance leases for either real estate or other assets. The Company currently has operating leasing contracts in place as a lessor of buildings (offices, agencies or similar), IT tools and company cars.

With reference to the aforementioned leasing contracts, it should be noted that for the purposes of IFRS 16, the Company has recognised, for all types of leases, an asset that represents the right of use of the asset subject to the lease and, at the same time, the debt relating to the rents provided for in the contract.

A.5 Other information

The 2024 financial year closed with a positive net result of 28,443 thousand Euros, of which 3,045 thousand Euros Life and 25,398 thousand Euros non-life.

PERIOD RESULT (amounts in EUR thousand)

	Life	Non-Life	Total
Profit 2024	3.045	25.398	28.443

The proposal to the shareholders' meeting provides for the following operations:

- Allocation of profit from non-life business, amounting to 25,398 thousand Euros, to the legal reserve for non-life classes for 2,000 thousand Euros and to non-distributable reserves for revaluation of non-life investments for 15 thousand Euros;
- Distribution of the residual profit from the non-life business, amounting to 23,383 thousand Euros, and of the extraordinary reserve for the non-life business for 26,717 thousand Euros, so that a total dividend from the non-life business of 50,100 thousand Euros will be distributed;
- Allocation of the reserve not available pursuant to IVASS Regulation no. 52 of 30 August 2022 for the non-life classes to the extraordinary reserve for the non-life classes for 12,863 thousand Euros, so that the reserve not available pursuant to IVASS Regulation 52 of 30 August 2022 for the non-life classes will amount to a total of 10,850 thousand Euros;
- Allocation of the profit of the life business, amounting to 3,045 thousand Euros, to the non-distributable reserve for the revaluation of equity investments in the life business for 15 thousand Euros and to the non-distributable reserve for foreign exchange gains of the life business for the amount of 176 thousand Euros;
- Allocation of residual profit from life business, amounting to 2,855 thousand Euros, to reserves not available pursuant to IVASS Regulation no. 52 of 30 August 2022 for life business;
- Allocation of the extraordinary reserve for life business to an unavailable reserve pursuant to IVASS Regulation no. 52 of 30 August 2022 for life business for 424 thousand Euros, so that the reserve not available pursuant to IVASS Regulation 52 of 30 August 2022 for life business will amount to a total of 23,865 thousand Euros;
- Distribution of the extraordinary reserve for life classes of 40,000 thousand Euros, so that a total dividend of 40,000 thousand Euros will be distributed from the life business.

The proposal for the distribution of profit and extraordinary reserves was also formulated on the basis of the report signed by the Heads of Risk Management and the Actuarial Function, as required by art. 4, paragraph 3 of IVASS Regulation no. 52 of 30 August 2022 and certifies the compatibility of this distribution with compliance with the requirements for covering technical provisions and capital requirements, as well as with prospective financial commitments and with the solvency objective identified pursuant to Article 18 of IVASS Regulation no. 38 of 3 July 2018.

As a result of the above, the Company's shareholders' equity will be constituted as indicated in the following table, separately for each non-life and life management and with a total summary.

SHAREHOLDERS' EQUITY

(amounts in EUR thousand

	Life segments			Non-Life segments		
	2024	Variation	Final balance	2024	Variation	Final balance
Share Capital	76.000	-	76.000	275.000	-	275.000
Legal Reserve	15.200	-	15.200	25.000	2.000	27.000
Non-distributable reserve rev. part.	199	15	214	199	15	214
Non-distributable reserve profit on exchange	-	176	176	-	-	-
Non-distributable reserve Reg.52	20.587	3.278	23.865	23.713	-12.863	10.850
Extraordinary reserve	112.173	-40.424	71.749	56.453	-13.854	42.599
Capital injection reserve	-	-	-	5.000	-	5.000
Operating result	3.045	-3.045	-	25.398	-25.398	-
Total	227.204	-40.000	187.204	410.763	-50.100	360.663

(amounts in EUR thousand)

	2023	Variation	Final balance
Share Capital	351.000	-	351.000
Legal Reserve	40.200	2.000	42.200
Non-distributable reserve rev. part.	398	30	428
Non-distributable reserve profit on exchange	-	176	176
Non-distributable reserve Reg.52	44.300	-9.585	34.715
Extraordinary reserve	168.626	-54.278	114.348
Capital injection reserve	5.000	-	5.000
Operating result	28.443	-28.443	-
Totale	637.967	-90.100	547.867

B. GOVERNANCE SYSTEM

B.1 General information on the Governance System

HDI Assicurazioni S.p.A., in accordance with IVASS Regulation no. 38 of 3 July 2018, has adopted a "reinforced" corporate governance system, referred to in the IVASS Market Letter of 05 July 2018, considered the most suitable for the sound and prudent management of the Company.

The corporate governance system of HDI Assicurazioni S.p.A. is structured in line with the indications formulated by the IVASS Supervisory Authority and the Solvency II Directive.

The Company adopts a traditional governance model as defined in Italian law, which outlines the following structure:

- the Shareholders' Meeting, which, in matters within its competence, expresses the will of the Shareholders;
- the Board of Directors (which operates with the support of the Board Committees, which have advisory and propositional functions) which is entrusted with the strategic supervision of the Company;
- the Board of Statutory Auditors, with supervisory functions on compliance with the law and the Articles of Association and the principles of proper administration, the adequacy of the organizational, administrative and accounting structure and the actual operation.

The accounting control function is entrusted to an Independent Auditors registered in the appropriate register, appointed by the Company's Shareholders' Meeting, subject to the opinion of the Board of Statutory Auditors.

The Top Management is also an integral part of the corporate governance model, responsible for the implementation, maintenance and monitoring of the policy policies and directives issued by the Board of Directors regarding the Internal Control and Risk Management system.

B.1.1 Structure of the Governance System

Deliberative Bodies: Shareholders' Meeting

The Members' Assembly is the body that expresses the will of the company with its resolutions. The resolutions, taken in accordance with the law and the statute, are binding on all members, including those who are absent or dissenting.

Ordinary and extraordinary Shareholders' Meetings are convened by the Board of Directors in accordance with the law at the Company's registered office or in another place indicated by the Board of Directors, provided that it is in Italy.

The Shareholders' Meeting, in ordinary session, in addition to establishing the remuneration due to the bodies appointed by it, approves the remuneration policies in favour of the corporate bodies and staff, including remuneration plans based on financial instruments, where applicable.

Administrative Bodies: Board of Directors

Pursuant to Art. 14 of the Articles of Association, the Company is managed by a Board of Directors whose composition, from 7 to 15 Directors, is determined by the Shareholders' Meeting. The Directors may not be appointed for a period exceeding three financial years and may be re-elected.

The Board of Directors - if the Shareholders' Meeting has not done so - elects a Chairman and a Vice-Chairman from among its members; the President represents the Company in relation to third parties.

The current Board of Directors was appointed by the Shareholders' Meeting at the meeting of 28 April 2022 - supplemented with the appointment of Director Nicoletta Garola by the Shareholders' Meeting held on 20 June 2024 - for a three-year term and is composed of 9 members, three of whom are independent.

The role of the Administrative Body is defined by the Company's Articles of Association, which in art. 16 states "The Board of Directors has the broadest powers for the ordinary and extraordinary management of the Company, without limitations, with the power to carry out all the acts it deems necessary and useful for the achievement of the corporate purpose, with the exception of those that by law are expressly reserved to the Shareholders' Meeting". The Board of Directors has the ultimate responsibility for the Internal Control and Risk Management System, which it must ensure is constantly complete, functional and effective, also with reference to outsourced activities.

The Board of Directors ensures that the Risk Management System allows the identification, assessment and control of the most significant risks, including risks deriving from non-compliance with regulations.

In detail, the Board: approves the draft budget submitted to the Shareholders' Meeting for examination; approves the half-yearly economic and financial statements; defines the strategic guidelines, the development and investment plans, and the annual budget; examines and approves transactions of particular economic and financial importance, especially if carried out with related parties or those characterised by a potential conflict of interest, and promptly reports - also through the Chairman or the Chief Executive Officer - to the Board of Statutory Auditors on the activities carried out and on such transactions.

With specific reference to the organization of the company, the Board of Directors also:

- approves the organisational structure of the company as well as the assignment of tasks and responsibilities to the operating units, taking care of their adequacy over time, so as to be able to adapt them promptly to changes in strategic objectives, operations and the context in which it operates; this organization is formalized in the Company Function Chart/Organization Chart in force from time to time;
- ensures that appropriate decision-making processes are adopted and formalised, that an appropriate separation of functions is implemented and that tasks and responsibilities are appropriately assigned, allocated and coordinated in line with the company's policies and reflected in the description of tasks and responsibilities. It also ensures that all relevant tasks are assigned and that unnecessary overlaps are avoided, promoting effective cooperation between all members of staff;
- approves, taking care of its adequacy over time, the system of delegation of powers and responsibilities, taking care to avoid the excessive concentration of powers in a single subject and putting in place tools for verifying the exercise of delegated powers;
- defines the directives on the corporate governance system which, in order to adapt them to the evolution of company operations, reviews them at least once a year. Within the framework of these directives, it approves the policies relating to the internal control system, the risk management system and internal audit, in line with the provisions of Article 30, paragraph 5, of the Code and that relating to the Actuarial Function;
- it also defines and approves the *data governance* policy that identifies the roles and responsibilities of the functions involved in quality assessments in the use and processing of company information, ensuring that it is coordinated with the statistical information policy (*reporting policy*);
- is responsible for the choice to use the Undertaking Specific Parameters for the calculation of the Solvency Capital Requirement according to the Solvency II Directive and, in this sense, decides on the request for authorisation from the Supervisory Authority, as well as is responsible for the related changes and/or extensions and for fulfilling the obligations required by current regulatory provisions;
- verifies that the Top Management correctly implements the indications regarding the development and functioning of the corporate governance system, in line with the directives given and that it assesses its functionality and adequacy;
- provides for periodic checks on the effectiveness and adequacy of the corporate governance system and for the most significant critical issues to be reported to it promptly, promptly issuing directives for the adoption of corrective measures, the effectiveness of which it subsequently assess;
- identifies particular events or circumstances that require immediate intervention by the Top Management;
- ensures, with appropriate measures, continuous professional updating of the resources and members of the body itself, also preparing adequate training plans to ensure the wealth of technical skills necessary to carry out its role with awareness in compliance with the nature, scope and complexity of the tasks assigned and preserve its knowledge over time;
- carry out, at least once a year, an assessment of the size, composition and effective functioning of the administrative body as a whole, as well as of its committees, expressing guidelines on the professional figures whose presence in the administrative body is deemed appropriate and proposing any corrective actions; ensures that the corporate governance system is subject to internal review at least annually;
- verifies that the corporate governance system is consistent with the strategic objectives, risk appetite and tolerance limits established and is able to capture the evolution of corporate risks and the interaction between them;
- approves the current and prospective risk assessment policy;
- determines the system of risk objectives, defining the risk appetite of the company in line with its overall solvency needs, identifying the types of risk it considers assuming and consistently setting the related risk tolerance limits, which it reviews at least once a year, in order to ensure its effectiveness over time;
- approves the risk management policy and, for the major sources of risk identified, the emergency plan (so-called "Risk Plan"). *recovery plan*), in order to ensure business regularity and continuity;
- approves, taking into account the strategic objectives and in line with the risk management policy, the underwriting, reserving, reinsurance and other risk mitigation techniques and operational risk management policies;
- approves the policy on information to be provided to IVASS and on information to the public (so-called reporting policy);
- approves the capital management policy;

- in compliance with the provisions of Article 274 of the Delegated Acts and Article 30, paragraph 5, of the Code, approves the company policy on outsourcing, defining the strategy and processes applicable for its entire duration;
- is responsible for ensuring the information technology security and digital operational resilience of the organization as required by EU Regulation 2022/2554 (DORA);
- in compliance with the provisions of Article 258, paragraph 1, letters c) and d), 273 of the Delegated Acts and 76 of the Code and related implementing provisions, approves the company policy for the identification and assessment of the possession of the requirements of suitability for office, in terms of integrity and professionalism and independence of those who perform administrative functions, management and control as well as, even in the case of outsourcing, of the owners and those who perform fundamental functions and of the additional personnel capable of significantly affecting the risk profile identified by the company. It assesses the existence of the requirements for these subjects at least once a year. In particular, this policy ensures that the administrative body as a whole has adequate technical expertise at least in the field of insurance and financial markets, governance systems including staff incentive systems, financial and actuarial analysis, regulatory framework, commercial strategies and business models;
- approves the Governance policy of the company-specific parameters (USP) for the calculation of the Solvency Capital Requirement relating to the non-life area;
- defines and periodically reviews the guidelines for remuneration policies, for the purpose of approval by the Ordinary Shareholders' Meeting, and is responsible for their correct application.

The Council meets at least nine times a year, according to a calendar of dates agreed and deliberated by the Council itself, generally in September of the previous year; other "extraordinary" meetings are convened by the President as needed.

Board Committees

In order to increase the efficiency and effectiveness of its action, the Board of Directors has set up specific internal Committees, with advisory and propositional functions, defining their respective tasks.
The following support committees have been established within the Board of Directors:

- *Internal Control and Risk Committee* with fact-finding, advisory and propositional functions, for the performance of tasks relating to the internal control and risk management system composed of three non-executive and independent directors. In particular, the Committee assists the Board in determining the guidelines of the internal control and risk management system, in the periodic verification of its adequacy and effective functioning and in the identification and management of the main corporate risks. The Internal Control and Risk Committee is convened and directed by the Coordinator and resolves by an absolute majority of those present.
- *The Remuneration Committee*, whose composition has been defined by the Board of Directors and coincides with the members of the Internal Control and Risk Committee, in accordance with the provisions of the Regulation in Article 43, paragraphs 1 and 2 of the Regulation, carries out the following activities:
  - advice and proposals in the context of the definition of remuneration policies;
  - makes proposals regarding the remuneration of directors vested with special offices;
  - verifies the adequacy of the overall remuneration scheme as well as the proportionality of the remuneration of the executive director with respect to the relevant personnel of the company. To carry out this task, it avails itself of the support of the Human Resources Department;
  - periodically audits the remuneration policies in order to ensure their adequacy, even in the event of changes in the company's operations or in the market context in which it operates;
  - identifies potential conflicts of interest and the measures taken to manage them;
  - ascertains the fulfilment of the conditions for the payment of the incentives of the relevant staff. To carry out this task, it makes use of the Human Resources Department and the Planning and Management Control structure;
  - provides adequate information to the Administrative Body on the effective functioning of the remuneration policies.

Managerial Committees

HDI Assicurazioni, as part of its governance and internal control system, has provided for the existence of the following internal company committees which, depending on the case, are composed of Managers and Heads of structure; in any case, these Committees perform a purely advisory and propositional function:

- *Top Management Committee:* it brings together the Company's Top Management collectively, as required by the regulatory legislation of the Insurance Market Supervisory Body. The Top Management Committee assists the Chief Executive Officer in the preparation of general guidelines for the achievement of the Group's strategic objectives and in the executive governance of the Company, for the implementation of measures aimed at these objectives (planning, coordination) and for the verification of results. It is responsible for the implementation, monitoring and maintenance of the internal control and risk management system.

- *Management Committee:* chaired by the Chief Executive Officer and General Manager, it is permanently composed of all the Company's Executives and pursues the objective of:
  - define and set up the concrete guidelines for the achievement of the operational objectives identified in the annual and multi-year strategic planning documents, approved by the Company's top management bodies, with the exception of those of a financial nature;
  - guide all the company's organisational macro-processes by identifying the best decisions for their correct and more efficient functionality and giving a mandate for their implementation;
  - check the effective implementation of what has been decided, discussing and deciding on any corrections to be made.

The Committee meets at the invitation of its President, at regular intervals at least monthly, in any case normally on the occasion of the institutional moments of budget planning and pre-final and final reporting of the activities.

- *Risk Committee:* assists the Chief Risk Officer in achieving effective and efficient governance of corporate risks, with a view to progressively strengthening the structures in charge of the internal control and risk management system, through:
  - monitoring the Company's exposure to the main risks and compliance with the operating limits set, to ensure alignment with the risk appetite defined by the Board of Directors;
  - the definition of executive activities regarding risk governance, carrying out the integrated assessment of technical, financial and operational risks, analysing possible risk mitigation techniques and bringing them to the attention of top management;
  - supports the Board of Directors in the development of the culture of risk and control within the Company;
  - contributes to the identification of potential future risks for the Company and defines plans for the correct management of the same;
  - supports the Board of Directors in defining risk policies;
  - assesses, in terms of risk, the business strategies envisaged in the strategic plan on the basis of the documentation produced by the Group's Risk Management function;
  - examines the risk reporting prepared by the Group Risk Management function with the support, each for the part of its competence, of the Group Compliance, Anti-Money Laundering Anti-Terrorism and Group Anti-Fraud, DPO and Data Quality management functions;
  - takes note of the Activity Plans of all the Control Functions and continuously verifies their completion;
  - supports the Board of Directors in verifying the compliance of company operations with the Data Governance policy and the related Procedure.

The Risk Committee also approves the Company's Emergency Plan. Specifically:

- examines the contents of the Plan prepared by the Group's Risk Management, providing any observations, feedback and proposals for amendments and/or additions;
- examines the results of the process of reviewing and updating the Plan.

In the event of a crisis situation, the Risk Committee supports the Top Management Committee in selecting the most appropriate actions to be taken (recovery measures) in order to restore the conditions of sufficient solvency and liquidity and, if necessary, proposes the convening of a Board of Directors.

The Risk Committee also performs the functions assigned to the so-called Underwriting Committee, carrying out the obligations as established by the Company's current underwriting policy and finally performs the functions assigned to the Crisis Committee, in line with the provisions of HDI Assicurazioni's Emergency Plan. The Risk Committee meets at least once a month and is chaired by the Chief Risk Officer.

- *Group Finance-ALM and Sustainability Committee:* assists the Chief Executive Officer/General Manager in the operational and tactical management of assets, supporting him in the investment and divestment choices of transferable securities and in the management of liquidity deriving from operating and financial cash flow. The Committee:
  - proposes investment and divestment choices to the Chief Executive Officer and General Manager;
  - verifies the buying and selling transactions carried out during the previous week;
  - analyzes the financial report of the day, the trend of rates, credit spreads and stock exchanges;

- analyses the existing portfolio in relation to market trends;
- verifies the market and performance data of the Company (production, redemptions, returns and asset allocation of separate management, open-ended pension fund, other portfolios, etc.) useful for determining the positioning and possible scenarios for the composition of assets and liabilities;
- carries out the simulations and stress tests necessary to determine investment strategies, ensuring a constant balance between assets and liabilities;
- evaluates and approves, in agreement with the Chief Executive Officer and General Manager, the Company's sustainable investment (or ESG) guidelines;
- defines the list of issuers to be excluded from the investable universe;
- examines further initiatives of the Company on the theme of sustainability.

The Finance-ALM and Sustainability Committee is chaired by the Chief Financial Officer and meets at the invitation of the Chief Financial Officer or the Head of the Treasury and Investments and Sustainability function;

- *Surety Committee: pursues* the objective of acknowledging the provisions of legal and corporate regulations concerning the management of relations with Public Bodies/Public Administrations and/or Private Entities with particular regard to the implementation of effective control over the technical-underwriting activity of the Credit and Surety Branches. The Surety Committee is chaired by the Head of the Non-Life Insurance Department and meets at least quarterly at the latter's invitation;
- *Product Committee*: this is the corporate body responsible for analysing and updating the Company's product range, both for the life business and for the P&C business. In this regard, it approves the design of new products/restyling and, in case of need deriving from the monitoring of the products marketed, identifies appropriate remedial actions. In particular, the Committee ensures:
  - research, study and proposal of new insurance products (including the definition of the reference market to which the product is to be allocated as well as the identification of any reference market for which the product is not intended), both individually and collectively, which better meet the needs of the customers of the distribution networks;
  - the analysis, progress and monitoring of the placement of products, to verify that they are sold to the reference market identified during the design/structuring of the product.

  The definition of proposals for new products or restyling is the responsibility of the Committee, which assesses their feasibility and assumes the ultimate responsibility for approving, implementing and subsequently revising them.
  The Products Committee is chaired by the Deputy General Manager of Sales and meets at least quarterly, and in any case whenever necessary.
- *"Data Protection" Committee*: supports the Data Protection Officer by providing advice on issues relating to the protection of personal data that have a transversal impact on the areas of activity of the functions involved, with particular regard to the management of data breaches. The Data Protection Committee, chaired by the Data Protection Officer, meets at his or her call whenever it deems it necessary and in particular following extraordinary events.
- *Gender Equality Committee*: promotes, manages, monitors and organizes activities aimed at ensuring gender equality within the Company, creating an inclusive work environment without discrimination based on gender. The Committee is chaired by the Head of the Human Resources Department and meets periodically at the request of the Head of the Human Resources Department or of the Representative delegated by the Top Management.
  It should be noted that the following Committee has also been established since January 2024:
- *Assumptions Committee,* which assesses and updates current and prospective assumptions relating to assets, liabilities, technical provisions and, more generally, assumptions that may have material impacts on the Company's economic, financial and technical assessments and its risk profile. In particular, the Committee ensures:
  - the study and verification of the assumptions adopted by the Company that are material according to the defined thresholds;
  - the monitoring of the Expert Judgements applied by the Company;
  - the monitoring of assumptions.

The Committee is chaired by the Head of the Finance & Administrative Services Department and meets at least every six months at the invitation of its Chairman.

Supervisory Bodies: Board of Statutory Auditors

The Board of Statutory Auditors is the body of the Company responsible for monitoring compliance with the law and the Articles of Association, compliance with the principles of proper administration and in particular the adequacy of the organisational, administrative and accounting structure adopted by the Company.

The Board of Statutory Auditors currently in office was appointed on 29 April 2021 and is composed of three standing members and two alternate members appointed by the Shareholders' Meeting, who remain in office for three financial years; at the end of the mandate they may be re-elected.

Auditors, for their appointment, must possess the requirements of professionalism and integrity required by the special legislation in force.

The Board of Statutory Auditors is entrusted with all the tasks and powers provided for by the Civil Code and by special laws, including those necessary to comply with the provisions of Art. 190, paragraph 3, of Legislative Decree 209/05.

The Top Management

In accordance with the directives of the Board of Directors, the responsibility for the implementation, maintenance and monitoring of the internal control and risk management system lies with the Top Management.

In detail, the Top Management:

- defines in detail the organisational structure of the company, the tasks and responsibilities of the basic operating units, as well as the decision-making processes in line with the directives issued by the board of directors; in this context, it implements the appropriate separation of duties both between individuals and between functions, so as to ensure an adequate dialectic and avoid, as far as possible, the emergence of conflicts of interest;
- with reference to the internal assessment of risk and solvency, it contributes to ensuring the definition of operational limits and to ensuring the timely verification of these limits, as well as the monitoring of risk exposures and compliance with tolerance limits;
- implements the policies inherent to the corporate governance system, in compliance with the roles and tasks assigned to it;
- ensures that the overall functionality and adequacy of the organisational structure and the corporate governance system are maintained;
- verifies that the Board of Directors is periodically informed of the effectiveness and adequacy of the corporate governance system and, in any case, promptly, whenever significant critical issues are identified;
- implements the indications of the Board of Directors regarding the measures to be taken to correct the anomalies found and make improvements;
- proposes to the Board of Directors initiatives aimed at adapting and strengthening the corporate governance system.

Supervisory Body, established pursuant to Legislative Decree 231/2001

The Supervisory Body is responsible for supervising the operation and compliance with the Organisational Model 231/2001 and the Code of Ethics adopted by the Company, taking care of their updating. Verifies that the Company's behavioural methods are consistent with the Organisational Model 231/2001 and the Code of Ethics updated on 30 October 2023.

B.1.2 Role and responsibilities of key functions

The Company, in accordance with the regulations, has established the following four Fundamental Functions: Internal Audit, Group Risk Management, Group Compliance and Actuarial Function.

Furthermore, the Anti-Money Laundering, Anti-Terrorism and Anti-Fraud functions are also part of the fundamental functions of HDI Assicurazioni. All the aforementioned Fundamental Functions report directly to the Board of Directors and are separate functions from the Company's business operating processes, independent and autonomous from an organizational point of view.

Group Internal Audit: appointed to the staff of the Board of Directors, she ensures that the Group Companies define an adequate programme of audits, taking care of their implementation, to verify the adequacy and effectiveness of the Internal Control System, the reliability and integrity of data and information, the adherence of conduct to policies, plans, procedures, laws and regulations. It also ensures the development and proposal of any corrective and/or improvement actions, verifying their correct implementation. It ensures adequate reporting to the Board of Directors, the Board of Statutory Auditors and Top Management at least every six months.

Group Risk Management: The Group Risk Management function, which is responsible for the Chief Risk Officer, is responsible for risk management in terms of identification, assessment, monitoring and treatment as well as the development of tools and methodologies for quantifying risk. It guarantees the quantification of the capital requirement and the related level of Solvency, both according to the Standard formula with USP/Market Wide parameters and according to the Internal Model of the Talanx Group.
It contributes to the definition of the Finance Guidelines and verifies compliance with them through ad hoc reports and through participation in specific Committees, and contributes to the definition of the investment strategy with a view to absorbing capital of financial risks.
It contributes to the definition of the operational risk limits assigned to the operating structures and verifies their consistency with the risk appetite defined by the Board of Directors. It validates the information flows necessary to ensure the timely control of risk exposures and the immediate detection of anomalies found in operations.
It reports to the Board of Directors the risks identified as significant, including in potential terms, and also reports on further specific areas of risk, on its own initiative or at the request of the same. It prepares reports to the Board of Directors, Top Management and the heads of the operating structures on the evolution of risks and the violation of the operating limits set.
It verifies the consistency of risk measurement models with the company's operations and contributes to the performance of scenario analyses or stress tests also carried out as part of the internal risk or solvency assessment or at the request of IVASS. It collaborates in the definition of staff economic incentive mechanisms.
In close collaboration with the relevant departments, he is responsible for coordinating the Company's prospective capital adequacy assessment activities through the estimation of the capital requirement on the basis of the business strategy and the ORSA process, through the preparation of the related report to the Supervisory Authorities and to the Talanx Group.
He is responsible for the preparation of the Solvency II Financial Statements and the validation and preparation of the reports required under Pillar III to the National Supervisory Authority, the Talanx Group and the Market.
It periodically reports to the Board of Directors and the Board of Statutory Auditors on the main issues relating to the activities carried out and in progress, preparing specific documentation for this purpose.
He is the contact person for the Parent Company Talanx and HDI International AG for the monitoring and management of the risks to which the Company is exposed in accordance with the Group Guidelines.
The Group's Risk Management function also includes the Data Quality function, which guarantees the oversight of the Data Quality process, ensuring the definition and implementation over time of the system defined by the company's Data Governance Policy, through the development of tools and the updating of methodologies and operating methods for data quality control.

Actuarial Function[1]: functionally located within the Group's Risk Management structure, it coordinates the calculation and ensures the validation in terms of results, models and underlying databases of the Best Estimate Solvency II reserves. It carries out the assessment of the quality of the data used for the calculation of technical provisions.
It expresses an opinion on the appropriateness of the models used in the calculation of the USPs and on the verification of the underlying assumptions and is responsible for validating the database used for the purposes of the calculation according to the specific procedures defined in the relevant policy. Provides an opinion on the overall underwriting policy including an assessment of the consistency of product pricing, an opinion on the main risk factors that will affect the profitability of business, an opinion on the possible financial impact of any planned change in contractual terms and conditions, and an assessment of the degree of variability in the company's expected profitability estimate and its consistency with its propensity to risk. It also expresses an opinion on the adequacy of the reinsurance agreements entered into with respect to the risk appetite of the company, an

[1] The actuarial function reports directly to the Board of Directors and enjoys the necessary independence and separation in the performance of its duties. The actuarial function is exercised by an actuary registered in the professional register referred to in Law no. 194 of 9 February 1942, or by persons who have knowledge of actuarial and financial mathematics, appropriate to the nature, extent and complexity of the risks inherent in the company's activity and proven professional experience in the matters relevant to the performance of the task.

assessment of the effect of reinsurance on the estimation of technical provisions, an opinion on the effectiveness of the reinsurance agreements entered into in mitigating the volatility of own funds.
With a specific report, it expresses an assessment of the sufficiency of the technical provisions relating to life insurance and compulsory insurance of Civil Liability of Motor Vehicles and Watercraft on the basis of the valuation criteria applicable to the statutory financial statements.
It verifies the consistency of the reserves drawn up on the basis of the valuation criteria applicable to the statutory financial statements with those obtained with the application of the Solvency II criteria and the consistency between the databases and the data quality process adopted.
It contributes to the effective application of the risk management system. Reports directly to the Board of Directors on the results of the evaluations carried out.

Group Compliance Function: ensures on an ongoing basis the identification of the relevant rules for the purposes of the risk of non-compliance applicable to the Company, assessing their impact on corporate processes, providing support and advice to corporate bodies and other corporate functions on matters for which the risk of non-compliance is significant, and monitors the development and periodic review of procedures and governance measures for the insurance products, in order to identify the risks of non-compliance with the obligations provided for by current legislation. It assesses the adequacy and effectiveness of the organisational measures adopted to prevent the risk of non-compliance with the rules; assesses the effectiveness of the organisational adjustments implemented by the Process Owners and/or the working groups set up; prepares adequate information flows on the activities within its competence, directed to the corporate bodies of the Company and to the other structures involved.

Anti-Money Laundering, Anti-Terrorism and Anti-Fraud Function: ensures the ongoing identification of the anti-money laundering and terrorist financing rules applicable to the Company and assesses their impact on internal processes and procedures, proposing the necessary organisational and procedural changes. It prepares the appropriate internal and external information flows on the activities within its competence. It contributes, in collaboration with the other corporate functions in charge, to the creation of an adequate Training Plan aimed at spreading the culture of anti-money laundering. It verifies the reliability of the AUI feeding information system, transmitting aggregated data of the transactions recorded in the AUI on a monthly basis. It ensures the management and supervision of the obligations, including training, provided for by the Anti-Terrorism legislation. It prepares a half-yearly report and an annual report for the Board of Directors and the Board of Statutory Auditors, also containing the results of the self-assessment of the risk of money laundering. It also reports the results of the checks carried out to the Top Management (Top Management Committee).

B.1.3 Communication flows and connection between Control functions

As part of the internal control and risk management system, it is essential that interaction between the Key Functions is ensured, as well as a regular flow of information between these functions and the Corporate Bodies.

The continuous collaboration between the functions and the bodies responsible for control in order to ensure an effective and efficient system of interrelations and collaboration in the field of risk management and internal controls, takes place through a continuous exchange of information that is explained, among other things, in the Risk Report prepared for the Risk Committee.

Within this system, the Fundamental Functions collaborate with each other while respecting their autonomy, using, among other things, a shared network share that allows an adequate exchange of information, especially in the context of the identification and assessment of risks related to business processes. This allows them to adopt a joint approach to the activities of process mapping and analysis, assessment of operational risks and controls, as well as continuous monitoring of any mitigation actions communicated to the operating structures following the analyses carried out by the aforementioned Functions.

The continuous collaboration between the Fundamental Functions is expressed, among other things, by participating in the drafting of the evidence reported by the Risk Committee, and by participating in specific meetings organized by the Board of Statutory Auditors, the Board Committee for Internal Control and Risks and the SB; through information on the annual planning of the activities of the Functions themselves and the information flows that provide for the mutual exchange of the documentation produced by the individual Functions.

The key functions annually submit their business plan to the Board of Directors and the Board of Statutory Auditors, as well as periodically inform them of the activities carried out and any critical issues encountered. The plan of activities is also shared

reciprocally in the network share shared between the control functions and the performance of the activities is monitored within the Risk Committee.
The interactions between the fundamental functions and the corporate bodies are set out below, albeit not exhaustively:

- the Group's Risk Management function prepares specific standardised reports for the Board of Directors on corporate risks, the outcome of the stress tests carried out, the related underlying assumptions and the control of exceeding the limits defined by the Board of Directors, as well as the qualitative and quantitative reporting required under Pillar III;
- the Actuarial Function prepares an opinion for the Board of Directors on the overall underwriting policy, on the reinsurance policy for life and non-life classes and on the reliability and adequacy of the Technical Provisions and calculation methods;
- the Group Compliance function prepares a Half-Yearly Report and an Annual Report to the Corporate Bodies illustrating the final status of the activities relating to the monitoring of the risk of non-compliance; the Compliance function also makes available to the corporate structures concerned, for appropriate information, the reports illustrating the results of the controls carried out;
- the Anti-Money Laundering, Anti-Terrorism and Anti-Fraud function reports to the corporate bodies (Board of Directors and Board of Statutory Auditors) and to the Top Management (Top Management Committee), the results of the audits/activities and the related reports;
- the Group Internal Audit function ensures adequate reporting to the Board of Directors, the Board of Statutory Auditors and Top Management at least every six months; moreover, in the presence of particularly serious situations or in the presence of significant findings, it is obliged to report them urgently to the Board of Directors and the Board of Statutory Auditors.

B.1.4 Changes to the Governance System

As of December 31, 2024, there are no changes to the governance system.

B.1.5 Remuneration policy

The primary objective of remuneration policies is to ensure remuneration that meets the criterion of fairness. Fairness means:

- External equity, i.e. the ratio between the remuneration of the individual and the remuneration that the insurance market offers on average for similar positions. In this case, the insurance market means that share of the overall market made up of companies with a volume of Italian Direct Employment (LDI) premium income comparable to that of HDI Assicurazioni.
- Internal equity, i.e. the relationship between the remuneration of the individual and the remuneration that the company offers to employees with similar or equivalent tasks in terms of skills, relevance, responsibility and complexity.
- Individual equity, i.e. the relationship between the individual's salary and his or her own skills.

HDI Assicurazioni's remuneration policy, defined annually by the Board of Directors, also ensures that the remuneration system is consistent with sound and prudent risk management, avoiding incentives that may encourage the various corporate players to take risks that are not consistent with the Company's long-term interests. The alignment of the company's remuneration policies with long-term objectives also contributes to strengthening the protection of shareholders, policyholders and all stakeholders in general.

This objective is concretely pursued through a remuneration policy based on the following principles:

- an adequate balance of the fixed and variable component, with the connection of the latter to predetermined and measurable performance indicators. In particular, the payment of the variable part of remuneration is linked to the achievement of specific objectives such as:
  - shared corporate objectives that reflect the overall performance of the Company and are linked to performance indicators that take into account the risks associated with the results set and the related charges in terms of capital employed;
  - objectives based on non-financial criteria that contribute to the creation of value for the company, such as compliance with internal and external regulations and the efficiency of customer service;
  - structural objectives;
  - environmental, social or governance sustainability objectives, i.e. relating to commitment to the environment, respect for corporate values and principles such as sharing, equity, diversity and inclusion.

- The setting of limits on the payment of the variable component: the maximum amount that can be paid as variable remuneration at the end of the period is predetermined.
- Sustainability: 40% of the variable remuneration of executive directors is paid through the contribution of Performance Units, the value of which is determined taking into account company performance parameters. Performance Units are liquidated over a period of five years. In addition, the letters assigning the objectives delivered to the staff contain both "malus" clauses and clauses that allow the company to request the full return of the amounts credited, if these have been disbursed on the basis of results that have proved to be non-lasting or ineffective as a result of ascertained malicious conduct on the part of the employee assigned the objectives.

The members of the Board of Directors and the Supervisory Body are not entitled to any end-of-term severance pay. For this reason, they are entitled to nothing in the event of early or unearly termination of the office.

There are no supplementary pension schemes for the members of the Administrative Body, while all employees are given the opportunity to join an Individual Insurance Pension Plan or a Company Pension Fund.

These forms of supplementary pension are funded by voluntary contributions from both the beneficiary and the employer and provide for the provision of supplementary pension benefits at the time of termination of the employment relationship due to retirement.

The pension fund, in particular, offers a plurality of investment options (sub-funds), each characterized by its own combination of risk / return. It is possible to join one of the Lines that the Fund proposes, or to integrate them with each other, dividing the contribution flow and/or the individual position that has already accrued among several compartments. During the course of the investment relationship, it is possible to change the investment choice previously expressed.

Managers and senior staff in key functions are not paid any sum by way of variable remuneration.

The purpose of the remuneration policy for owners and senior staff in key functions is to maintain internal, external and individual fairness. With reference to these principles, the Board of Directors promotes and resolves on any changes relating to the fixed remuneration of personnel in key functions to ensure that it is adequate with the degree of responsibility and commitments associated with the role held and in line with market standards.

Managers and senior staff in key functions are not paid any sum by way of variable remuneration.

B.1.6 Substantial transactions with Stakeholders

During 2024, there were no substantial transactions with stakeholders.

B.2 Requirements of professionalism, fairness, good repute, independence and requirements assessment procedure

In line with the provisions of the legislation, the Company has adopted a framework policy on suitability for office, based on the requirements of professionalism, fairness, integrity and independence that the persons who actually manage the company or who hold other fundamental functions must respect. The fundamental purpose of this policy is to define adequate organizational and procedural safeguards to circumscribe and minimize reputational risk.

In addition to the persons in charge of the administrative, management and control functions, the recipients of the company policy are the subjects belonging to the so-called "relevant personnel" identified in the context of the Corporate Governance document in force. In accordance with the provisions of IVASS Regulation no. 40 in Article 41, the Head of Distribution Activities is also considered the recipient of the policy as part of the relevant personnel. In addition to these subjects, the Head of the Fondo Pensione Aperto /Individual Pension Plan as well as the owners of an organizational unit carrying out settlement activities within the Claims Department are to be considered recipients of the company policy.

The professional requirements required of the members of the Board of Directors and the Board of Statutory Auditors are those provided for by current legislation, to date identifiable in Article 7 of Ministerial Decree No. 88 of 2 May 2022 (MiSe Decree), for the members of the Administrative Body and in Art. 8 of the same Decree for Mayors. In addition to the professional requirements referred to in art. 7 and 8, company representatives must meet the competence criteria aimed at proving their suitability to take on the office, as provided for by art. 9 of the MiSe Decree. Failure to meet these requirements will result in ineligibility for office.

In addition to the requirements of professionalism and the criteria of competence, the adequate collective composition of the Bodies must be assessed in accordance with the provisions of art. 10 and 11 of the MiSe Decree. The evaluation is carried out by the competent body.

The professional requirements required of the Head of the Fondo Pensione Aperto /Individual Pension Plan are those prescribed from time to time by current legislation, until 31 October 2022 identifiable in art. 3 of Ministerial Decree 220/11, which can now be identified in art. 2 c.1 lett.a-f of Ministerial Decree no. 108 of 11 June 2020. Failure to meet these requirements will result in ineligibility for office.

On 5/3/2024, IVASS issued provision no. 142, with which it amended, among other things, IVASS Regulation no. 38/2018 with the aim of coordinating secondary regulations with the provisions of the CAP and the aforementioned MISE Decree 88/2022 and implementing the delegation granted by said Decree to IVASS regarding the composition of the administrative body.

All relevant personnel, as defined, must possess the professional requirements prescribed in the "profiles" drawn up by the Human Resources Department. In particular, individuals belonging to this category must demonstrate that they possess professional qualifications, knowledge and experience appropriate to the position occupied, so as to allow sound and prudent management and ensure the performance of the tasks related to the role held.

The holders of the fundamental functions must also meet the competence criteria aimed at proving their suitability to take on the office, as provided for by art. 19 paragraph 2 of the MiSe Decree.

That said, it is possible to identify a core of knowledge "common" to all relevant personnel. These can be detailed as follows:

- level of professional qualification in terms of knowledge and experience in the financial sector and the main players;
- knowledge of the insurance market in terms of products, business characteristics, distribution networks;
- knowledge of the roles, responsibilities and decision-making powers constituting the Corporate Governance System;
- knowledge of business models in terms of organization and commercial strategies;
- ability to use conclusions drawn from actuarial and financial analyses;
- knowledge of primary and secondary legislation and their impact on business activities;
- knowledge of the Internal Control System adopted by the Company;
- knowledge of the English language;
- experience in insurance and/or financial companies;
- experience in the planning, organization and management of projects and human resources;
- adequate knowledge of the issues related to the risk management of an insurance company;
- adequate knowledge of information technology issues for an insurance company.

All personnel holding an organisational unit carrying out settlement activities within the Claims Department, in addition to the specific skills required by the role, must instead possess the following core of skills:

- knowledge of the insurance market in terms of products, business characteristics, distribution networks;
- knowledge of the roles, responsibilities and decision-making powers constituting the Corporate Governance System;
- knowledge of business models in terms of organization and commercial strategies;
- ability to use conclusions drawn from actuarial and financial analyses;
- knowledge of primary and secondary legislation and their impact on business activities;
- knowledge of the Internal Control System adopted by the Company;
- adequate knowledge of the issues related to the risk management of an insurance company;
- adequate knowledge of information technology issues for an insurance company.

The concept of good repute, on the other hand, concerns the personal integrity that must characterize all the recipients of the policy. These persons must carry out the activities under their responsibility conscientiously and with an appropriate level of diligence. Integrity consists in the reputation and trust that a person enjoys in relation to the fact that he or she is always able to take into account the legitimate interests of the other actors involved in business processes and in his or her ability to comply with external and internal regulations, as well as corporate rules and practices of conduct. It is therefore essential that the persons with key roles have not shown that they are unsuitable as a result of the occurrence of one of the cases provided for by art. 3 of the MiSe Decree. Key actors must also not engage in activities that could lead to conflicts of interest or the appearance of conflicts of interest.

To meet the requirement of good repute, the Head of the Fondo Pensione Aperto must not be in any of the cases provided for by art. 6 cc.3 and 4 of Ministerial Decree no. 108 of 11 June 2020.

The members of the Board of Directors, the Board of Statutory Auditors, the owners and those who work in the fundamental functions must meet the criteria of correctness referred to in art. 4 of the MiSe Decree. In particular, should one of these persons find themselves in one of the situations provided for in the aforementioned article, it will be the task of the competent body (the body of which the member is a member and, for the Control Functions, the body that confers the appointment) to assess his or her suitability to hold the office assigned. The evaluation, which must take into account the objectives of sound and prudent management as well as the safeguarding of the company and the trust of the public, must be conducted according to the principles and evaluation criteria referred to in art. 5 of the MiSe Decree.

The independence requirement guarantees the absence of offices/assignments in potential conflict of interest. Failure to meet this requirement will result in ineligibility/forfeiture of office. The persons in charge of the administrative, managerial and control functions must meet the requirements of art. 12 of the MiSe Decree, with regard to the directors, the Chief Executive Officer and the General Manager and the requirements referred to in art. 13 of the same MiSe Decree with regard to mayors. The persons in charge of the administrative, managerial and control functions must also not be in those situations of incompatibility provided for by art. 36 of Law no. 214/2011.

The current Articles of Association provide that at least two Directors are independent. It is also provided that they are also devoid of executive powers and in possession of the independence requirements established for the statutory auditors of listed companies by art. 148 paragraph 3 of the T.U.F. Failure to meet these requirements will result in ineligibility/forfeiture of office. Non-executive directors are considered independent if the cases provided for in art. 12 of the MiSe Decree.

The procedure for assessing the possession of the eligibility requirements for office by the recipients is differentiated according to the category of subjects evaluated:

- *Persons in charge of administration, management and control functions*:
  the members of the Board of Directors and the Board of Statutory Auditors declare their status in writing with reference to the requirements; this documentation is issued at the time of appointment, with the obligation to promptly communicate any changes in status; the Board of Directors, on the basis of the aforementioned documentation, assesses the existence of the requirements at least annually, or whenever it receives communications of change of status.
- *Persons who are part of the relevant staff and holders of settlement units within the Claims Department:*
  the assessment of the possession of the requirements for suitability for office by the persons who are part of the Relevant Personnel is carried out by the Board of Directors on an annual basis and with the support of the Human Resources Department.
  In the event of the appointment of new persons holding key functions, an ad hoc assessment will be carried out prior to the appointment. In this case, it is necessary to ask the candidate for a detailed curriculum vitae that contains the following information for each position held during his or her professional career: name of the position, start and end of activity in that position, office name of the company in which he or she worked and type of business model of the company in which this position was held, place where this position was held. The evaluation of the candidate will be based on a profile, drawn up by the Human Resources Department, which will include the minimum requirements as well as any specific requirements for the function to be filled. If the candidate does not fully meet the requirements of the profile, it will be necessary to provide immediate countermeasures to allow the gaps highlighted before the appointment takes place (e.g. implementation of specific training courses). If, at the time of the assessment, there are no significant changes in the characteristics of the person holding one of the identified roles (e.g. new information regarding the person's specialist qualifications or new knowledge relating to the integrity and honesty of the person) or in the elements characterising the role (e.g. extension of the scope of responsibility related to the position or change in the professional requirements necessary for the adequately hold the position), the Board of Directors may decide to consider the last assessment carried out valid. Similarly, the Board of Directors will carry out ad hoc assessments if there are significant changes in personal characteristics or in relation to the role which, in the opinion of the Administrative Body, make it necessary to investigate the existence of the requirements of professionalism and integrity for the person affected by such changes.

The Administrative Body as a whole must possess adequate technical skills for the correct performance of its function. To this end, it is necessary that this Body at the collective level (i.e. not referred to each individual member of the same) possess the following competences:

- knowledge of the insurance market in terms of products, business characteristics, distribution networks;
- knowledge of the roles, responsibilities and decision-making powers constituting the Corporate Governance System;
- knowledge of business models in terms of organization and commercial strategies;

- ability to use conclusions drawn from actuarial and financial analyses;
- knowledge of primary and secondary legislation and their impact on business activities;
- knowledge of the Internal Control System adopted by the Company.

The Administrative Body, on the basis of a report completed by each member, annually carries out a self-assessment of suitability.

B.3 Risk Management System, including internal risk and solvency assessment

B.3.1 Risk Management System

The Risk Management System represents the set of strategies, processes, methodologies and tools that allow you to identify, analyze, assess, monitor, manage and report risks on an ongoing basis.

To this end, the Company has adopted a Risk Management System in full compliance with current Italian and European legislation.

The risk management process is governed by HDI Assicurazioni's "Risk Management Framework" Policy, approved by the Board of Directors and periodically updated.

The roles and responsibilities of the actors involved in the Risk Management System are formalised in a specific document ''Risk Management System Model'', attached to the ''Risk Management Framework'' Policy and periodically updated to take into account the Company's organisational changes.

The Group's Risk Management function is responsible for risk management in terms of identification, assessment, monitoring and treatment as well as the development of tools and methodologies for quantifying it. The function provides the Top Management and the Board of Directors with all the reports and information necessary for efficient risk control and management.

Risk management processes are the basic component of the Company's Risk Management System and can be described as a systematic application of established policies, procedures and practices in risk management activities, such as identification, analysis, evaluation, monitoring, treatment as well as risk reporting. The objectives of HDI Assicurazioni's Risk Management System are defined in the business and risk strategies and are subject to a continuous review process.

The process underlying HDI Assicurazioni's Risk Management System is divided into the following phases:

- **Risk identification**, the process is aimed at ensuring that all significant risks to which the Company is exposed are adequately identified. This process involves identifying the sources of risk, events and their causes, as well as possible consequences. The risk identification process may involve the use of historical data, theoretical analyses, expert opinions and is carried out on a basis of at least one year under the coordination of the Risk Management function. The results obtained and the methodologies used are brought to the attention of the Company's Risk Committee, Top Management and Board of Directors.
- **Risk assessment**, the Solvency regime introduced by the Solvency II Directive requires insurance companies to calculate a Solvency Capital Requirement (SCR) capable of reflecting their risk profile, also considering the impact of possible mitigation techniques as well as diversification effects. The methodology applied to date consists in the assessment of the capital requirement from a Solvency II perspective, assessed through the application of both the Standard Formula with and without the use of the Undertaking Specific Parameters (the so-called *USPs*) for the assessment of the underwriting risk of the Non-Life classes, and the internal model of the TX Group used for strategic purposes of the Group, in order to provide a complete picture of the Company's solvency situation. The distinctive element of the methodology is to determine a capital requirement for each of the main risks assumed and to aggregate the capital absorption, related to each risk, into an overall capital requirement of the Company, also considering hypotheses of correlation between the different risks. In this way, it is possible to provide precise evidence of the degree of capitalization of the Company with respect to the risks incurred. The analyses carried out are aimed at monitoring the capital absorption of the risks borne by the Company. The analyses carried out are aimed at monitoring the capital absorption of the risks borne by the Company. Each time the analyses are carried out, evaluations are made regarding:
  - capital absorption;
  - sufficiency of capital resources;
  - changes in capital requirements compared to the previous analysis;
  - analysis of *what if* regarding specific risk factors or peculiarities of the business;

- stress test analysis and reverse stress test.

  Stress testing activities are carried out periodically, at least once a year, by the Risk Management function with the support of the relevant operating units, in relation to the risk factor considered. The Risk Committee analyses the results of the stress tests carried out, assessing the possible need to implement corrective actions to mitigate risk exposures deemed inconsistent with the policy adopted by the Company. The results of the stress tests carried out are also brought to the attention of the Board of Directors, highlighting in detail the underlying assumptions applied in the analyses and any mitigation actions proposed with respect to adverse trends in particular risk factors. The analyses can be conducted separately for each of the macro-areas of risk (finance, life insurance, non-life classes) or jointly, identifying for each area the variables that, from time to time, can be considered most significant and influence the trend of the related risks.

- **Risk monitoring:** risk monitoring is based on the line controls put in place by the operational functions (application of company procedures and processes), which allow continuous verification of the operational limits to risk. In addition, in order to ensure the pursuit of corporate objectives, periodic checks are carried out according to the most significant types of risk and the possible impacts that these may have on the Company's risk profile. In particular, periodic checks are carried out by the Risk Management function with the support, where necessary, of the other corporate functions involved in the Risk Management System. In addition, in order to verify compliance with risk appetite, the Risk Management function carries out a quarterly assessment of the actual Solvency Ratio; moreover, as per the specific request of the Supervisory Authority, it makes an estimate of this value monthly. Finally, in order to allow continuous monitoring of the Company's solvency and liquidity level, in addition to the Risk indicators, such as the Solvency Ratio (SR) and the short-term Cash Flow Ratio, a set of alert indicators (EWI) have also been identified that signal potentially negative trends such as to prevent HDI Assicurazioni from achieving the defined solvency and liquidity objectives. These indicators, monitored together with the financial and technical ones, help to detect emergency situations in advance and allow the timely adoption of the most appropriate corrective actions. The methods for controlling the risk indicators and the process of activating the state of crisis is defined in the Company's Emergency Plan.
- **Risk treatment and escalation processes**: the purpose of this process is to ensure the timely and effective definition of the actions to be implemented. The Company has adopted specific organisational and procedural safeguards aimed at managing specific types of risk such as underwriting, reservation and financial risks. The risk treatment process operates directly on the risks themselves through appropriate mitigation actions. The escalation process is implemented in the event of non-compliance with the limits set by the Board of Directors and involves, as the case may be, the heads of the operating structures at different levels, the Top Management or the Board of Directors, as well as the Group. The Group Risk Management function is expected to be involved in the escalation process, which is called upon to provide its assessments on the effects of the overrun and on possible mitigation actions and/or plans to return to the limits put in place.
- **Risk reporting:** risk reporting is the form of communication intended to inform specific stakeholders, both internal and external, by providing them with information on the current state of the risk and its management, also with specific ad hoc reports. The objective of risk reporting is to provide the Board of Directors, Top Management, the Risk Committee and the other corporate functions involved with systematic, uniform and timely information on risks and their potential effects, providing an overview of the development of risks and the success of any mitigation measures adopted. The responsibility for risk reporting lies with the Group Risk Management function of HDI Assicurazioni. The risk reporting system currently in place at HDI Assicurazioni provides for the preparation of specific reports that meet the information needs of the various recipients. In accordance with the laws and regulations, adequate information is also provided to the Supervisory Authority. The report also contains the results of the Internal Risk and Solvency Assessment process. The main reporting on solvency is the ORSA report, coordinated by the Group's Risk Management function, which aims to provide an internal assessment of risks and global solvency needs on a current and prospective basis. The ORSA process ensures the continuous assessment of the Company's solvency position in line with the process inherent in the management of its strategic plan and with the capital management plan. The results of the assessments contained in the ORSA Report are sent to the Supervisory Authority after approval by the Board of Directors.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The Company's current and prospective assessment of its risks, based on the ORSA (Own Risk and Solvency Assessment) principle, is linked to the key elements of the defined risk governance system, such as the risk strategy, risk management processes, models and methodologies used for quantitative and qualitative assessments.

The Company has adopted a specific ORSA (Own Risk and Solvency Assessment) process which can be summarised as follows:

- definition of assumptions;
- database collection;
- elaboration of current and prospective solvency analysis;
- capital and prospective adequacy assessment;
- sharing of results;
- reporting.

The prospective assessment of the capital requirement provides for the "stand-alone" quantification of each risk envisaged under the Standard Formula. These risks are assessed individually over the entire time horizon and then aggregated by means of the correlation matrix, defined as part of the Standard Formula.

The assessment of the individual risks to which the Company is exposed can be carried out consistently using projection methodologies such as "scaling" and "analytical".

The ORSA process and the strategic planning process constitute an iterative and integrated process that provides for organic links in the definition of strategic guidelines, plan development and monitoring, ensuring sustainable development of the Business Strategy and Risk Strategy in the medium-long term and avoiding profit maximization choices associated with an excessive level of risk.

The results of the ORSA assessments are integrated into the strategic decision-making process, as they allow the assessment of risks and capital, on an ongoing basis, taking into account the Company's risk profile, its overall solvency needs, with respect to its financial position, and allows the assessment of the capital necessary to meet the prospective solvency from a business continuity perspective.

At the end of the process, the prepared ORSA report is presented to the Risk Committee, Top Management and the Board of Directors for approval and/or to incorporate any additions. Subsequently, the ORSA report is transmitted, as required by the legislation in force from time to time, to the Supervisory Authority.

Frequency

The internal risk and solvency assessment is carried out at least once a year, however any significant changes in the risk profile, resulting from internal decisions or external factors, lead to the implementation of an extraordinary ORSA.

The Company has defined, among others, the following situations that could give rise to an extraordinary BEAR:

- as a consequence of a merger/acquisition process;
- for external material events, such as a significant change in financial markets, catastrophic events in the insurance sector, significant changes in regulations and legislation;
- whenever an event triggers extraordinary medium-term business planning, such as:
  - set-up of new business lines / divisions opening up to new market segments;
  - significant changes in product and investment strategy;
  - changes to approved risk tolerance limits or reinsurance arrangements;
  - portfolio transfers;
  - significant changes in asset allocation;
  - substantial legal changes.

B.3.2.1 Integration of the Risk Management System into the organisational structure and decision-making processes of the company

The current and prospective assessment of risks and solvency is linked to and affected by the key elements of the risk governance system defined by the Company, such as:

- the risk strategy, in which risk tolerance and risk limits are also determined;
- the identification of risks, carried out through a risk self-assessment process by the Group's Risk Management function, which includes, among other things, the following considerations:

  - of the main business activities;
  - the strategic plan in force with particular attention to the external and internal scenario;
  - the results of the qualitative assessments carried out for non-quantifiable risks;
  - the results of the controls and evaluations carried out by the other second and third level functions;
- backtesting of the projection models used;
- capital projections and capital allocation principles.

The ORSA covers three main aspects within the governance system of HDI Assicurazioni:
- assessment of overall solvency needs;
- assessment of the Company's ability to continuously meet the capital requirements of Solvency II and the requirements relating to the calculation of technical provisions;
- assessment of deviations from the assumptions underlying the calculation of solvency capital requirements.

B.4 Internal Control System

The internal control system of HDI Assicurazioni, defined by the Board of Directors, consists of the set of rules, procedures and organizational structures aimed at ensuring the proper functioning and good performance of the Company and which aim to guarantee:
- the efficiency and effectiveness of business processes;
- the identification, assessment, including prospective assessment, management and adequate control of risks, in line with the strategic guidelines and risk appetite of the company also in a medium-long term perspective;
- the reliability and integrity of accounting and management information;
- the safeguarding of heritage;
- the compliance of the Company's activities with current legislation, directives and company procedures.

The system represents an aggregation of all monitoring measures, whether integrated into processes or independent of processes (internal controls and organizational measures), which ensure the proper functioning of the organizational system. It applies to all levels of the company and focuses on process risks and the controls implemented to monitor them.

The system is an integral part of the company's management and contributes to the achievement of business objectives efficiently, in compliance with regulations and risk prevention.

It is divided into three levels according to the purposes pursued by the control activity:
- *first-level controls*, which represent the first "line of defence"; they are carried out by individual users during the performance of the operational processes pertaining to them and by the managers of the operational structures. The managers of the operating structures are responsible for identifying, assessing, processing and monitoring the risks inherent in business processes;
- *second-level controls,* which represent the second "line of defence", consisting of the functions that ensure adequate application of the system at a higher level and assist the operational functions; they include the Group Risk Management function, which also includes the Data Quality function, the Group Compliance function, the Anti-Money Laundering function, Anti-terrorism and Anti-fraud and the Actuarial Function. Those carried out by the Data Protection Officer are also to be equated with level II controls;
- *third-level controls*, which represent the third "line of defence" and, as independent and objective, are the responsibility of the Internal Audit function. Internal Audit observes the effectiveness and efficiency of the Internal Control System as a whole using the related audit activities. Third-level controls also include those carried out by the Supervisory Body, established pursuant to Legislative Decree 231/2001.

B.4.1 Group Compliance Function

The Compliance function is set up in the form of a specific organisational unit, in compliance with the principle of separation between operational and fundamental functions, in order to guarantee its independence, autonomy and objectivity of judgment.

The Compliance function reports directly to the Board of Directors, through a half-yearly report and an annual report, highlighting the activities carried out, the checks carried out, the assessments carried out, the results that have emerged, the critical issues identified and the recommendations made for their removal.

The mission of the Compliance function is to prevent the risk that the company incurs judicial or administrative sanctions, financial losses or reputational damage, as a result of violations of laws, regulations or measures of the Supervisory Authorities or self-regulatory rules.

Therefore, HDI's Compliance policy is characterized by an eminently preventive and proactive approach, aimed at preventing, through continuous monitoring and systematic prudential assessments carried out ex ante, the occurrence of episodes of discrepancies, so as to safeguard the stability, assets and reputation of the company.

The policy is implemented through the promotion of a widespread and pervasive system of management of the risk of non-compliance, based on the involvement and accountability of every person operating for the company and entrusted to the ultimate supervision of the Board of Directors, as the strategic and organizational body.

All operators are required to ensure effective monitoring of the risk of non-compliance at every level of their work, keeping themselves constantly updated on the regulatory requirements relating to the specific role, function or task of competence as well as complying with these requirements in their daily operations.

The non-compliance risk management system implemented in HDI provides in any case for a first-level control, entrusted to the Heads of the Organisational Units and the so-called "Institutional Regulatory Owners". Owners are identified as corporate roles in charge of independently governing the evolution and application of a specific legal area, ensuring compliance with it in daily operations.

On the other hand, it is the responsibility of the Compliance function, as the specialist structure responsible for supervising and coordinating compliance oversight as a whole, to provide first-level controls, where required, with its own consultancy assistance support and assess the adequacy of the compliance management process supervised by the Head of the Organisational Unit or by the Owner, reporting any deviations from the dictates of the forecasts and accompanying this report with recommendations relating to the adoption of the appropriate organisational and procedural improvements suitable for ensuring a timely containment of the risk of discrepancies detected.

In detail, the Compliance function carries out its prudential control over the Company's compliance through the following different types of activities:

- <u>Key activities:</u>
  - identification on a continuous and evolutionary basis of the regulatory perimeter relevant to the company;
  - analysis of the regulatory sources falling within the aforementioned perimeter with reporting of the obligations envisaged therein in terms of requirements and specific expected behaviours, accompanied by evidence of the policies, procedures and business processes impacted;
  - assessment of the compliance of the organisational structure in place as well as of the policies, procedures and processes in force, compliance with the rules relating to the governance and control process of insurance products, the management and prevention of conflicts of interest, the transparency and fairness of conduct towards policyholders and injured parties, pre-contractual and contractual information, the correct execution of contracts, with specific reference to the management of claims and, more generally, the protection of policyholders and other beneficiaries of insurance benefits through checks aimed at detecting any misalignments or situations of incomplete transposition of binding regulatory obligations and to give evidence of the level of risk associated with each *vulnus* identified;
  - simultaneous proposal of corrective actions suitable for ensuring effective monitoring of the risk of non-compliance found;
  - monitoring over time of the areas found to be most sensitive in terms of exposure to the risk of non-compliance;
  - follow-up checks aimed at checking the adequacy, timeliness and effectiveness of any corrective measures taken by the operational functions in implementation of the recommendations made during the compliance assessment;
  - annual preparation of a document to formalise the planning of the activities to be carried out in the year in question and its presentation to the Corporate Bodies, subject to notification to Top Management;
  - drafting and transmission of adequate information flows to the Corporate Bodies and other corporate structures concerned;
  - annual drafting of the report pursuant to Article 46 of IVASS Regulation no. 40/2018, to be submitted to the administrative body for approval and forwarded to IVASS, illustrating the monitoring actions carried out for the purpose of verifying the correct implementation of the policies and procedures adopted and the related results;

any critical issues detected and the measures adopted or deemed necessary; the proposed solutions for changes to policies and procedures; the elements relating to the checks and analyses carried out in relation to the obligations referred to in Article 30-decies of the Code and related implementing provisions, functional to the correct control of distribution.

- Complementary activities:
  - consultancy support and assistance to the Corporate Bodies, Top Management and operational functions regarding organisational and management choices related to issues of alignment with regulatory requirements;
  - collaboration with the Top Management in the design of training interventions on the risk of non-compliance, control culture and regulatory updating.

B.5 Internal Audit Function

HDI Assicurazioni's Internal Audit function carries out constant monitoring of the internal control system to assess its effectiveness, efficiency and the need for updating, also through support and consultancy activities to other corporate functions.

The Function Chart of HDI Assicurazioni S.p.A. assigns the following purposes to the function:

"*It ensures the definition of an adequate programme of audit interventions, taking care of their implementation, to verify the adequacy and effectiveness of the internal control system, the reliability and integrity of data and information, the adherence of conduct to policies, plans, procedures, laws and regulations. It also ensures the development and proposal of any corrective actions and/or improvements, verifying their correct implementation. It ensures adequate reporting to the Board of Directors, the Board of Statutory Auditors and Top Management at least every six months*".

L'Internal Audit verifica:

- management processes;
- organizational procedures;
- the regularity and functionality of information flows between company sectors;
- the adequacy of the information systems and their reliability so that the quality of the information on which the top management bases its decisions is not affected;
- the compliance of administrative-accounting processes with criteria of correctness and regular bookkeeping;
- the efficiency of controls on outsourced activities.

The dedicated structure is adequate in terms of human and technological resources to the nature, scope and complexity of the company's activity and to the development objectives that it intends to pursue.

The staff of the structure possess specialized skills, also through an organic professional updating and training plan.

In line with the dedicated structure, audit assignments are rotated in order to allow a more complete knowledge of the processes being audited and their verification methods, also ensuring greater interchangeability in the activities to be carried out, always respecting the independence of the function.

B.5.1 Independence and objectivity of the Internal Audit function

The Internal Audit activity is independent; the function is functionally subordinate to the Board of Directors. Consequently, the Board of Directors has the task of:

- appointment and revocation of the Head of Internal Audit;
- approval of the Audit mandate;
- approval of the Audit plan;
- approval of the budget and the Internal Audit resource plan;
- receipt of the results of the Audit interventions carried out and communications relating to any other problems that emerged during the year;
- approval of the remuneration of the Head of Internal Audit;
- carrying out any appropriate in-depth studies with the Management and the Head of Internal Audit.

Furthermore, in order to strengthen the independence of the Internal Audit, the structure of its remuneration policy must not expose the Internal Audit to any conflict of interest and must comply with the recommendations of the Supervisory Authorities as well as national and international institutions.

B.6 Actuarial function

The Actuarial Function, as a second-level control function, has its own organisational structure and carries out its activities completely independently of the first-level operating structures, as it is free from operational tasks, including with regard to the calculation of technical provisions. The Actuarial Function, like the other second-level functions, guarantees a constant flow of information to the Board of Directors.

The tasks of the Actuarial Function established by the Board of Directors, and also described in the specific Policy approved in July 2024, in compliance with regulatory and business requirements, are summarised below:

- the preparation of the technical report on the financial statements on life reserves, the technical report on the financial statements on the reserves of the Motor and Watercraft liability classes and the report on the vector of foreseeable returns;
- the obligation to report significant events to the Board of Directors and the supervisory body which, where the conditions are met, communicates them to IVASS (ISVAP Regulations no. 22/2008 and no. 7/2007, as amended and supplemented by IVASS provision no. 53 of 6/12/2016);
- the assessment of the sufficiency and quality of the data used in the calculation of the Solvency II Technical Provisions (art. 30-sexies par 1 c) of the CAP); the coordination of the calculation of the Solvency II Technical Provisions (Article 30-sexies par 1 a) of the CAP) and the certification of the guarantee of adequacy of the methodologies and models used, as well as the assumptions underlying the calculation of the Solvency II Technical Provisions (Article 30-sexies par 1 b) of the CAP);
- supervising the calculation of Solvency II Technical Provisions in cases where the company, not having sufficient data of adequate quality for the application of a reliable actuarial method, uses appropriate approximations for the calculation of the best estimate (Article 36-sexies, par. 1, d) and 1 f) of the CAP);
- the issuance of an opinion on the company's global underwriting policy (art. 30-sexies par 1 g) of the CAP) that provides an independent assessment, analyzing the risk factors that may affect the Company's results in line with the strategic objectives, based on continuity, financial solidity, sustainable and profitable growth, consequently focusing on the creation and increase of value over time;
- the issuance of an opinion on the adequacy of the company's reinsurance agreements (Article 30-sexies par 1 h) of the CAP), in order to verify the adequacy with the risk profile, with the risk containment strategy and portfolio balance. The Actuarial Function also formulates an opinion on the provisions on the governance and control of insurance products (POG).
- the expression of an opinion on the correctness of the calculation of the USP parameters (consistency with the data used in the process of calculating technical provisions, verification of the incremental database, appropriateness of the models used in the calculation and verification of the assumptions underlying the calibration);
- any report, prepared in collaboration with the Group's Risk Management function, on the application of IVASS Regulation no. 52/2022 of 30.06.2022 and subsequent amendments concerning the implementation of the provisions on the temporary suspension of capital losses for non-durable securities introduced by Decree-Law no. 73 of 21 June 2022 on the State Treasury and further financial and social provisions converted with amendments by Law 4 August 2022, no. 122;
- the expression of an opinion in the context of the application of the method for the calibration of reserve risk for the calculation of USPs, in the event of differences of opinion between the P&C Actuarial function and the Risk Management function in order to identify the actions to be implemented and eliminate the elements of divergence.

The Actuarial Function also:

- contributes to the effective application of the risk management system, in particular with regard to the risk modelling underlying the calculation of solvency capital requirements and the internal risk and solvency assessment (ORSA) (Article 30-sexies par 1 i) of the CAP);

- contributes, with the support of the relevant functions, to the selection and evaluation of the methods and assumptions adopted by the Company to demonstrate the extent and recoverability of the loss-absorbing capacity of deferred tax assets (LAC DT);
- monitors all areas of risk that could affect the correct and effective management of risks within the scope of his mandate, even if not included in ordinary planning;
- carries out follow-up checks on the process for calculating Technical Provisions, the underwriting policy and the adequacy of reinsurance agreements;
- in the event that the so-called "Expert Judgement" is used in the context of the various business processes, the Actuarial Function examines and validates it. The Expert Judgement is also monitored and updated in case there is new information or changes over time.

The activities carried out by the Actuarial Function and the related controls and results are documented in the report of the Actuarial Function addressed to the Board of Directors and the Board of Statutory Auditors, through the Board Committee for Internal Control and Risks; it is also transmitted to the Risk Committee for information.

It should be noted that, in order to further safeguard the independence of the function, the reports for which the Actuarial Function is responsible are transmitted to the Board of Directors by law.

The absence of conflicts of interest between calculation and verification activities is ensured by:

- full independence and autonomy of second-level control over technical provisions, underwriting and reinsurance policy;
- the clear organizational separation from business activities;
- the existence of a structure of controls to ensure the completeness and accuracy of the information, the transparency of the assumptions, the accuracy of the results, and the technical adequacy of the models;
- the adoption of processes that allow an open comparison and review of the results.

B.7 Outsourcing

The Board of Directors has defined a specific policy whose objective is to define a reference framework for the outsourcing of functions and activities, identifying roles and responsibilities from an organisational and procedural point of view, in accordance with current legislation and in line with the specific Guideline of the parent company HDI International AG.

The document defined:

- the criteria for identifying the activities to be outsourced;
- the criteria for classifying the activities to be outsourced as "essential or important";
- the decision-making process for the use of outsourcing;
- the criteria for selecting suppliers;
- the minimum content of outsourcing contracts;
- the method of managing and monitoring outsourcing;
- emergency and reinternalization plans;
- the reporting obligations to IVASS.

In accordance with the regulations, "essential or important" activities are those activities whose failure or abnormal performance:

- it would compromise the compliance of the company organization with the Supervisory regulations and the quality of the Company's corporate governance system;
- would compromise the Company's ability to continue to comply with the conditions required for the exercise of the insurance business;
- would undermine financial results;
- it would damage the stability of the Company;
- it would compromise the quality and continuity of services to the insured and to the injured;
- would lead to an increase in operational risks.

The qualification of an activity as "essential and important" for the purposes of possible outsourcing is defined jointly by the Risk Owner and the Legal Affairs and Risk Management functions of the Company, which for this purpose must also take into due consideration the concept of "materiality".

The Risk Owner carries out a documented assessment of the overall risk situation related to the outsourcing, identifying the potential risks associated with it. On the basis of this assessment, the Group's Risk Management function carries out an assessment of the effect that outsourcing generates on the Company's risk profile and provides appropriate information to the Risk Committee.

In the case of outsourcing of functions/activities considered essential/important or associated with material risks, the Group Risk Management department sends the assessment of the effects of the outsourcing on the Company's risk profile to Top Management.

The final decision on outsourcing, based on the risk analyses indicated above, is the responsibility of:
- of the Top Management in the case of outsourcing of essential and important activities;
- of the Board of Directors, through a specific resolution, in the event of outsourcing of the Compliance, Risk Management and Internal Audit functions.

The following is information relating to the service providers to whom the essential or important operational functions or activities of HDI Assicurazioni have been outsourced:

Supplier Name	Supplier's registered office	Description of Outsourcing
VAR GROUP S.p.A.	VIA DELLA PIOVOLA 138, 50053 EMPOLI (FI)	SAP in Cloud.
QUINSERVIZI (ex IN.SE.CO. INTERNATIONAL SERVICE CONSULTING S.r.l.)	VIA FELICE CASATI 1/A, 20124 MILANO (MI)	Management and settlement of employment risk claims.
EUROP ASSISTANCE ITALIA S.p.A.	VIA DEL MULINO 4, 20057 ASSAGO (MI)	Management of hospital medical expense reimbursement claims.
AXA FRANCE IARD S.A. (glà AXA PARTNERS e FINANCIAL INSURANCE COMPANY Ltd)	CORSO COMO 17, 20154 MILANO (MI)	Mortgage and Loan/Pecuniary Loss Claims Management - PPI (Service Genworth Contract).
DEDA CLOUD SRL	Viale Fulvio Testi 280/6– 20126 Milano	Information Technology Services Contract
BUCAP SPA	Via Innocenzo XI, 8 – 00165 Roma	Scanning, data entry, and document indexing and searching.
ONEWELF SRL	Via Emilia 272 – San Lazzaro di Savena (Bo)	Other Business Consulting Activities And Other Consulting Administrative-Managerial And Business Planning
CEGEKA SERVICES SPA	MLUNGOTEVERE VITTORIO GASSMAN 22, 00146 ROMA	Management Of Computer Facilities And Equipment Hardware - Housing
BANCA SELLA	Piazza Gaudenzio Sella 1 - 13900 Biella (BI)	Archiving services for paper insurance documentation
Pallas Reinsurance Company Ltd.	Compass Administration Services Ltd, Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke, HM 08 Bermuda	Claims management related to run-off medical malpractice policies.

B.8 Other information

The Company's Board of Directors examined the adequacy of the organizational, administrative and accounting structure and in particular of the Internal Control and Risk Management System of HDI Assicurazioni on the basis of the periodic reports of the Internal Control and Risk Committee and the corporate control functions.

On the basis of the results of the activities indicated above, there are no particular deficiencies in the internal control and risk management system during the 2024 financial year.

In the self-assessment process identified by virtue of the IVASS Letter to the market of 5 July 2018, the Company has adopted a strengthened corporate governance as it jointly exercises the life and non-life classes: it therefore adopted - in 2019 - the organisational solutions referred to in the aforementioned IVASS letter to the market.

Especially:

- the Chairman of the Board of Directors has a non-executive role and does not perform management functions;
- two internal Board Committees have been established: the Internal Control and Risk Committee and the Remuneration Committee.

C. RISK PROFILE

This section provides qualitative and quantitative information relating to the Company's risk profile, separately for all the following risk categories:

- Underwriting Risk;
- Market Risk;
- Credit Risk;
- Liquidity Risk;
- Operational risk;
- Other substantial risks.

For the assessment of quantifiable risks, the metrics of the Standard Formula are applied, supported by specific analyses aimed at justifying their adequacy in fully representing the Company's risk profile.

The Company for the quantification of risk, specifically, has:

- applied the volatility adjustment to the maturity structure of risk-free interest rates for the purpose of calculating the best estimate of technical provisions, pursuant to art. 77 quinquies, paragraph 1, of Directive 2009/138/EC;
- used, in accordance with art. 45-sexies of the CAP, the Undertaking Specific Parameters (USP), replacing the subset of parameters defined in the Standard Formula for the calculation of the Solvency Capital Requirement for pricing and reserve risks in the following segments:
  - Insurance and proportional reinsurance on civil liability resulting from the use of motor vehicles;
  - Other motor insurance and proportional reinsurance;
  - Insurance and proportional reinsurance against fire and other property damage;
  - Proportional insurance and reinsurance on general civil liability.

The following figure shows the Company's risk profile as at 31/12/2024 with an indication of the relative weight of each risk determined with respect to the total capital requirement net of the absorption capacity of technical provisions.

With regard to operational risks, in addition to the quantification shown in the previous figure, the Company also carries out an assessment of exposure to these risks carried out through an annual self-diagnosis process (Risk Self Assessment, RSA).

In addition to the quantifiable risks mentioned above, a number of substantial additional risks have also been identified, the consequences of which may undermine the Company's solvency and constitute a serious obstacle to the achievement of the strategic objectives. For these risks, the Company has carried out qualitative/quantitative analyses as they are not included in the calculation of the capital requirement (SCR). Therefore, the assessment of these risks is essentially aimed, rather than quantifying the possible loss, at verifying the effectiveness of the control measures in place and the proper functioning of the management and monitoring processes.

In more detail, the following paragraphs describe and analyse the main risks to which the Company is exposed, comparing the results obtained in the current year with those obtained in the previous year.

The Company does not transfer risks to special purpose vehicles.

C.1 Underwriting Risk

Article 13(30) of Directive 2009/138/EC defines underwriting risk as the risk of loss or unfavourable change in the value of insurance liabilities due to inadequate pricing and reserve assumptions.

The identification and assessment of underwriting risks is part of the risk management system described in section B.3.1.La underwriting policy defines the rules and principles to be followed by the Company in the underwriting process in the various insurance classes, and includes the underwriting limits, established by the Board of Directors.

As part of the risk control process, the Risk Management function supports the Board of Directors in defining/reviewing operating limits and checks that they are respected on a monthly basis. In addition to the control process, the function monitors, at least monthly, the underwriting risk through the use of specific KPIs, including, for example, the monitoring of settlements concluded by surrender, claim and maturity and by type of channel, comparing these results with what is forecast in the budget.

The results of the monitoring and verification of the limits are reported to the Risk Committee, the Top Management, the Board of Directors and the Supervisory Body.

Technical Life Insurance Risks

Life insurance underwriting risk reflects the risk arising from life insurance obligations, taking into account the insured risks covered and the procedures used in the course of business.

The technical life risks from a Solvency II perspective to which the Company is exposed are:

- Mortality risk: risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate results in an increase in the value of insurance liabilities.
- Life insurance expense risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of expenses incurred in connection with insurance or reinsurance contracts.
- Early termination risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of early terminations, withdrawals, renewals and surrenders of policies.
- Life insurance catastrophe risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and reserve assumptions in relation to extreme or sporadic events.

Valuations are made net of reinsurance sales.

The graph below shows the analytical details of the risk sub-modules on the total Life underwriting risk, together with the comparison with the valuations made in the previous year:

Exposure to life underwriting risks decreased compared to the previous year. In particular, a reduction in the Lapse risk is appreciated, due, compared to the previous year, to a decrease in the amounts redeemed and the application of the Lapse Mass risk reinsurance treaty (non-traditional treaty in force from the 1st quarter of 2024).

Technical Non Life Insurance Risks

Underwriting risk for non-life insurance reflects the risk arising from non-life and health insurance obligations, taking into account the hazards covered and the procedures used in the course of business.

The technical risks of Non Life and Health from a Solvency II perspective to which the Company is exposed are:

- Pricing and reservation risk: the risk of loss or unfavorable change in the value of insurance liabilities, deriving from fluctuations in the time of occurrence, the frequency and severity of the insured events as well as the time of occurrence and the amount of claims settlements;
- Early repayment risk: the risk of loss or unfavourable change in the value of insurance liabilities, deriving from the use of the options exercisable by the policyholder that significantly affect the commitments arising from the contract;
- Catastrophe risk: the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty in pricing and reserve assumptions in relation to extreme or exceptional events, as well as major epidemics or unusual accumulation of risks occurring in such extreme circumstances.

Valuations are made net of reinsurance sales.

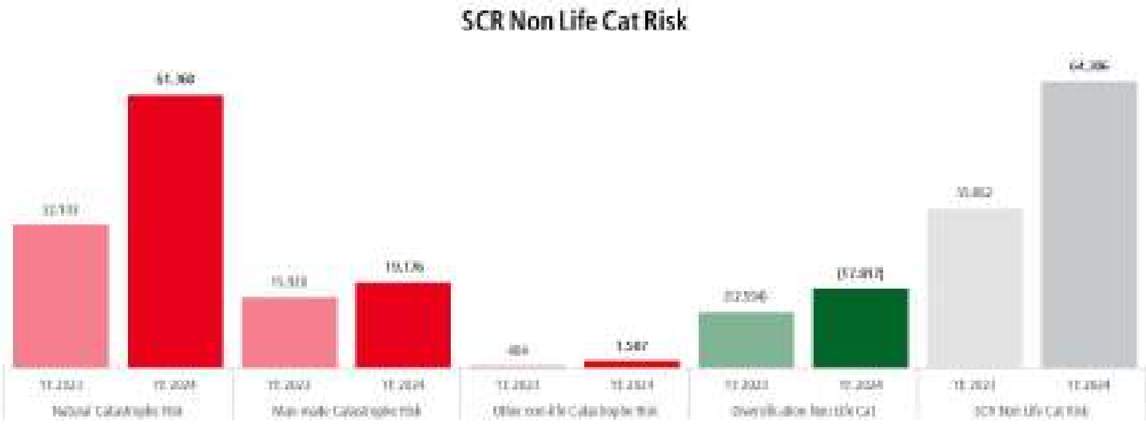
The graph below shows the analytical details of the risk sub-modules on the total P&C underwriting risk, together with the comparison with the valuations made in the previous year:

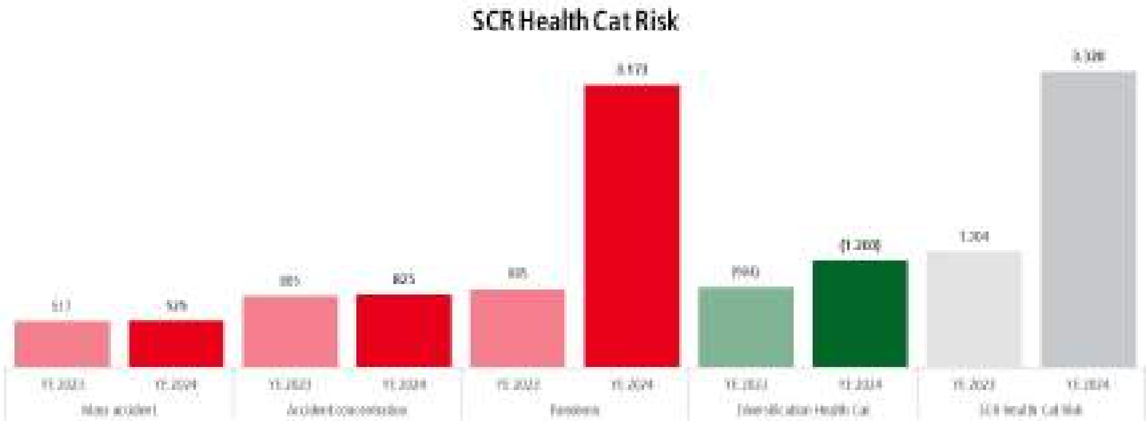
While the results for health underwriting risks are shown in the chart below:

Compared to the previous year, the exposure to non-life underwriting risks is increasing. This increase is generated by an increase in volumes (premiums and claims), the commutation of a Q/S reinsurance treaty ex HDI Italy and the increase in earthquake risk exposures that led to the increase in the NatCat SCR. These increases are mitigated by an improvement in the Undertaking Specific Parameters.

Exposure to health underwriting risks was substantially unchanged compared to the previous year.

The results for catastrophe risks are shown in the graphs below:





Exposure to catastrophe risks increased compared to the previous year, mainly as a result of the increase in Natural Catastrophe (Nat Cat) risk, while Man-Made risk remained broadly stable.

The increase in the risk of Nat Cat is attributable to two main factors:

- Growth in portfolio exposures for earthquake risk, which led to an increase in the capital requirement;
- Updating of the reinsurance treaties, characterized by a higher priority than in the previous year, with a consequent increase in the share of risk retained by the Company and, consequently, in the related SCR.

These dynamics led to an overall increase in the capital requirement for the Nat Cat module, reflecting a higher exposure to catastrophic events and a reduction in the mitigating effect of reinsurance compared to the previous year.

Risk concentration

The following table shows the percentage incidence of technical risk sub-modules on the total SCR[2] gross of correlation effects and gross of deferred tax benefits.

[2] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include not only the modules in this table but also the sub-modules of market risks, counterparty and operational risk.

SCR Life	
Mortality risk	0,9%
Longevity risk	0,0%
Disability-morbidity risk	0,0%
Lapse risk	9,5%
Life expense risk	1,3%
Revision risk	0,0%
Life catastrophe risk	0,5%

SCR Health	
Health SLT	0,0%
Catastrophe	0,4%
Premium & Reserve	3,6%
Lapse	0,1%

SCR Non Life	
Premium & Reserve	32,5%
Lapse	0,2%
Catastrophe	7,9%

Risk mitigation techniques

With regard to underwriting risk mitigation techniques, the Company uses risk transfer techniques (reinsurance instruments) defined in the reinsurance guidelines, in mandatory and/or optional form, with the aim of mitigating unfavourable technical trends, increase its underwriting capacity, while maintaining the amount of exposure to the individual insured risks within predefined levels and thus achieve an adequate homogenization of the portfolio of risks to which it is exposed.

As required by the Reinsurance policy and the Company's additional risk mitigation techniques, for life classes there is currently a non-traditional treaty, approved by the Supervisory Board to cover the "Lapse Mass" risk, which provides for the transfer of part of the surrender risk borne by the Company to a reinsurer, specifically in Hanover King Ireland.

For life classes, from an analysis of the risk portfolio, considering the characteristics of the products marketed, the reinsurance forms that best suit the characteristics of the portfolio are:

- EXCESS (at Risk Premium),
- QUOTA (Commercial Premium),
- SHARE SHARING (at Risk Premium).

In addition, other types of reinsurance coverage are provided such as optional and catastrophic risks.

With the exception of the Surety, Legal Protection, Assistance classes and some specific forms of insurance related to the Accident and Health classes, the coverage that best suits the Company's balance needs tends to be those of the Non-Proportional type. Nevertheless, when non-life coverage is linked to life insurance coverage or related to mortgages or other loans, proportional coverage is also sought.

Stress Test and Sensitivity Analysis

The Company performed sensitivity analyses on significant risks, resulting from the process of identifying risks on consolidated data. Specifically, these sensitivities concerned

- A +10 p.p. worsening of the S/P ratio for the year in relation to the 6 main SII Lobs: Income, Medical, MOD, MTPL, Fire and GTPL;
  The analysis resulted in a decrease in the Company's Solvency Ratio of about 24 pps.
  This deterioration in the SR is due to the increase in reserves, which is reflected both in the calculation of Own Funds (with a deterioration) and in the SCR, leading to an increase in the risk modules based on BEL volume.
- In addition, with regard to non-life and health underwriting risk, the scenario without applying specific parameters (USP) to the MVL, OMI, FODP and GLI segments was tested. In this context, using the Market Wide parameters on the segments for which the Company adopts the USP parameters, the Solvency Ratio deteriorates by approximately 32 p.p.;

- Inflation: on the Best Estimate Liability an inflationary increase in line with ECB forecasts was considered, in addition to that already present in the base scenario, indexing the cash flows in the various calendar years up to the run-off. This would reduce the company's Solvency Ratio by about 5 p.p.;
- An instantaneous increase in surrenders on the Life business of 40%. This resulted in a decrease in the Company's Solvency Ratio of about 15.8 p.p..

C.2 Market Risk

Article 13 of Directive 2009/138/EC, in point 31), defines market risk as the risk of loss or unfavourable change in the financial situation deriving, directly or indirectly, from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments.

The identification and assessment of market risks is part of the risk management system described in section B.3.1.

The framework resolution on investments, in line with the provisions of IVASS Regulation 24 of 6 June 2016, defines the rules and principles to be followed by the Company as part of the investment process and includes the operating limits established by the Board of Directors.

As part of the risk control process, the Risk Management function supports the Board of Directors in defining/revising the framework resolution and therefore the operational limits that, at least monthly, it checks to be respected. In addition to the control process, thefunction monitors, with the same frequency, market risk through the use of specific KPIs and, with a specific process, also the so-called "Complex" assets. The results of the monitoring and verification of the limits are reported to the Risk Committee, the Top Management, the Board of Directors and the Supervisory Body.

Specifically, the market risk, from a Solvency II perspective, to which the Company is exposed are:

- Interest Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the structure by maturity of interest rates.
- Spread Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads compared to the structure for maturities of risk-free interest rates.
- Concentration Risk: additional risks for the insurance or reinsurance undertaking arising from the lack of diversification of the portfolio of assets or from large exposures to the risk of default by a single issuer of securities or a group of related issuers.
- Currency Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level of volatility of currency exchange rates.
- Property Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of the market prices of real estate.
- Equity Risk: is the risk deriving from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of the market prices of equity instruments

The graph below shows the analytical details of the risk sub-modules on the total market risk, together with the comparison with the valuations made in the previous year:

The prevailing risk is the spread, whose SCR is equal to approximately 49% of the total non-diversified Market Risks. Compared to the previous year, the Market Risk SCR remained substantially stable.

Risk concentration

With regard to market risk, the framework of the limits envisaged, on the basis of which the Company's financial portfolio is invested, provides for specific limits for each counterparty and for each geographical area that mitigate the risk of particular concentrations. The counterparty with the greatest exposure is the Italian State. This exposure is in any case consistent with the investment policy and liquidity risk policy adopted.

The following table shows the percentage incidence of technical risk sub-modules on the total SCR[3] gross of correlation effects and gross of deferred tax benefits.

SCR Market	
Interest Rate risk	2,4%
Equity Risk	7,0%
Property Risk	2,5%
Spread risk	13,0%
Concentration	0,0%
Currency Risk	1,5%

Risk mitigation techniques

In order to maintain a balanced risk profile consistent with the risk strategy, the Company adopts various risk mitigation strategies, as better defined in the investment framework resolution, which also includes the ALM risk management policy and the liquidity risk management policy, which prefer the diversification of investments as the main tool to mitigate risks and the definition of limits on the financial portfolio that allow for the ensure a risk profile in line with the Company's risk appetite set out in the Risk Appetite Framework (RAF).

Depending on the nature, extent and complexity of the risks inherent in the company's activities, the Company defines investment policies consistent with the prudent person principle (provided for in Article 132 of Directive 2009/138/EC) and with the risk portfolio of the liabilities held, in order to ensure the continued availability of eligible and sufficient assets to cover the liabilities, as well as the security, profitability and liquidity of investments, providing for their adequate diversification. In the event of a conflict of interest in the investment activity, the company undertakes to ensure that the investment is made in the best interests of policyholders and beneficiaries.

The Board of Directors of HDI Assicurazioni defines the rules and principles that the entire Company must comply with for the operational management of financial risks, also following the results of the Strategic Asset Allocation e Asset Liability

[3] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include in addition to the modules in this table also the sub-modules of underwriting risks, counterparty and operational risk.

Management, including any limits and thresholds related to risk measures such as Credit VaR, Asset Liability Management Var, Liquidity and the monitoring of the ESG rating of investments.

In addition, the Risk Management function has put in place a process that involves monitoring the main market risks identified, also carried out by monitoring the main risk drivers that could be identifying abnormal market trends (EWI) such as, for example, the BTP vs BUND spread. With this in mind, the Company has adopted a first and second level framework for monitoring and controlling investments in so-called complex assets, although this category of securities is a residual part of the overall portfolio.

Immediate information is provided on these analyses to the ALM Finance and Sustainability Committee and monthly to the Risk Committee. The Board of Directors is also informed at each Board meeting.

The Company may also use additional risk mitigation strategies through, for example, the use of derivative instruments, in compliance with defined procedures and guidelines.

Stress Test and Sensitivity Analysis

For market risk, the Company performed sensitivity analyses on significant risks, derived from the risk identification process. Specifically, the analyses concerned the main risks of the Market module of Standard Formula.

In this context, the following stresses were tested:

- Interest Down: decrease of 50 basis points (-50bp) on the risk free rate curve, which led to an increase in the Company's Solvency Ratio of about 1.4 p.p.;
- Interest Up: increase of 50 basis points (+50bp) on the risk free rate curve which resulted in a decrease in the Solvency Ratio of almost 1.8 p.p.;
- Spread Risk: increase of 50 basis points (+50bp) in the Spread for corporate bonds with a Solvency Ratio that led to a decrease of about 0.6 p.p..

Prudent Person Principle

HDI Assicurazioni has defined detailed investment guidelines that represent guidelines for the management of assets and liabilities, as well as for the tools for controlling the risk profile and have the purpose of defining the best combination between the objective of reducing risks and that of obtaining reasonable returns on investments.

HDI Assicurazioni's investment policy is inspired first and foremost by the principles of security and preservation of assets and, secondly, by the principles of profitability. This policy is based on compliance with the prudent person principle and is consistent with the risk portfolio of liabilities held, in order to ensure the continuous availability of assets suitable and sufficient to cover liabilities, as well as the safety, profitability and liquidity of investments, providing for their adequate diversification and dispersion. Asset management has the primary objective of solvency and business continuity, therefore, investment choices are made with a view to guaranteeing the future of the Company through the support of financial activities to the company's results. As a complementary activity to the insurance business, asset management activities are carried out in harmony with the technical and commercial requirements as well as with the commitments undertaken by the Companies.

In the event of a conflict of interest in the investment activity, the Company undertakes to ensure that the investment is made in the best interests of policyholders and beneficiaries. The guidelines set out the framework for an investment strategy with the aim of achieving a combination of investments that reduces risks and makes a reasonable profit, while taking into account insurance industry conditions, the market and the organisational framework.

C.3 Credit Risk

Article 13 of Directive 2009/138/EC, in point 32), defines credit risk as the risk of loss or adverse change in the financial situation resulting from fluctuations in the creditworthiness of issuers of securities, counterparties and debtors to which the insurance or reinsurance undertaking is exposed, in the form of the risk of default of the counterparty, of risk of spreads or concentrations of market risk.

The counterparty's default risk module shall reflect the possible losses due to the unexpected default or deterioration in the creditworthiness of counterparties and debtors of insurance and reinsurance undertakings over the next twelve months. The counterparty default risk module shall cover risk mitigation contracts, such as reinsurance arrangements, securitisations and derivatives, as well as claims on intermediaries and any other exposures not hedged in the spread risk sub-module. The module shall take appropriate account of collateral or other collateral held by or on behalf of the insurance or reinsurance undertaking and the risks associated therewith.

The graph below shows the analytical details of the risk sub-modules on the total risk of transfer, together with the comparison with the valuations made in the previous year:

Risk concentration

As regards the risk of default of the counterparty, there are no particular concentrations.

The contributors to the default risk of the Type 1 counterparty are mainly exposures to banks and reinsurers.

The following table shows the percentage incidence of technical risk sub-modules on the total SCR4 gross of correlation effects and gross of deferred tax benefits.

SCR Default	
Type 1	5,3%
Type 2	3,8%

Risk mitigation techniques

A first safeguard adopted to mitigate this risk is represented by the partner selection process, mainly based on the assessment of creditworthiness and diversification.

In particular, for the selection of reinsurance partners, specific limits and procedures established in the Reinsurance policy and the additional Risk Mitigation Techniques approved by the Board of Directors are approved, in line with IVASS Regulation no. 38 of 3 July 2018.

The verification of the consistency of risk mitigation through the defined reinsurance strategies and the criteria used for the selection of reinsurers is an integral part of the Company's risk management system, whose ultimate responsibility is the Board of Directors in terms of completeness, functionality and effectiveness.

Risk Management carries out annual monitoring of the approved limits.

The Actuarial Function expresses its opinion at least annually, through a written report, in accordance with the obligations laid down, formulating an opinion on the adequacy of the reinsurance arrangements.

Stress Test and Sensitivity Analysis

A simulation was performed considering a donwgrading of all reinsurers. This resulted in a decrease in the company's Solvency Ratio of approximately 2.3 p.p..

[4] The percentage weight is calculated on the Solvency Capital Requirement before diversification defined as the sum of the individual risk sub-modules expressed in absolute value, which include in addition to the modules in this table also the sub-modules of underwriting risks, market and operational risk.

C.4 Liquidity Risk

Article 13 of Directive 2009/138/EC, in point 34), defines liquidity risk as the risk that the insurance or reinsurance undertaking will not be able to liquidate investments and other assets to settle its financial obligations when the latter fall due.

Liquidity risk, therefore, means the risk that the Company may incur when it has to meet cash commitments (expected or unexpected) and the available liquidity is not sufficient.

The occurrence of these conditions could generate costs both for the forced realization of capital losses, given the need to sell investments, and for access to the credit market at unfavorable conditions.

Timeliness and adequacy in meeting economic commitments must be ensured both in ordinary administration conditions and under the event of stress.

The identification, management and monitoring of liquidity risk play a key role in the Company's business processes as they directly affect other business processes, such as, for example, investment management, treasury management and planning and control activities.

In accordance with the Solvency II approach proposed by the Standard Formula, liquidity risk is partially modelled in the credit risk module, as presented in the previous paragraph, with regard to the insolvency of bank counterparties.

The Company monitors the level of liquidability of each individual investment and also measures and monitors the short, medium and long-term liquidity profile, through:

- the Cash Flow Ratio (CFR) defined as the ratio between the sum of the expected inflows and the cash equivalents in the portfolio and the expected outflows with a variable time horizon depending on the objective of the analysis;
- Coverage ratio of technical provisions, defined as the ratio between the value of eligible assets and the amount of technical provisions;
- Investment liquidability rate, defined as the ratio of saleable assets to technical provisions.

These indicators measure the Company's ability to cope with a negative financial result due to insufficient liquidity resources. In the event that one of the ratios is lower than the limits set out in the Framework Investment Resolution, the Company may not be able to meet the most immediate deadlines. In this case, the Company, in line with the provisions of the Emergency Plan, immediately adopts the measures envisaged to deal with this possible situation.

On 5 June 2020, IVASS, in collaboration with EIOPA, launched a monthly survey to monitor the evolution of liquidity by collecting an information flow on a representative sample of companies.

The request was made following the effects deriving from the COVID-19 epidemiological emergency which, if prolonged over time, may also negatively affect the liquidity position.

To this end, starting from the March 2020 data, the Company monitors the evolution of liquidity on a monthly basis and, as requested, provides the results obtained to the Supervisory Authority.

Expected earnings included in future premiums (EPIFP)

The amount of expected profits included in future premiums is shown below.

EPIFP	(amounts in thousands of Euro)
Life Total	29.634.725
No Life Total	10.635.476

Risk concentration

As far as liquidity risk is concerned, there are no significant concentrations.

Risk mitigation techniques

The fundamental principles on which the liquidity risk management model is based, defined in the Liquidity Risk Management Policy included in the "Framework Resolution on Investments", can be summarised in the following points:

- management of short-term liquidity in order to maintain the balance between short-term inflows and outflows and an adequate level of activity in bank deposits and readily liquidable securities;
- medium-term liquidity management by maintaining a situation of balance between assets and liabilities, optimizing cash-flow matching both in Best Estimate and stress conditions.

Furthermore, on a monthly basis, in compliance with IVASS Regulation no. 24 of 2016, the Company verifies compliance with the limits set out in the Investment Guideline for the liquidity held, applied to all assets without distinction of portfolio. The results are then brought to the attention of the Risk Committee, the Top Management and the Board of Directors.

Stress Test and Sensitivity Analysis

The company also carried out the analysis of the liquidity position under stress assumptions in order to check for a negative financial result due to insufficient liquidity resources. The results showed that, even under stress assumptions, the company achieves cash flow ratios above 120%, the minimum required by current company policy, for every month considered in the period analysed.

The metric used by the Company to measure liquidity risk is the Cash Flow ratio, which measures the Company's ability to cope with a negative financial result due to insufficient liquidity resources. In the event that the ratio is less than 100%, the Company may not be able to meet the most immediate deadlines.

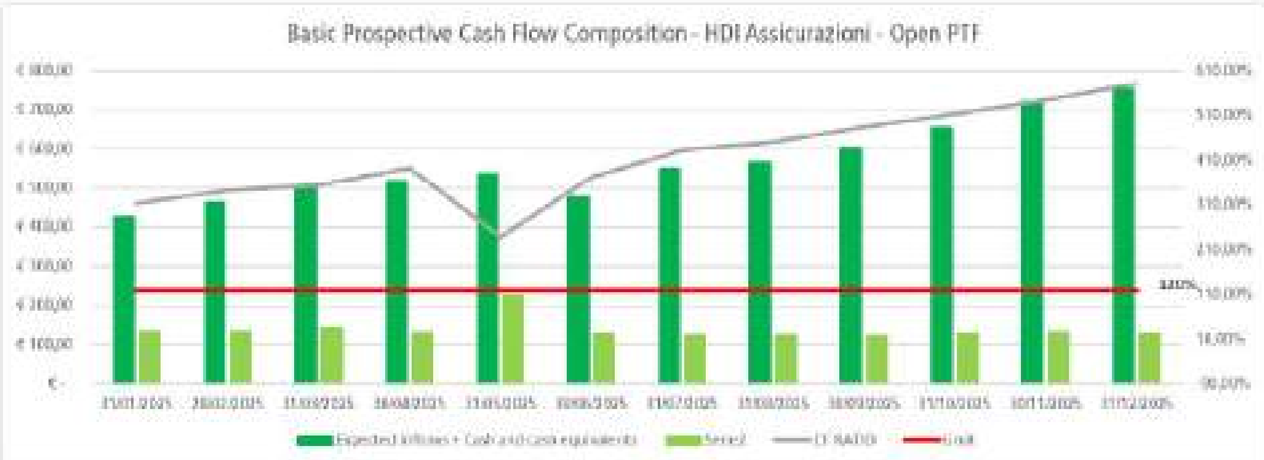
In the analysis, carried out with an open portfolio, with regard to class C, with a time horizon of 12 months starting from the valuation date, the following were considered as expected cash inflows:

- the bonuses issued deriving from new business, in line with the provisions of the Company Strategic Plan;
- cash and cash equivalents;
- income from financial investments (coupons, dividends and redemptions, etc.).

As regards cash outflows, the following were considered:

- in the Life segment, surrender payments, claims payments, deadlines and expenses.
- in the P&C segment, claims for the current and previous years and expenses.
- the distribution of the dividend was also considered.

As can be seen from the graph below, the Company is able to meet future commitments to policyholders over the reference time horizon.



The Company carried out an analysis of the liquidity position even in the event of stress to verify a possible negative financial result due to insufficient liquidity resources.

Specifically, these sensitivities concerned:

- a 50% increase in surrenders in the Life segment;

- a 15% increase in claims in the P&C segment.

The results showed that, even in the event of stress, the Company for each month considered in the range under analysis, obtains cash flow ratio levels above 120%.

C.5 Operational Risk

Article 13 of Directive 2009/138/EC, point 33), defines operational risk as the risk of losses resulting from the inadequacy or dysfunction of internal procedures, human resources or systems, or from exogenous events.

Operational risk is the risk of losses arising from the inadequacy or dysfunction of internal procedures, human resources or systems, or from external events.

From a Solvency II perspective, the Company calculates this risk quarterly using the methodology defined by the Standard Formula, which is a function of premiums and reserves. The exposure does not raise any particular challenges in terms of the basic available capital requirement.

There are no significant concentrations on this risk.

As at 31 December 2024, the SCR relating to operational risks amounted to 62,487 thousand Euros.

However, in order to protect against these risks, also in compliance with the provisions of current legislation (Reg. 38 - Chapter II Risk Management System Art. 17 (Objectives of the risk management system), the Company must:

a) identify processes for tracking, analyzing and reporting events related to operational risk, defining a process for collecting and monitoring events related to such risk;

b) develop and analyse appropriate scenarios, even of particular seriousness, provided that they are plausible and take into account at least:

i) the failure of a fundamental element, be it a process, a role, or a system;

ii) the onset of external events.

This evaluation, among other things, makes it possible to verify whether the evaluation according to the metrics of the Standard Formula is adequate. The methodological approach that HDI's Risk Management has recently developed integrates the qualitative-quantitative assessment, based on the selection of ranges of values to which qualitative judgments are associated, with a quantitative analysis consistent with the leading market practices.

The operational risk assessment process currently defined by HDI Assicurazioni S.p.A. uses the Risk Self Assessment (RSA), a self-diagnosis conducted by the various company structures with the support of Risk Management for the identification and assessment of potential risk events of an operational nature to which the Company is exposed, for the identification of control measures and the definition of any mitigation actions in line with the provisions of the reference and guidelines of the Talanx Group

The operational risk assessment process, conducted through RSA, follows the application of the "cause-event-effect" chain and is carried out annually in order to identify the Company's actual exposure to risks and the areas of greatest criticality, quantify the related impact and define, where possible, the most suitable mitigation actions to strengthen the safeguards placed to cover operational risks.

The risk event results from inefficiencies in people, processes and systems or from external events, which has had or could have a detrimental effect and the task of Risk Management is to identify operational risk events that could generate losses on the Company's activities. The identified risk events are classified according to the standard taxonomy of operational risks, which is divided into three levels of specificity and derives from the model proposed by Basel II, adapted to the insurance sector. Specifically, the catalogue adopted by HDI Assicurazioni consists of:

- 7 first-level macro-risks;
- 20 second-level categories;
- 47 third-level subcategories.

Therefore, the Risk Catalogue consists of three levels of specificity. For the sake of brevity, the 7 first-level macro-risks are shown below:

- Internal fraud;
- External fraud;
- Employment relationship and safety in the workplace;
- Practices related to customers, products and business practices;
- Damage to material property from external events;
- Interruption of operations and dysfunction of systems;
- Execution, delivery and management of processes.

Causes are defined as any element of the operating context, internal and/or external to the Company, which contributes to the determination of the detrimental event. Once the operational risk event has been identified, it is necessary to identify the causes that can generate it and categorize them according to what is reported in the dedicated taxonomy, divided into two levels of specificity. It is necessary to assign a precise category to the causes on the basis of the defined risk factors in order to identify the weaknesses inherent in the processes and the possible mitigation actions that allow to prevent the occurrence of the event or to reduce/transfer the exposure to risk. Therefore, this activity allows you to:

- provide support in estimating the frequency of occurrence of the event;
- identify the interdependencies existing between the different causes and the different company structures;
- define the controls capable of mitigating the causes of the risk event;
- verify the failure or ineffectiveness of the controls in place.

Effects are the consequences that derive from the occurrence of the risk event, which can have economic impacts. The analysis of the effects is essential to improve the knowledge of the negative economic impacts that are a direct consequence of the occurrence of an operational risk event and allows the identification of mitigation actions to be optimised.

The controls consist of a series of procedures, methods and measures useful for mitigating the risk itself and must be designed in an appropriate manner with respect to the risk itself and the process considered.

The operational risk management process involves the following distinctive steps:

1. Risk identification
2. Risk assessment
3. Mitigation Actions
4. Reporting
5. Monitoring

1. Risk identification is conducted by carrying out two types of analysis:
   - Risk Self Assessment ("RSA"), or the process of collecting Expert Judgement with a "forward looking" meaning: self-diagnosis conducted by the various company structures in which the process managers (Risk Owners or Process Owners) evaluate, through Expert Judgement, the possible risk events during the interview, considering typical and particularly serious scenarios as long as they are plausible, assessing the adequacy of the controls in use and identifying solutions to improve the management of any critical situations. Hypothetical risk events are analyzed following the "cause-event-effect" chain (described above) with the aid of standard taxonomies, using the dimensions of expected frequency and typical and worst impact.
   - Loss Data Collection ("LDC" or "Collection of Loss Data") with a "backward looking" meaning: aims to collect historical events of operational risk with the related losses incurred and all other information useful for the purposes of their measurement and management, including recoveries, both direct and deriving from insurance coverage. The information collected is recorded following predefined taxonomies highlighting the loss event, the causes triggering this event, the economic effects related to this event and other additional information. At the end of the LDC process,

an activity is carried out to validate the data collected and to control the quality of the analysis carried out (for further application details, please refer to the Loss Data Collection methodological document).

2. The operational risk measurement activity involves the quantitative assessment of the impact, frequency and worst case of the risks identified, the control of the appropriateness and accuracy of the hypothetical scenarios and the calculation of the capital requirement relating to operational risk. In particular, HDI Assicurazioni adopts a "frequency-severity" methodology that provides for modelling the frequency of occurrence and the economic impact relating to the individual risk event through distinct and independent distribution forms.
3. Once the operational risk events identified in qualitative and quantitative terms have been analysed, the actions to mitigate the possible exposure of the Company are identified that can prevent and contain the effects of the occurrence of the risk event. This analysis includes organisational interventions (definition of new processes and changes to existing processes), IT resources (purchase or implementation of hardware or software) and controls (definition of new controls and updating of controls already envisaged), is conducted on the basis of cost-benefit analyses and shared with all the figures involved in the process of identifying and assessing operational risk.
4. It is the task of the Risk Management Function to collect and rationalise the results that emerge from the processes of identifying and managing operational risks and to prepare ad hoc reports for the structures involved in the analysis.
   Risk Champions receive the results of the operational risk assessment in relation to their area of responsibility.
   The Risk Committee receives reports on the evidence that emerged during the RSA and Loss Data Collection process and the results of monitoring exposure to operational risks and compliance with tolerance levels.
   The Board of Directors receives documentation relating to the results of the operational risk assessment and management process and the objectives of the Risk Appetite, as well as information on monitoring the same on a quarterly basis.
5. The Risk Management Function carries out periodic monitoring of the risk profile and verification of the progress of the safeguards put in place for the risks detected.
   Quarterly updates on the risk events surveyed are envisaged to ensure a constant, timely and adequately granular update of the evolution of the exposure to operational risk of the various business units.

In the survey relating to the 2024 financial year, no critical issues emerged in the assessment of the aforementioned risk categories.

Risk concentration

As far as operational risk is concerned, there are no significant concentrations.

Risk mitigation techniques

The process of identifying operational risks involves identifying mitigation techniques for the identified risks.
The greatest risks are also monitored every six months, at the same time analyzing the effectiveness of mitigation measures. In order to control the risks that may constitute a danger to business continuity, materiality and risk reporting thresholds have been defined that make it possible to identify any critical issues and consequently to identify further mitigation measures and provide the necessary information to the Risk Committee, Top Management and the Board of Directors.

Stress Test and Sensitivity Analysis

Given the nature of the risk, the Company does not carry out specific stress tests and sensitivity analyses.

C.6 Other material risks

The substantial risks not reported in the previous paragraphs include Risk associated with investing in government securities, Strategic Risk, Risk related to Group Membership or Contagion, Reputational Risk, Emerging Risks, Risk of Non-Compliance and Risks related to the Pension Fund.

Risk associated with investing in government securities

This risk, which is not included in the official quantification of the Standard Formula, is monitored at least monthly by the Company through an impact estimate relating to hypothetical changes in the spread level of 10-year BTPs, considering the prevalence of Italian securities in the portfolio, on its risk profile, and in particular on its own funds. In this regard, among the risk indicators used to monitor the risk profile, (Early Warnings Indicator) a specific spread indicator is calibrated on the risk tolerance as defined in the Company's Risk Appetite Framework (RAF).

Strategic Risk

Defined under European legislation as the actual or potential risk of an impact on revenues or capital deriving from incorrect business decisions, improper implementation of such decisions or poor responsiveness to changes in the reference sector.

Strategic risk management involves the following steps:

- identification of possible sources of risk, both internal and external, that could lead to the emergence of a strategic risk for the Company, with the involvement of the Risk Owners and the examination of any supporting documentation;
- definition of indicators (Key Risk Indicators) that can highlight the onset of risk;
- analysis of the potential effects deriving from the identified sources of risk;
- qualitative assessment of the strategic risk identified, also making use of the opinion of experts;
- development of mitigation activities that can lead to a reduction in the probability of occurrence or can minimize the economic loss;
- reporting by the Risk Management function to the Risk Committee, Top Management and the Board of Directors as part of risk reporting.

By way of example but not limited to, risk control is ensured by monitoring the following:

- Profitable growth targets;
- Market share analysis;
- Achievement of planned economic results;
- Maintaining an adequate product portfolio mix.

Risk related to belonging to the group or risk of contagion

Article 19 of IVASS Reg. no. 38 defines the risk associated with belonging to the group as the risk of "contagion", understood as the risk that, as a result of the relationships between the company and the other companies in the group, difficult situations that arise in a company of the same group may spread with negative effects on the solvency of the company itself".

As part of the risk identification process, the management of the risk of contagion or belonging to the Group in HDI Assicurazioni involves the following activities:

- identification of possible sources of risk, which may lead to the emergence of a risk of contagion or belonging to the Group for the Company, with the involvement of the Risk Owners and the examination of any supporting documentation;
- definition of indicators (Key Risk Indicators) that can highlight the onset of risk;
- analysis of the potential effects deriving from the identified sources of risk;
- qualitative assessment of the risk of contagion or belonging to the identified Group, also making use of the opinion of experts;
- development of mitigation activities that can lead to a reduction in the probability of occurrence or can minimize the economic loss;
- reporting by the Group's Risk Management department to the Risk Committee, Top Management and the Board of Directors as part of risk reporting.

Reputational Risk

Reputational risks are risks that are linked to possible damage to the reputation of a company, as a consequence of a negative public perception (e.g. among customers, business partners, shareholders, authorities, etc.). Reputational risks often emerge in combination with other risks, but they can also occur individually.

Article 19 of IVASS Regulation no. 38/2018 defines reputational risk as:

"the risk of deterioration of the corporate image and increased conflict with policyholders, also due to the poor quality of the services offered, the placement of inadequate policies or behavior during sales, after-sales and liquidation".

The deterioration of the Company's reputation is therefore mainly due to a negative perception of the corporate image by its stakeholders.

In quantitative terms, the main impacts deriving from a lack of identification and assessment of reputational risk can be traced back to:

- financial losses deriving from an increase in disputes with customers;
- lost revenues related to both the loss of customers and any strategic opportunities;
- increase in costs linked, for example, to the need for advertising campaigns to recover reputation on the market.

The impacts can be divided into direct (fines and penalties, court costs, reduced revenues, etc.) and indirect (reduced share price, loss of strategic relationships/agreements, rating downgrades, etc.).

Reputational risks can emerge as a consequence of other risks that can be considered original factors such as:

- operational risks: such as, but not limited to, the temporary interruption of customer service, the customer/sales unit relationship, the quality of the products offered on the market, etc.
- legal risks: such as, again by way of example, the violation of the Code of Ethics, the increase in lawsuits, any sanctions from the Authorities that have an echo on the market;
- strategic risks: such as, again by way of example, unfair business practices, errors in commercial policies.

Therefore, it is evident that the action of some variables that are not purely reputational can trigger a process capable of changing the judgment and reputation of the company.

To assess reputational risk, the Risk Management function uses Key Risk Indicators that can highlight the onset of risk. The main indicators used are: complaints, information from a Media Monitoring service and other events.

With regard to complaints, the function calculates the ratio between the number of complaints received in the six-month period per million premiums and compares the result with the average of the Italian insurance market for the same period. The data used for the calculation are those made available by IVASS.

A further indicator to which the function uses is the ratio between the number of complaints received and the number of contracts in place at the date in question. In particular, the trend of this indicator over the years is analyzed both for the overall portfolio and separately for the life and non-life business. In addition, the trend of the indicator for the RCA branch alone is also considered. If the trend remains almost constant, the risk is in the "Low" risk range, otherwise the function investigates the cause of change by assessing the risk according to the results that emerged from the analysis.

With regard to the information deriving from the Media Monitoring service, the function quarterly monitors the trend of the use of the word "HDI" on websites and social media in negative terms. On the basis of the information that has emerged, it investigates the causes and carries out a risk assessment on the basis of this, making use of expert judgement if necessary.

With reference to other events, events of various kinds that may have an impact on the Company's reputation are taken into consideration for the evaluation. Examples include high fines by the Supervisory Authority, fraud that has an impact on the media or the press, solvency margin below a certain limit for an extended period of time, and significant legal actions against the Company. The risk assessment of the occurrence of this type of event is carried out using expert judgment.

Emerging Risks

Emerging risks are attributable to new future risks for which neither the extent nor the effects of the risk are known with certainty and can therefore be difficult to assess. These kinds of risks evolve over time from "weak signals" to clear trends with high risk potential. Therefore, it is important to identify, evaluate, and manage these signals promptly.

The last few years have shown how the world can change quickly and in unexpected directions. It is therefore essential to think quickly and outline possible future scenarios to deal with what is not yet known. In this changing environment, adaptability and preparedness are two key elements. Therefore, insurance companies must turn their gaze towards the future, looking beyond the events of the present and analyzing the external environment to anticipate those emerging risks that may not be evident today, but which, on the other hand, could significantly affect tomorrow. The Talanx group is also very attentive to emerging risks and during 2024 you sent the Risk Management of HDI Assicurazioni a request to assess what are currently the emerging risks that according to HINT cause the greatest concern:

- Geopolitical instability: The geoeconomic confrontation between the world's major powers is an emerging risk of increasing importance. Rising international tensions, characterized by protectionism, de-globalization and trade wars, are clear signs of a change in international relations. Among the main hotbeds of instability are the political situation between China and Taiwan, the war in Ukraine, the Israeli-Palestinian conflict and the rise of the BRICS economic bloc. These developments have potential global repercussions, not only politically, but also economically, affecting markets and international supply dynamics.

- Global Financial Instability: Global financial instability is another emerging risk that could have devastating effects on the world economy. Situations such as banking crises, extreme currency fluctuations or sovereign defaults can trigger turbulence in financial markets and affect investor confidence. This type of instability can have a knock-on impact, with serious consequences for world economies, as demonstrated by past financial crises.
- Skills Shortage: Skills shortages represent an imbalance between supply and demand in the labor market, where the demand for specific skills exceeds the available supply. Factors such as waves of retirements and technological advances accelerate this phenomenon, which can jeopardize the growth of many industries. The failure to attract and train professionals with the appropriate skills represents a significant challenge for maintaining a competitive and sustainable economy.
- Climate Change: Climate change is undoubtedly one of the most serious emerging risks, with tangible effects already visible. Natural disasters, such as hurricanes, wildfires and floods, have increased considerably in frequency and intensity in recent years, due to rising global temperatures. The effect of global warming is amplified by the melting of the polar ice caps, which is causing a significant rise in sea levels. According to the World Economic Forum's Global Risk Report 2023, four of the five biggest global risks over the next ten years will be closely linked to climate change.
- Pandemics and Antimicrobial Resistance: Pandemics, such as COVID-19, have highlighted global health and economic vulnerabilities. The pandemic has also had a direct impact on the use of antibiotics and antimicrobials, contributing to the development of resistant strains. Antimicrobial resistance poses a growing challenge to global health, as it makes infections more difficult to treat. The answer to this type of problem implies a comprehensive strategy that includes stricter policies in the prescription of antibiotics, as well as investment in research into new drugs.
- Natural Resource Crisis and Biodiversity Loss: The increasing scarcity of natural resources and the loss of biodiversity are interconnected risks that threaten the proper functioning of ecosystems and natural services. Human activities, such as deforestation, urbanization and overfishing, are among the main causes of this deterioration. The repercussions are vast: from geopolitical conflicts related to access to resources, to rising commodity prices, to the collapse of ecosystems vital to human life.
- Cybersecurity and Big Data Risks: As digitalization advances, cybersecurity risks are increasingly relevant. Cyberattacks, data breaches, and information loss or corruption are threats that can compromise the security of corporate and government infrastructure. In addition, big data risks, such as the improper handling of sensitive information and the inappropriate use of monitoring technologies, pose crucial ethical and legal questions.
- Eternal and Hazardous Substances: Certain chemicals, such as PFAS (per- and polyfluoroalkyl substances), nanomaterials, and microplastics, pose a growing threat to human health and the environment. These substances do not degrade easily, accumulating over time and causing irreversible damage to ecosystems and the people who come into contact with them. The safe handling of these substances is essential to prevent long-term environmental and health damage.
- Infrastructure Vulnerability and Energy Risks: Critical infrastructures and energy systems are increasingly exposed to risks arising from sudden outages or problems related to their operational capacity. For example, a long power outage, lasting days or weeks, could have devastating consequences on entire sectors of the economy and people's daily lives.
- Adverse regulatory developments: Increasing regulation of the technology, environmental, and social sectors can pose significant risks to businesses. Constantly changing regulations, if not adapted in a timely manner, could lead to legal uncertainties and risks of non-compliance. It is crucial for companies to prepare for an increasingly complex regulatory landscape to avoid penalties and to maintain their competitiveness.

The results of the process of identifying and assessing emerging risks are reported in the reports of the Risk Management function to the Parent Company, the Risk Committee and the Board of Directors of the Company.

ESG risks

The insurance sector plays a key role in the sustainable transition, performing the functions of:

- investor, as through its investment activities it is able to channel financial resources towards more sustainable economic activities, and
- provider of guarantees and risk manager, assessing, managing and protecting against the adverse effects of sustainability risks - climate risks in particular - which would otherwise be borne entirely by the community.

In light of this dual role, the insurance sector is at the centre of recent regulatory developments in the field of sustainability and the Supervisory Authorities at European and national level are urging companies to integrate sustainability risks into their risk management frameworks.

In this context, HDI Assicurazioni's Risk Management function, during 2023, launched a project with the aim of ensuring an adequate process of identification and assessment of all the risks and opportunities arising from the sustainability factors that insist on the Company, to promote a better understanding of the actual exposure to risk and disseminate adequate knowledge and awareness of the implications deriving from the risks arising from the risks of the risks and risks to be carried out throughout the organisation. risks and opportunities associated with ESG factors.

The fundamental element on which the approach is based is the Risk Inventory, the tool that defines and collects the ways in which ESG risks manifest themselves through transmission channels and impact the Company's balance sheet in the short to medium term (2030 horizon) and in the long term (2050 horizon).

In 2023, the Risk Inventory was developed with reference to the risks and opportunities arising from climate change.

In line with the Company's initial intentions, in 2024 the Risk Inventory was extended, including additional sustainability risks (e.g. risks of biodiversity loss and social risks), thus obtaining an even more comprehensive picture that also made it possible to assess the interconnection aspects between the different types of risks.

In addition to the extension of the Risk Inventory and the update of the risk and opportunity assessment, in 2024 the Company has integrated its activity by carrying out a scenario analysis on its liabilities, to assess the effect of physical climate risks on the vulnerability of the portfolio to a series of perils particularly influenced by climate change, within a selection of climate scenarios.

Results of the assessment on sustainability risks and opportunities

The results of the analyses on the individual risk drivers have shown that the business areas that have the most potentially significant impacts in the short-medium term or in the long term are: Real Estate (Investments), Government Bond (Investments), Motor Vehicle Liability (Non-Life), Other Motor (Non-Life), Fire and Other Damage to Property (Non-Life), Technology (Operations) and Regulations (Operations).

The analysis shows that in the short term, the impacts of transition risks that manifest themselves through transmission channels: technology, policy and human behaviour are greater. In the long term, however, it is generally the impact of physical risks that has been assessed by experts in a more significant way.

As far as opportunities are concerned, the business areas with the most significant potential in the short-medium term or in the long term are: Government Bond (Investments), Corporate Bonds (Investments), Motor Vehicle Liability (Non-Life), Other Motor (Non-Life), Fire and Other Damage to Property (Non-Life), Technology (Operations) and Regulations (Operations).

The analysis shows that experts consider the opportunities for the Company to be more significant in the long term and in relation to technology, human behaviour and policy transmission channels.

In addition, the Group's Risk Management function carried out specific quantitative analyses to assess the impact of climate change on the vulnerability of its portfolio of liabilities to floods, hail and forest fires. For each of the three criteria indicated, the function has developed a methodological approach for the application of the prospective climate change scenarios over a long-term time horizon (up to 2100).

The methodological approach developed is based on the recommendations of the Intergovernmental Panel on Climate Change, which suggests modeling physical risk as a combination of three elements: the hazard component – the risk obtained as a result of climate models, generally defined by means of risk maps or risk coefficients, the exposure component – exposure, generally identified in terms of value, insured value and location, relative to the Company's portfolio (buildings, vehicles, people, etc.), the vulnerability component – the level at which a particular type of exposure is impacted by a given hazard, generally defined as a function of the intensity of the hazard and the share of damage in relation to the exposure.

Risk of Non-Compliance

It represents the risk of incurring judicial or administrative sanctions, of suffering losses as a result of non-compliance with laws, regulations or measures of the Supervisory Authority or self-regulatory rules.

To monitor this potential risk, the Company has established a specific function (Compliance Function) since 2008.

For this type of risk, a qualitative assessment is used through expert judgment.

According to the assessments carried out, these "Other material risks" do not lead to an increase in the required solvency requirements from a prospective perspective.

Furthermore, given the nature of the risks, the Company does not carry out specific stress tests and sensitivity analyses.

Risks associated with the Pension Fund

In terms of risks, the Company is required to identify, due to its organisation and the size, nature, scope and complexity of the activity related to the management of the open-ended pension fund, the risks to which the open-ended pension fund is exposed and those that weigh on members and beneficiaries, assessing which risks in the list referred to in paragraph 4, of art. 5 ter of Legislative Decree no. 252/200, are relevant and the additional risks are relevant, also taking into account the provisions of paragraph 5 of the same article.

The Risk Management Function carries out the risk assessment for the Fondo Pensione Aperto by preparing an ad hoc document for the Fund, which contains an assessment of the materiality of the risks that persist on the Fondo Pensione Aperto and the criteria for the assessment, management and reporting associated with the Fondo Pensione Aperto for the risks identified as significant, borrowing the methodologies already used at the Company level. This assessment is carried out at least every three years or following significant changes in the risk profile.

C.7 Other information

No other material information about the Company's risk profile is reported.

D. SOLVENCY ASSESSMENT

D.1 Evaluation of Activities

Assets and liabilities are valued on the basis of the going concern assumption, as indicated in art. 7 of Reg. Del. 2015/35. Furthermore, according to art. 9 of Reg. Del. 2015/35, the valuation of assets and liabilities (excluding technical provisions) is carried out, unless otherwise provided, in accordance with the international accounting standards adopted by the Commission pursuant to Regulation (EC) No. 1606/2002 (IAS/IFRS), when they provide for measurement at "Fair Value"; this is because they are considered a good approximation of the valuation principles provided for by the Solvency II Directive.

In the event that the valuation required by international accounting standards is not at fair value, valuation principles consistent with Article 75 of the Directive have been applied. As defined by Article 10 of Reg. Del. 2015/35, the valuations of assets and liabilities were carried out as follows:

- according to the "mark to market" approach, i.e. on the basis of prices quoted on an "active" market;
- in the event that it is not possible to obtain market prices as defined in the previous point, the prices recorded on active markets for similar assets and liabilities shall be used; the values thus identified are adjusted to take into account any differences; the definition of "active market" to be considered is that provided for by IAS/IFRS and approved by the European Commission, in accordance with Regulation (EC) No. 1606/2002 (IAS/IFRS);
- in the event that the criteria identifying an active market, defined in point 2, are not met, the Company shall use alternative valuation methods, provided that they are consistent with the principles set out in Article 75 of the Directive; alternative valuation methodologies maximize the use of market data and limit the use of Company-specific inputs as much as possible.

The starting point for determining the Market Consistent Balance Sheet is represented by the financial statements prepared on the basis of local accounting standards and the value adjustments for the determination of the IAS/IFRS value.

The following tables show, for each category of assets and liabilities, the value determined in accordance with Solvency II principles, the value determined in accordance with national accounting standards and the difference in value.

SOLVENCY II BALANCE SHEET (amounts in EUR thousand)

Assets	Solvency II value	Statutory accounts value	Variation
Goodwill	0	30.214	-30.214
Deferred acquisition costs	0	0	0
Intangible assets	0	19.998	-19.998
Deferred tax assets	41.080	107.295	-66.215
Pension benefit surplus	0	0	0
Property, plant & equipment held for own use	50.147	2.417	47.730
Investments (other than assets held for index-linked and unit-linked contracts)	**5.485.469**	**5.743.264**	**-257.795**
Property (other than for own use)	44.506	29.909	14.597
Holdings in related undertakings, including participations	137.335	136.288	1.047
Equities	**5.904**	**5.585**	**319**
Equities - listed	3.730	3.706	24
Equities - unlisted	2.174	1.879	295
Bonds	**5.016.257**	**5.294.846**	**-278.589**
Government Bonds	3.401.974	3.639.930	-237.956
Corporate Bonds	1.610.473	1.650.901	-40.428
Structured notes	0	0	0
Collateralised securities	3.811	4.015	-204
Collective Investments Undertakings	281.467	276.636	4.832
Derivatives	0	0	0
Deposits other than cash equivalents	0	0	0
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	686.670	686.670	0
Loans and mortgages	**13.197**	**13.597**	**-400**
Loans on policies	451	451	0
Loans and mortgages to individuals	0	0	0
Other loans and mortgages	12.746	13.146	-400
Reinsurance recoverables from:	**170.005**	**233.424**	**-63.419**
Non-life and health similar to non-life	**178.195**	**230.578**	**-52.383**
Non-life excluding health	176.407	222.238	-45.831
Health similar to non-life	1.788	8.339	-6.552
Life and health similar to life, excluding health and index-linked and unit-linked	**-8.279**	**2.846**	**-11.125**
Health similar to life	188	188	0
Life excluding health and index-linked and unit-linked	-8.467	2.658	-11.125
Life index-linked and unit-linked	**89**	**0**	**89**
Deposits to cedants	0	0	0
Insurance and intermediaries receivables	122.628	122.628	0
Reinsurance receivables	56.057	56.057	0
Receivables (trade, not insurance)	137.352	137.352	0
Own shares (held directly)	0	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0	0
Cash and cash equivalents	197.382	197.382	0
Any other assets, not elsewhere shown	10.916	10.916	0
Total assets	**6.970.903**	**7.361.214**	**-390.311**

The total assets of the Solvency II financial statements amount to 6,970,903 thousand Euros and compared to the 7,361,214 thousand Euros of the statutory financial statements, show a lower value of -390,311 thousand Euros.

SOLVENCY II BALANCE SHEET (amounts in EUR thousand)

Liabilities	Solvency II value	Statutory accounts value	Variation
Technical Provisions - non life	**1.318.492**	**1.554.513**	**-236.021**
Technical Provisions - non life (excluding health)	**1.268.265**	**1.483.449**	**-215.184**
Technical Provisions calculated as a whole	0		
Best estimate	1.227.186		
Risk margin	41.079		
Technical Provisions - health (similar to non-life)	**50.227**	**71.064**	**-20.837**
Technical Provisions calculated as a whole	0		
Best estimate	48.826		
Risk margin	1.401		
Technical Provisions - life (excluding index-linked and unit-linked)	**3.718.221**	**4.076.649**	**-358.428**
Technical provisions - health (similar to life)	**235**	**234**	**1**
Technical Provisions calculated as a whole	0		
Best estimate	232		
Risk margin	3		
Technical Provisions - life (excluding health and index-linked and unit-linked)	**3.717.986**	**4.076.415**	**-358.429**
Technical Provisions calculated as a whole	0		
Best estimate	3.671.453		
Risk margin	46.533		
Technical Provisions - index-linked and unit-linked	**649.086**	**686.670**	**-37.584**
Technical Provisions calculated as a whole	0		
Best estimate	641.683		
Risk margin	7.403		
Other technical provisions	**0**	0	0
Contingent liabilities	0	0	0
Provisions other than technical provisions	12.934	12.934	0
Pension benefit obligations	8.437	8.518	-81
Deposits from reinsurers	40.343	40.343	0
Deferred tax liabilities	18.242	0	18.242
Derivatives	0	0	0
Debts owed to credit institutions	**0**	**0**	**0**
Financial liabilities other than debts owed to credit institutions	**51.561**	**0**	**51.561**
Debts owed to non-credit institutions	51.561	**0**	51.561
Insurance & intermediaries payables	38.327	38.327	0
Reinsurance payables	16.887	16.887	0
Payables (trade, not insurance)	37.979	37.979	0
Subordinated liabilities	**196.728**	**214.829**	**-18.101**
Subordinated liabilities not in BOF	0	0	0
Subordinated liabilities in BOF	196.728	214.829	-18.101
Any other liabilities, not elsewhere shown	35.598	35.598	0
Total liabilities	**6.142.835**	**6.723.247**	**-580.412**
Excess of assets over liabilities	**828.068**	**637.967**	**190.101**

The total liabilities of the Solvency II financial statements amount to 6,142,835 thousand Euros and compared to 6,723,247 thousand Euros of the statutory financial statements, show a lower value of -580,412 thousand Euros.

Overall, therefore, the excess of assets over liabilities in the Solvency II financial statements amounts to 828,068 thousand Euros and compared to 637,967 thousand Euros in the statutory financial statements, it shows a higher value of 190,101 thousand Euros.

D.1.1 Goodwill and Intangible Assets

The Company, in line with regulatory provisions, values both goodwill and intangible assets at zero, as it does not consider it possible to identify and separate them from the business context, nor to attribute a precise market value to them. In the statutory financial statements, the respective values are equal to 30,214 and 19,998 thousand Euros and therefore there is a difference in valuation compared to the Solvency II financial statements of the same amount.

D.1.2 Deferred tax assets

Deferred tax assets (DTAs) other than those arising from unused tax losses and tax credits and deferred tax liabilities (DTLs) are calculated on the basis of differences between the values of assets and liabilities measured in accordance with Solvency II and the corresponding amounts for tax purposes.

DTAs are only eligible if it is probable that there will be a future taxable profit against which deferred tax assets can be used, taking into account legal or regulatory requirements on the terms for carrying forward unused tax losses or tax credits.

Deferred and deferred tax assets are measured separately for IRES and IRAP purposes on the basis of the tax rates expected to be applied in the year in which the temporary differences will be cancelled.

As a result of the application of the Solvency II valuation rules, item "Deferred tax assets" in the statutory financial statements, amounting to 107,295 thousand Euros, decreased by 66,215 thousand Euros, reaching a total value of 41,080 thousand Euros.

The following table shows the deferred tax assets and liabilities calculated on Solvency II adjustments; the balance is represented in this case by deferred tax assets and amounts to a total of 84,457 thousand Euros, of which 65,768 thousand Euros for IRES purposes and 18,689 thousand for IRAP purposes recorded net of the corresponding DTAs in the DTLs.

The rate applied to value adjustments is 30.82%; On value adjustments relating to positive equity investments, in application of tax legislation, the aforementioned rate was applied to 5% of the revaluation, while on negative value adjustments no deferred taxes were calculated, given that the legislation provides for the non-relevance for tax purposes of the aforementioned capital losses.

SOLVENCY II ADJUSTMENTS (amounts in EUR thousand)

	Gross amount	IRAP	IRES	Net amount
Intangible assets		3.424	12.051	15.475
Property		-995	-3.503	-4.498
Investments		18.676	65.721	84.397
Technical provisions attributable to non-life reinsurers		3.572	12.572	16.144
Technical provisions attributable to life reinsurers		753	2.649	3.402
Non-life technical provisions		-16.096	-56.646	-72.742
Life technical provisions		-27.008	-95.043	-122.051
Subordinated liabilities		-1.234	-4.344	-5.578
IAS 19	82	-6	-20	56
IFRS 16	-3.831	261	920	-2.650
Adjustment participations	1.047	-36	-125	886
Total	-2.702	-18.689	-65.768	-87.159

D.1.3 Property, plant and equipment for own use

This item includes furniture, plant, machinery and equipment, real estate used for the operation of the business as well as the recognition, in accordance with IFRS 16 – Leases, of the right of use of leased property. In the statutory financial statements, tangible fixed assets are recorded at cost and systematically depreciated on a straight-line basis on the basis of the residual usability from the time they are ready for use. On the other hand, according to Solvency II principles, real estate and other tangible assets must be measured at fair value. In particular, for real estate, the revaluation at Fair Value was calculated by referring to the appraisal report for the determination of the fair value as at 31 December 2024 requested from a qualified professional, in accordance with the criteria set out in art. 20 of ISVAP Regulation no. 22 of 4 April 2008. The determination of the Fair Value of real estate is carried out using two different estimation procedures, based on the type of property to be valued: the market comparison method, known as MCA (Market Comparison Approach) and the discounted cash flow method, known as DCFA (Discounted Cash Flow Analysis). For each property, the specific characteristics are taken into consideration, such as the type of real estate and architecture, the intended use, the size, the location, the type of use, the possibility of renting or selling, the type of occupation and all other factors that are significant for the purposes of market segmentation and the choice of the valuation method.

This item includes other tangible fixed assets, the value of which in the statutory financial statements, amounting to 2,417 thousand Euros, has been considered representative of the Fair Value.

In addition, the item includes the value of the right of use of lease payables, calculated in accordance with IFRS 16, amounting to 47,730 thousand Euros.

D.1.4 Real estate (not for own use)

The article is entirely composed of the three properties in Rome, via Abruzzi 10, Rome via S. Angela Merici 90 and Galatina, via Caracciolo 34. The difference between the Solvency II value (44,506 thousand Euros) and the statutory value (29,909 thousand Euros) is equal to 14,597 thousand Euros. The criteria for determining the Fair Value are set out in the previous paragraph.

D.1.5 Equity investments

According to art. 13 of Reg. Del. 2015/35, shareholdings are valued on the basis of the following hierarchy of methods:

- using market prices quoted in active markets;
- using the adjusted equity method;
- using market prices quoted in active markets for similar assets and liabilities with adjustments to reflect differences, provided that valuation pursuant to points (a) and (b) is not possible and the undertaking is not a subsidiary within the meaning of Art. 212, paragraph 2 of Directive 2009/138/EC.

By way of derogation from this hierarchy of methods, holdings are valued at zero if they are excluded from the scope of group supervision because they are located in a third country where there are legal obstacles to the transfer of the necessary information or if they are deducted from own funds eligible for group solvency (if the supervisors do not have the information necessary for the calculation of group solvency).

The adjusted equity method consists of valuing the investment on the basis of the share held by the investee company, the excess of assets over the liabilities of the investee company measured according to Solvency II principles.

Alternatively, the IFRS equity method may be used, if the valuation of individual assets and liabilities in accordance with Solvency II is not practicable, but in any case the value of goodwill and other intangible assets that would be valued at zero pursuant to art. 12 of Reg. Del. 2015/35.

The shareholdings held by HDI Assicurazioni are all related to unlisted companies; the valuation was carried out on the basis of the adjusted equity method, and therefore on the basis of the portion held in the equity of the investee determined according to the Solvency II principles as provided for in Article 75 of the Directive.

HOLDINGS IN RELATED UNDERTAKINGS (amounts in EUR thousand)

	Solvency II value	Statutory accounts value	Differenza
HDI Immobiliare S.r.l.	106.157	115.552	-9.395
InLinea S.p.A.	2.174	2.189	-15
InChiaro Life Dac	28.262	17.805	10.457
Assi90 S.r.l.	742	742	-
Total	137.335	136.288	1.047

D.1.6 Equity securities, bonds, mutual funds and other investments

A comparison between the Solvency II balance sheet values and the statutory financial statements shows differences in value with reference to equity instruments of +319 thousand Euros, while there is a difference of -278,588 thousand Euros with reference to bonds and +4,831 thousand Euros with reference to mutual funds.

In the statutory financial statements, equity instruments, debt securities and mutual funds are recorded on the basis of whether they belong to the durable or non-durable sub-fund. Non-current securities, whether listed or unlisted, placed against long-term commitments and intended to remain in the Company's assets until redemption, are measured at purchase or contribution cost, adjusted for accrued issue and trading haircuts and write-downs deriving from impairment losses. Listed and unlisted securities recorded in the non-durable segment are valued at the lower of the book value, adjusted for the accrued issue haircuts, and the market value, determined on the basis of the average of the prices for the December stock market month, considered representative of the presumed realisable value. With regard to securities for which the reasons for the write-downs made have disappeared, the impairment is restored within the limits of cost.

The valuation of investments in the solvency balance sheet is carried out at fair value and, in the event of unavailability of market prices detectable on an active market (mark to market), following the valuation hierarchy established by Solvency II principles and reported in paragraph D.1 - Valuation of Assets.

The Company has therefore used fair value as defined by IFRS 13, i.e. "the price that would be received for the sale of an asset", as it is considered a consistent option for the purposes of the Solvency II assessment. The following tables provide details of the investments classified according to the Fair Value hierarchy, as required by IFRS 7 - Financial Instruments, which requires that the Fair Value hierarchy be established for the classes of financial assets and liabilities measured at Fair Value, with the definition of three levels:

- level 1: prices quoted in active markets;
- Level 2: input data other than the quoted prices referred to in level 1, which are observable for assets or liabilities both directly (as in the case of prices) and indirectly (i.e., as derived from prices); this category includes Fair Value measured on the basis of valuation techniques that take as a reference parameters observable on the market, other than the prices of the financial instrument on an active market;
- Level 3: Input data related to the asset or liability that is not based on observable market data (unobservable data); this category includes Fair Value measured on the basis of valuation techniques that take as a reference parameters that cannot be observed on the market or which, although starting from level 2 market data (i.e. different from the prices recorded on an active market), nevertheless require a significant discretionary adjustment based on data that cannot be observed on the market.

INVESTMENTS- FAIR VALUE LEVELS (amounts in EUR thousand)

	Level 1	Level 2	Level 3	Total
Equities - listed	3.730	-	-	3.730
Equities - unlisted	-	-	2.174	2.174
Government Bonds	3.387.573	14.401	-	3.401.974
Corporate Bonds	1.565.801	25.099	19.573	1.610.473
Structured notes	-	-	-	-
Collateralised securities	-	-	3.811	3.811
Collective Investments Undertakings	72.495	-	208.972	281.467
Derivatives	-	-	-	-
Deposits other than cash equivalents	-	-	-	-
Other investments	-	-	-	-
Loans on policies			451	451
Other loans and mortgages	-	-	12.746	12.746
Total	5.029.599	39.500	247.275	5.316.374

D.1.7 Assets held for index-linked and unit-linked contracts

The valuation is carried out at Fair Value and, in the case of market prices on an active market (mark to market) that are not available, following the valuation hierarchy established by Solvency II principles and reported in paragraph D.1 - Valuation of Assets. This item amounts to 686,670 thousand Euros and includes investments that are indicated in class D in the statutory financial statements, i.e. investments for the benefit of life insurance policyholders who bear the risk and derive from the management of pension funds. In this case, the valuation criterion of the statutory financial statements is the same as that of Solvency II and therefore there are no differences in value.

The following tables show the details of the investments classified according to the Fair Value hierarchy:

INVESTMENTS- FAIR VALUE LEVELS (amounts in EUR thousand)

	Level 1	Level 2	Level 3	Total
Assets held for index-linked and unit-linked contracts	649.531	1.298	35.841	686.670
Total	649.531	1.298	35.841	686.670

D.1.8 Mortgages and loans

This item amounts to a total of 13,197 thousand Euros and consists of infrastructure investments in the form of private debt for 12,248 thousand Euros (recording a lower value than the statutory financial statements of 358 thousand Euros).

In addition, the item consists of policy loans, which amounted to 451 thousand Euros and loans to agents, employees and former employees, which amounted to 498 thousand Euros. In the financial statements, these items are recorded at nominal value. The amount recorded in the solvency balance sheet is the same, taking into account the insignificant changes in the Fair Value in the face of maturities that are generally close in time.

D.1.9 Technical provisions payable by reinsurers

The valuation of the technical provisions payable by reinsurers was carried out using the criteria described below and led to a lower value than the figure in the statutory financial statements of -52,383 thousand Euros with reference to non-life reserves and -11,036 thousand Euros with reference to life provisions.

D.1.10 Adjustment of best estimates transferred reserve

The adjustment for losses due to the counterparty's default linked to the Best Estimates transferred is calculated in accordance with Article 61 of Reg. Del. (EU) 2015/35, taking into account the probability of default of that counterparty over the next 12 months, the amounts recoverable from the reinsurance contracts with that counterparty, or the Best Estimates discounted at the base rate and the duration of those amounts.

In the Company's assessments, the adjustment is calculated for each business line and not for the individual counterparty.

To this end, the quantities involved in the calculation that refer to a specific counterparty (the probability of default) are aggregated in order to consider the set of reinsurers with which contracts are signed for the following 12 months and the related rating, which in turn corresponds to a predetermined probability of default. Starting from this probability of default, the odds ratio per rating is calculated.

The adjustment for the default of the counterparty to be made to the Best Estimate of the claims provision sold for the total non-life business is equal to 4,303 thousand Euros while the adjustment for the default of the counterparty to be made to the Best Estimate of the premium provision sold for the total non-life business is equal to 37 thousand Euros.

The adjustment for the default of the counterparty to be made to the Best Estimate sold for the total life business is equal to approximately 0.3 thousand Euros and does not apply to health guarantees.

D.1.11 Other assets

Other asset items mainly refer to insurance and reinsurance receivables, other receivables, mainly composed of receivables from the Treasury for advance payments on taxes and cash and cash equivalents.

These items are recorded in the statutory financial statements on the basis of their estimated realisable value or on the basis of their nominal value. In the Solvency II financial statements, the amount recorded is the same, taking into account the insignificant changes in the Fair Value in the face of maturities that are generally close in time.

D.2 Valuation of Technical Provisions

In accordance with the Directive, the Technical Provisions are determined as the sum of the Best Estimate and the Risk Margin.

The Best Estimate therefore represents the expected present value of future cash flows discounted using the risk-free rate curve at the valuation date provided by EIOPA. The Risk Margin is calculated by determining the cost of establishing an amount of eligible own funds, equal to the Solvency Capital Requirement necessary to meet the insurance and reinsurance obligations throughout their lifetime, and thus such as to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would need to assume and honour the obligations of insurance and reinsurance insurance and reinsurance.

D.2.1 Non-Life technical provisions

The evaluations of the Best Estimate of the claims reserve and the premium reserve are carried out separately, as established by Article 36 of Reg. Del. 2015/35.

D.2.1.1 Calculation methodologies and main assumptions

The Company applies the Chain Ladder method for the Best Estimate of the claims reserve (hereinafter Claims Provision), after verifying the assumptions underlying the method itself (test for calendar year effect, test for linear correlation).

In the assessment of the Claims Provision, all "cash outs" (outflows) relating to claims that have occurred (including IBNRs) and the related expenses are taken into account. In particular, settlement costs not attributable to the individual claim, so-called ULAE (Unallocated Loss Adjustment Expenses) are assessed separately, as required by art. 68 of IVASS Regulation no. 18. Furthermore, as indicated by Article 31 of Reg. Del. 2015/35, Investment Management Expenses are among the expenses to be taken into account in the calculation of the Best Estimate. The "cash in" relating to the Claims Provision is instead represented by the estimate of the amounts recovered, the Best Estimate of which is assessed separately. Therefore, the Claims Provision is obtained as the algebraic sum of the Best Estimate of the claims reserve net of the ULAE, the Best Estimate of the ULAE, the Best Estimate of recoveries and the Best Estimate of investment management expenses.

With reference to the premium reserve (hereinafter Premium Provision), the cash flow projections consider claims that will occur after the valuation date and relate to contracts in place at the valuation date.

For its estimate, the simplification for the premium reserve contained in Annex 6 of IVASS Regulation no. 18 is applied.

The "cash in" relating to the premium provision is represented by future premiums relating to annual, multi-year and posthumous policies in the portfolio at the valuation date and by the recoveries considered in the ratios involved in the simplified calculation.

The calculation of the premium provision also includes the estimation of Investment Management Expenses.

In accordance with Articles 77 and 81 of the Directive, the Best Estimate is calculated gross of the amounts recoverable from reinsurance contracts, which are calculated separately. An adjustment is applied to these amounts to take account of any default of the reinsurers.

A separate assessment of the risks assumed by indirect insurance (accepted proportional reinsurance business) is carried out for both premium provisions and claims provisions.

In the valuations relating to 31 December 2024, no breakdowns were made (so-called "Valuations"). unbundling) of the contracts in the portfolio.

Volatility adjustment measures were used, while the fairness measure referred to in Article 30-bis, paragraph 6) letters a), b) and c) of the Code (Legislative Decree No. 74 of 12 May 2015 and subsequent amendments and additions) was not applied.

D.2.1.2 Input data

For the estimation of the Claims Provision, in order to carry out an appropriate actuarial analysis, historical data aggregated in triangular matrices (run-off triangles) are considered, in which the rows represent the years in which the claim occurred (year of occurrence) and the columns represent the years in which the claim was paid or reserved (year of development).

With regard to the Premium Provision, the input data used were taken, in part, from the Company's plan, and were appropriately aggregated into homogeneous risk classes, according to the classification into lines of business (LoB) referred to in Annex 1 of Reg. Del. 2015/35.

The "Accident" and "Health" classes have been reclassified by Solvency II business lines in consideration of the insured risks.

For the LoB MTPL (Motor Third Part Liability), in identifying the homogeneous risk groups, the CARD and NO CARD claims were considered separately, in compliance with the provisions of the Supervisory Authority in IVASS Regulation no. 18.

D.2.1.3 Settlement costs

Settlement costs are divided into two macro-categories: expenses attributable to the single claim "Allocated Loss Adjustment Expenses" (ALAE) and expenses not attributable to the single claim "Unallocated Loss Adjustment Expenses" (ULAE).

D.2.1.4 Claims Provision

As described in the previous paragraphs, the amount of the Claims Provision is made up of the algebraic sum of the individual components of the cash out and cash in.

The evaluations are carried out by the Company through the use of the ResQ software.

D.2.1.4.1 Best Estimate of Claims Reserve (BEL) – direct business

For the valuation of the claims reserve, HDI Assicurazioni uses the Chain Ladder method on the triangles of the paid gross only of the expenses attributable to the single claim (ALAE).

The result obtained from the projection is the ultimate cost of claims from which the undiscounted Best Estimate of the claims reserve (UBEL) is derived.

The BEL gross of reinsurance sales, for each LoB, is obtained by discounting the expected future payments of the gross UBEL with the reference rate curve.

The discounting assumes that payments will be made in the middle of the year.

Evaluations are made separately for each lob.

The value of the UBEL claims reserve (net of ULAE expenses) for the total non-life business amounts to 1,101,871 thousand Euros, while the corresponding discounted value is equal to 1,000,899 thousand Euros.

D.2.1.4.2 Best Estimate ULAE

As for the estimation of the Claims Provision gross of ALAE expenses only, the Chain Ladder method is also used for the estimation of the Best Estimate of ULAE expenses following the same evaluation steps.

The value of the UBEL of the AWUs for the total non-life business amounts to 26,139 thousand Euros, while the corresponding discounted value is equal to 24,623 thousand Euros.

D.2.1.4.3 Best Estimate of recoveries

The evaluation of the Best Estimate of recoveries presupposes a preliminary analysis of the triangles of the amounts recovered, in order to assess the numerical consistency of the information necessary to be able to apply the actuarial methodology rather than the simpler statistical methodology.

The BEL of recoveries, for each LoB, is calculated by discounting the expected future payments of the UBEL with the reference rate curve.

The value of the UBEL of recoveries for the total non-life business amounts to 33,266 thousand Euros, while the corresponding discounted value is 28,662 thousand Euros.

D.2.1.4.4 Best Estimate – Business hired

The BEL of the claims reserve of risks assumed in reinsurance, for each LoB, is calculated by discounting the expected future payments of the UBEL measured in the Local GAAP financial statements, with the reference rate curve.

Since at that date only lob General Liability Insurance was involved in this business, the Best Estimate Undiscounted amounted to 657 thousand Euros and the Best Estimate Discounted amounted to 594 thousand Euros.

D.2.1.4.5 Claims Provision – Transferred Business

The BEL of the reinsurance assignments of the claims reserve, for each LoB, is calculated by discounting the expected future payments of the UBEL sold with the reference rate curve. The operating method used to determine and discount the cash flows sold is similar to that of the direct business.

The level of granularity used for the calculation of technical provisions corresponds to the Business Lines.

The value of the UBEL of the claims reserve sold for the total non-life business amounts to 193,613 thousand Euros while the corresponding discounted value is equal to 175,791 thousand Euros.

An adjustment is applied to these Best Estimates to take into account any default of the reinsurers, the amount of which is reported in section D.1.10.

D.2.1.5 Premium Provision

The UBEL of the Premium Reserve is valued in accordance with the provisions of Annex 6 of IVASS Regulation No. 18 of 15 March 2016 and the related Annex "Clarifications on IVASS Regulation No. 18 concerning the application rules for the determination of technical provisions in the Solvency II regime".

D.2.1.5.1 Premium Provision – Direct Business

The Premium Reserve is set aside to cover future claims and expenses relating to existing contracts. The UBEL relating to the Prize Reserve is calculated for each LoB, through the sum of three components:

- claims component that can be estimated by applying the estimated loss ratio calculated as the average of the loss ratios of the last four years to the UPR (Unearned Premium Reserve) and FP (Future Premium);
- expenditure component that is obtained by applying the estimates of the indicators of the prospective plan relating to expenses (acquisition cost ratio and expense ratio) to the UPR and FP;
- premium reimbursement component, relating to the portion of the premium not used due to the early termination of the contract.

Starting from the UBEL thus obtained, the BEL of the premium provision for each LoB is calculated by discounting the expected future payments of the UBEL (cash flow) with the reference rate curve.

The value of the UBEL of the premium provision for the total non-life business amounts to 306,292 thousand Euros, while the corresponding discounted value is 275,720 thousand Euros.

D.2.1.5.2 Present Value Future Premium – Direct Business

For the determination of future premiums, only the policies in the portfolio are taken into consideration which, at the valuation date, have generated premium reserves to meet the future cost of claims relating to risks not extinguished at the valuation date.

The value of premium futures for the total non-life business amounts to 85,659 thousand Euros, while the corresponding discounted value is 84,300 thousand Euros.

D.2.1.5.3 Premium Provision – Assumed Risks

The BEL of the risk-taking premium reserve, for each LoB, is calculated by discounting the expected future payments of the UBEL measured in the Local GAAP financial statements with the reference rate curve.

At that date, only lob General Liability Insurance was involved in this business. The Best Estimate Undiscounted is equal to 52 thousand Euros and the Best Estimate Discounted is equal to 45 thousand Euros.

D.2.1.5.4 Premium Provision – Transferred Risks

The Company evaluates the UBEL of the Transferred Premium Reserve by applying the same methodology for calculating the direct business.

The value of the UBEL of the premium reserve sold for the total non-life business amounts to 7,595 thousand Euros while the corresponding discounted value is 6,744 thousand Euros.

An adjustment shall be applied to these Best Estimates to take into account any default of the reinsurers described in section D.1.10.

D.2.1.5.5 Present Value Future Premium – Risks sold

To determine the future premiums sold, an estimate was made on the basis of future premiums from the direct business.

At the valuation date, the value of premium futures ceded for the total non-life business amounted to 5,970 thousand Euros, while the corresponding discounted value was 5,869 thousand Euros.

D.2.1.6 Investment Management Expenses

The total amount of UBELs for Investment Management Expenses amounted to 3,151 thousand Euros, while the corresponding discounted value amounted to 2,793 thousand Euros.

D.2.1.7 Discounting

The Best Estimate represents the expected present value of future cash flows discounted using the relevant risk-free interest rate maturity structure with volatility adjustment, provided by EIOPA. The volatility adjustment was used to determine the Technical Provisions for which it was considered in all the values reported in the tables.

D.2.1.8 Risk Margin

In the calculation of the Risk Margin, it is assumed that the insurance company transfers its entire portfolio to a reference company (OR: Reference Undertaking). This fictitious company has neither insurance contracts nor its own funds, so it can be considered "empty".

The Risk Margin can be interpreted and calculated as the cost of establishing an amount of eligible own funds, equal to the Solvency Capital Requirement necessary to meet the insurance and reinsurance obligations throughout their lifetime.

The approach used to calculate the Risk Margin is Cost of Capital (CoC).

It should be noted that the Volatility Adjustment is not applied to the discount factor, just as the Best Estimate Liabilities and the SCR reported in the Risk Margin formula are calculated without the Volatility Adjustment.

The method used for YE 2024 is Method 1 described in Annex 4 of IVASS Reg. no. 18 of 15 March 2016. The Risk Margin of total P&C business amounted to 42,480 thousand Euros.

D.2.1.9 Comparison with the statutory financial statements

The table below shows the values of non-life technical provisions calculated according to Solvency II principles relating to the YE 2024 valuation compared with the values of statutory technical provisions.

NON-LIFE TECHNICAL PROVISIONS (amounts in EUR thousand)

	Solvency II value	Statutory accounts value	Variation
Technical Provisions – non life	1.318.493	1.554.513	-236.020
Technical Provisions – non life (excluding health)	1.268.266	1.483.449	-215.183
Technical Provisions calculated as a whole	-	1.483.449	-1.483.449
Best estimate	1.227.186	-	1.227.186
Risk margin	41.079	-	41.079
Technical Provisions – health (similar to non-life)	50.227	71.064	-20.838
Technical Provisions calculated as a whole	-	71.064	-71.064
Best estimate	48.826	-	48.826
Risk margin	1.401	-	1.401

The difference between the Solvency and statutory reserves is mainly due to:

- a different aggregation of risks by Business Lines;
- a different aggregation of input data provided for separately in the Local GAAP and Solvency II standards;
- the actuarial reserve model used to calculate the Best Estimates of the claims reserves of the direct business;
- the impossibility of considering in the Local GAAP financial statements, the present value of the foreseeable amount for the future settlement of claims and of making other forms of deduction or discounts (Art. 26 ISVAP Regulation no. 16/2008);
- the different criterion for calculating the Best Estimates of premium reserves, which, unlike local assessments, takes into account claims and expenses arising from existing contracts at the time of valuation, obtained from the plan indicators, and future premiums on existing contracts, as well as the lapse rate;
- the other technical provisions provided for by Local GAAP regulations, such as the ongoing risk reserve, the equalisation reserve and the senescence reserve;
- the Best Estimates of the amounts recovered provided for by Solvency II regulations;
- the amount of the Risk Margin provided for by Solvency II regulations;
- the counterparty default adjustment made to the reserves transferred in the Solvency II balance sheets.

D.2.1.10 Level of uncertainty associated with the value of technical provisions

The level of uncertainty associated with the value of technical provisions depends on factors endogenous to the triangles used for the estimates and external factors such as the transposition of new regulations, weather events, social phenomena, inflation, rates of return, etc.

Regarding the claims provision, the enactment of new laws and regulations can affect the amounts of compensation. The mere deferral in the timing of payment of claims, due for example to legal disputes, can create inflationary effects that lead to higher payments than estimated.

In the case of the MTPL class, an economic crisis could lower the frequency of claims, or vice versa an economic recovery can increase it. The worsening of climatic conditions, with exceptional events, may lead to an increase in the frequency of claims in the MTPL, MOD and Fire classes and for the latter two the occurrence of catastrophic claims (not necessarily related to climatic conditions).

With reference to the premium provision, the estimate takes into account the assumptions used in the context of the Company's strategic planning as well as the characteristics of the portfolio of the individual classes in terms of contract durations and any possible conduct of the policyholders.

D.2.2 Life technical provisions

The evaluations of the Best Estimate are calculated as established by Article 35 of Reg. Del. 2015/35.

D.2.2.1 Calculation methodologies and main assumptions

The Fair Value of the Best Estimates is the probability-weighted average of future cash flows, taking into account the time value of money (expected present value of future cash flows) based on the relevant risk-free interest rate term structure.

The projection assumptions used are the Best Estimate Assumptions, with regard to the technical risks component, the Economic Scenarios and the Management Actions for the modeling of market assumptions.

D.2.2.2 Ipotesi Best Estimate

The calculation of the Best Estimate hypotheses is carried out using actuarial and statistical techniques suitable for the Lapse and Mortality risks, starting from a study of the time series of the two phenomena. As regards the calculation of the Best Estimate hypotheses of the Expenses, the model used is analytical and based on data from the Company's Balance Sheet.

D.2.2.2.1 Market assumptions

The projection model, used for the calculation of the Best Estimate Liabilities, is dynamic and stochastic. The Asset-Liability approach is made explicit, on a monthly basis, by retrocession of the return of the Segregated Accounts, calculated on the basis of the funds' accounting principles and linked to the projected cash flows of liabilities.

D.2.2.3 Best Estimate

The calculation of the Best Estimates is based on up-to-date and credible information and realistic assumptions and is carried out using appropriate actuarial and statistical methods.

The Best Estimate represents the market value of future commitments to policyholders. The cash flow projection used in the calculation of the Best Estimate takes into account all the income and expenses necessary to settle the insurance and reinsurance obligations, throughout their contractual term.

- <u>Cash in Flow:</u>
  - **Future Premium:** additional unique premiums, recurring unique premiums, constant and revaluable annual premiums.
- <u>Cash out Flow:</u>
  - **Benefits:** benefit paid at the end of the contract; amount paid in the event of the death of the insured; amount paid in the event of surrender of the policy.
  - **Acquisition commissions:** commissions on initial awards as provided for in the mandate.
  - **Renewal commissions**: commissions relating to single recurring premiums and annual premiums; Management Fee for one-off premiums.
  - **Initial and renewal expenses:** expenses incurred by the Company attributed to each policy.

The Best Estimate is therefore given by the present value of the flows described above plus the present value of the portfolio still outstanding at the end of the projection period.

D.2.2.3.1 Reinsurance

The amounts recoverable from reinsurance contracts are equal to approximately -0.19% of the total Gross Best Estimates. Reinsurance Recoverables are calculated as the difference between Gross and Net BELs and adjusted according to a factor that takes into account the probability of default of the reinsurer.

D.2.2.4 Risk Margin

In the calculation of the Risk Margin, it is assumed that the insurance company transfers its entire portfolio to a reference company (OR: Reference Undertaking). This fictitious company has neither insurance contracts nor its own funds, so it can be considered "empty".

The Risk Margin can be interpreted and calculated as the cost of establishing an amount of eligible own funds, equal to the Solvency Capital Requirement necessary to meet the insurance and reinsurance obligations throughout their lifetime.

The approach used to calculate the Risk Margin is Cost of Capital (CoC).

It should be noted that the Volatility Adjustment is not applied to the discount factor, just as the Best Estimate Liabilities and the SCR reported in the Risk Margin formula are calculated without the Volatility Adjustment.

The method used for YE 2024 is Method 1 described in Annex 4 of IVASS Reg. no. 18 of 15 March 2016.

The Risk Margin of the total life business amounted to 53,939 thousand Euros.

D.2.2.5 Breakdown by Business Line

D.2.2.5.1 Insurance with Profit Participation

The LoB Insurance with profit-sharing includes products belonging to separate management. In these contracts, the investment risk is borne by the Company, which in turn passes back part of the return to the policyholders. The impact of general market conditions and managerial decisions is taken into account in the calculation of Solvency II technical provisions.

The value of the Best Estimates calculated using the volatility adjustment is equal to 3,621,394 thousand Euros (excluding the use of the volatility adjustment it is equal to 3,648,691 thousand Euros).

D.2.2.5.2 Index and Unit linked Insurance

The LoB Insurance linked to Indices and Quotas includes the Company's Fondo Pensione Aperto. The risk of investing in this type of product is borne by the policyholders. The product offers the possibility of investing the member's contributions and, if applicable, the employers' contributions, in four different investment lines, based on the risk profile of the policyholder. The value of the sums paid is linked to the trend of the share or NAV of the sub-fund in which you have chosen to invest. One of the Company's four investment lines provides for the guarantee of repayment of at least what has been paid.

The value of the Best Estimates calculated using the volatility adjustment is equal to 641,682 thousand Euros (excluding the use of the volatility adjustment it is equal to 641,887 thousand Euros).

D.2.2.5.3 Other Life Insurance

Temporary death policies and CPI products belong to the LoB Other Life Insurance. A part of the business concerning these products is reinsured through surplus or quota/surplus treaties.

The value of the Best Estimates calculated using the volatility adjustment is equal to 50,058 thousand Euros (excluding the use of the volatility adjustment it is equal to 50,517 thousand Euros).

D.2.2.5.4 Health Insurance

The LoB Health Insurance includes Long Term Care contracts. Almost the total reserves relating to this product are subject to reinsurance treaties. The value of the Best Estimates calculated is equal to 234 thousand Euros.

D.2.2.6 Comparison with the statutory financial statements

The table below shows the values of the life technical provisions calculated according to Solvency II principles, compared with the values of the statutory technical provisions.

LIFE TECHNICAL PROVISIONS (amounts in EUR thousand)

	Solvency II value	Statutory accounts value	Variation
Technical Provisions - life (excluding index-linked and unit-linked)	**3.718.220**	**4.076.649**	**-358.429**
Technical provisions - health (similar to life)	**234**	**234**	-
Technical Provisions calculated as a whole	-	234	-234
Best estimate	232	-	232
Risk margin	3	-	3
Technical Provisions - life (excluding health and index-linked and unit-linked)	**3.717.986**	**4.076.415**	**-358.429**
Technical Provisions calculated as a whole	-	4.076.415	-4.076.415
Best estimate	3.671.453	-	3.671.453
Risk margin	46.533	-	46.533
Technical Provisions - index-linked and unit-linked	**649.086**	**686.670**	**-37.584**
Technical Provisions calculated as a whole	-	686.670	-686.670
Best estimate	641.683	-	641.683
Risk margin	7.403	-	7.403

As far as LoB Health Insurance is concerned, there are no particular differences. On the other hand, with reference to LoB Insurance with profit participation and Other Life Insurance, the transition to Solvency II involves a decrease of approximately 8.79% in technical provisions compared to those from the local balance sheet. This difference is given by the process of discounting future cash flows and the performance revaluation mechanism linked to the foreseeable returns calculated by the projection model. Finally, in the LoB Index-linked and Unit-linked Insurance, the transition to Solvency II leads to a decrease of approximately 5.47% due to the commissions retained by the Company with respect to the statutory technical provisions, given that the fund's units are already valued at the market.

D.2.2.6.1 Level of uncertainty associated with the value of technical provisions

The evaluation of the Best Estimates may be affected by the variation of both external elements (rate volatility, macroeconomic factors) and internal (such as surrenders, mortality, claims), as well as the breadth of the time horizon chosen for the projection. The Company independently carries out sensitivity analyses aimed at verifying the level of uncertainty of the technical provisions in response to changes in certain significant risk factors.

D.2.3 Long-Term Guarantee Measures (Volatility Adjustment)

Among the long-term guarantee measures, the Company uses only the Volatility Adjustment (VA) which represents an adjustment for volatility to the discount rate reference curve used for the calculation of insurance liabilities (Best Estimate Liabilities, BEL), in order to mitigate the impacts deriving from short-term volatility in the financial markets. The Volatility Adjustment is applied to the total insurance liabilities in the Company's life portfolio. As of December 31, 2024, the Company's VA applied was 23 bps. In compliance with art. 30-bis, paragraph 5 of the Private Insurance Code, the Company has prepared a liquidity plan, with projections of cash inflows and outflows relating to assets and liabilities subject to volatility adjustment, capable of providing:

- a demonstration that the Company has sufficient liquidity to meet its obligations in times of stress, without resorting to the sale of illiquid assets;
- a demonstration that the Company adequately manages and monitors the liquidity risk related to the business to which the VA is applied.

The table below shows the data relating to the impact of long-term guarantee measures on the Company's main economic variables. The zeroing of the VA leads to an increase in technical reserves of 0.68% and a decrease in own funds of about 2.8%. The Solvency Capital Requirement rose by 2.7% while the Solvency Ratio rose from 206.5% to 195.3%. The Company therefore maintains good coverage of the SCR, despite the zeroing of the VA.

IMPACT OF VOLATILITY ADJUSTMENT (amounts in EUR thousand)

	Amount with Long Term Guarantee measures and transitionals	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero
Technical provisions	**5.685.799**	**5.724.491**	**38.692**
Basic own funds	**934.696**	**908.903**	**-25.793**
Excess of assets over liabilities	828.068	802.275	-25.793
Restricted own funds due to ring-fencing and matching portfolio	-	-	-
Eligible own funds to meet Solvency Capital Requirement	**934.696**	**908.903**	**-25.793**
Tier I	715.130	677.846	-37.283
Tier II	196.728	196.728	-
Tier III	22.838	34.329	11.491
Solvency Capital Requirement	**452.721**	**465.327**	**12.606**
Eligible own funds to meet Minimum Capital Requirement	**755.874**	**719.726**	**-36.149**
Minimum Capital Requirement	**203.724**	**209.397**	**5.673**

D.3 Measurement of other liabilities

Specific liabilities and contingent liabilities are measured in accordance with the international accounting standards adopted by the Commission pursuant to Regulation (EC) No 1606/2002 (IAS/IFRS) and no adjustment is made to take account of the change in the equity of the insurance or reinsurance undertaking after initial recognition. Contingent liabilities, which are not normally recognised in accordance with international accounting standards, are assessed in accordance with Solvency II standards where they are material, i.e. if information about the actual or potential size or nature of such liabilities could influence the decisions or judgement of the intended user of such information. including supervisory authorities. The value of contingent liabilities shall be equal to the expected present value of the future cash flows required to settle the contingent liability over the life of that contingent liability, calculated using the maturity structure of basic risk-free interest rates.

D.3.1 Other technical provisions and contingent liabilities

The Company has no other technical provisions and contingent liabilities recognised in its Solvency II financial statements.

D.3.2 Non-technical provision

This item contains provisions for risks and charges that represent liabilities of a specific nature, certain or probable, with an undetermined occurrence date or amount.

In detail, the item, amounting to 12,934 thousand Euros, includes provisions for taxes and other non-technical provisions, such as those made for the benefit of employees.

The valuation shall be carried out in accordance with Article 75 of Directive 2009/138/EC, and their value shall coincide with that of the statutory financial statements.

D.3.3 Pension benefit obligations

This item includes provisions for severance indemnities, provisions for seniority premiums and provisions for expenses for executives' health policies, liabilities connected with defined benefit plans in favour of employees, which involve payments after termination of employment and which, in accordance with IAS 19, are subject to actuarial valuation using the so-called Project Unit Credit Method. According to this methodology, the liability is determined by taking into account a series of variables such as mortality, the forecast of future wage changes, the expected inflation rate, the foreseeable return on investments, etc. The liability recognised in the financial statements represents the present value of the foreseeable obligation, net of any plan assets, adjusted for any unamortised actuarial losses or gains. The valuation in accordance with IAS 19 resulted in a value of liabilities lower than those recognised in the statutory financial statements of 81 thousand Euros.

D.3.4 Deposits received from reinsurers

This item includes deposits received from reinsurers, which amount to 40,343 thousand Euros and refer to the subsidiary Hannover Rückversicherungs for 24,845 thousand Euros and to third-party companies for 15,498 thousand Euros. There are no differences in value between the Solvency II financial statements and the statutory financial statements.

D.3.5 Deferred tax liabilities

As previously reported in paragraph D.1.2 - Deferred tax assets, to which reference is made, deferred and deferred tax assets are measured separately for IRES and IRAP purposes on the basis of the tax rates expected to be applied in the year in which the temporary differences will be cancelled.

Deferred tax liabilities in the Solvency II financial statements amounted to 18,242 thousand Euros.

D.3.6 Payables to credit institutions

The Company has no items recognised in its Solvency II financial statements.

D.3.7 Financial liabilities other than payables to credit institutions

This item includes the recognition of financial liabilities for future rents due under lease agreements accounted for in accordance with IFRS 16.

D.3.8 Other liabilities (Insurance payables and other payables, other liabilities)

Payables total 93,193 thousand Euros and consist of payables to policyholders, intermediaries and other payables deriving from direct insurance transactions for 38,327 thousand Euros, payables deriving from reinsurance transactions for 16,887 thousand Euros and other non-insurance payables for 37,979 thousand Euros.

The item other liabilities amounts to 35,598 thousand Euros and mainly includes the estimate of the amount for the reward policies towards agents on the basis of the objectives achieved in 2024 and all liabilities not included in the other balance sheet items, such as accrued expenses and deferred income.

These items are recorded in the statutory financial statements on the basis of their nominal value, which is considered representative of the Fair Value in the Solvency II financial statements.

D.3.9 Subordinated liabilities

Subordinated liabilities amount to a total of 196,728 thousand Euros.

Subordinated liabilities, valued in accordance with Article 75 of Directive 2009/138/EC, have the necessary characteristics to be classified as level 2 core own funds items under Solvency II. Details are given in paragraph E.1.2.

D.4 Alternative methods of assessment

As reported in the preamble to this "Chapter D - Valuations for solvency purposes", if the criteria for the use of market prices quoted on active markets are not met, the Company, in line with the provisions of art. 10, paragraph 7, of the Delegated Acts, uses valuation techniques appropriate to the circumstances and for which sufficient data are available for the purpose of measuring fair value, always maximizing the use of observable inputs and minimizing non-observable ones.

There are no alternative methods of valuation for assets and liabilities compared to those indicated in the previous paragraphs.

On the basis of previous experience, there have been no significant differences between the valuation estimated on the basis of alternative valuation methods and the corresponding values that can be inferred, for example, from subsequent market transactions concerning these assets and liabilities.

D. 5 Other information

There is no material information on the valuation of assets and liabilities for solvency purposes that has not been disclosed in the previous paragraphs.

E. CAPITAL MANAGEMENT

E.1 Own funds

The Company holds Own Funds in accordance with the requirements of current legislation.

E.1.1 Capital Management Policy

The Company's capital management policy defines, also in terms of the roles and responsibilities of the actors involved, the procedures aimed at regulating the classification, issuance, monitoring, possible distribution, as well as the repayment of own funds items, in line with the medium-term capital management plan, which is part of the broader five-year Strategic Planning process. which the Board of Directors approves, monitoring its correct implementation and ensuring its adequacy and updating over time.

As part of the five-year strategic planning process, the capital management policy, together with the risk management process, is aimed at ensuring the availability of adequate equity, in terms of type and amount, to cover the risks assumed and therefore to maintain the Company's current and prospective economic and financial balance.

In line with strategic planning, the capital management plan provides for the issuance, redemption or redemption of own funds with the relative classification in the various Tiers, the policy for the distribution of own funds elements is drawn up and projections are defined as part of the internal risk and solvency assessment.

The internal processes in place provide for the assessment of compliance on an ongoing basis with the minimum level of solvency required by law, the capital requirements necessary in relation to the risk profile and business strategy and the possible need for corrective actions to the risk profile or capital endowment. With this in mind, quarterly reporting has been set up to monitor the Company's capital management with an analysis of solvency, the evolution of the capital requirement, eligible own funds and capital movements. The Company also uses a set of risk-based indicators to guide risk-adjusted profitability.

E.1.2 Available own funds

The following table identifies the main components and methods for determining own funds at Company level, broken down by Tier.

OWN FUNDS (amounts in EUR thousand)

Basic Own Funds	2024	2023	Variation	Tier 1 unrestrect	Tier 1 restrected	Tier 2	Tier 3
Ordinary Share Capital	351.000	351.000	-	351.000		-	
Reconciliation Reserve	364.130	332.616	31.513	364.130			
Subordinated Liabilities	196.728	217.714	- 20.986		-	196.728	-
Net DTAs	22.838	56.193	- 33.355				22.838
Total	934.696	957.524	- 22.828	715.130	-	196.728	22.838

The amount of Basic Own Funds as at 31 December 2024 amounted to 934,696 thousand Euros. There are no Ancillary Own Funds in the Company's Solvency II balance sheet.

In particular, core capital includes:

- the share capital;
- subordinated loans (included in Tier 2 own funds); the cost of subordinated loans was considered net of tax effects (recoverability of interest expenses) for the purposes of determining the profit/loss for the year, these loans were subscribed at market conditions;
- the reconciliation reserve;
- an amount equal to the net value of the deferred tax.

Compared with the previous year, the amount of capital has fallen.

With reference to this item, the following table shows the components used to determine it, as well as a comparison of the individual items that compose it with the previous year.

RECONCILIATION RESERVE (amounts in EUR thousand)

	2024	2023	Variation
Excess of assets over liabilities	828.068	794.160	33.908
Own shares (held directly and indirectly)	-	-	-
Foreseeable dividends, distributions and charges	90.100	54.350	35.750
Other basic own fund items	373.838	407.193	-33.355
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-	-
Reconciliation reserve	364.130	332.616	31.513

Compared with the previous year, the increase in the reconciliation reserve is mainly due to the increase in dividends and the surplus of assets over liabilities.

Subordinated Loans

The following table shows the details of the subordinated loans included in the Company's own funds as at 31 December 2024.

SUBORDINATED LOANS (amounts in thousands of Euro)

	Nominal	Subscription Date	Expiration Date	Rate	Value as of 12/31/2024
HINT loan - 03/2021	50.000	26/03/2021	26/03/2031	4,11%	45.387
TINT loan - 2016	42.700	21/06/2016	21/06/2026	4,90%	42.622
HINT loan - 06/2020	50.000	05/06/2020	05/06/2030	5,56%	46.091
HDI Global SE - 05/2020	20.000	08/05/2020	08/05/2030	5,76%	18.473
HDI Pensionskasse AG - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.775
Gerling Versorgungskasse - 05/2020	1.000	08/05/2020	08/05/2030	5,76%	924
neue leben Pensionskasse - 05/2020	9.500	08/05/2020	08/05/2030	5,76%	8.775
Prestito ex Amissima - 04/2020	25.000	30/03/2020	30/03/2030	7,25%	25.683
Total Subordinated Liabilities	207.700				196.728

E.1.3 Own funds covering the SCR and the RCM

Details of the Own Funds covering the SCR and MCR as at 31 December 2024, broken down by Tier level, are shown below.

AVAILABLE AND ELIGIBLE OWN FUNDS (amounts in EUR thousand)

	2024	2023	Variation	Tier 1 unrestrect	Tier 1 restrected	Tier 2	Tier 3
Total available own funds to meet the Solvency Capital Requirement (SCR)	934.696	957.524	-22.828	715.130	-	196.728	22.838
Total available own funds to meet the minimum capital requirement (MCR)	911.857	901.330	10.527	715.130	-	196.728	
Total eligible own funds to meet the Solvency Capital Requirement (SCR)	934.696	919.288	15.407	715.130	-	196.728	22.838
Total eligible own funds to meet the minimum capital requirement (MCR)	755.874	726.037	29.837	715.130	-	40.745	
SCR	452.721	471.344	-18.623				
MCR	203.724	212.105	-8.380				
Ratio of eligible own funds to SCR	206,5%	195,0%	11,4%				
Ratio of eligible own funds to MCR	371,0%	342,3%	28,7%				

The Company's available Own Funds comply with the eligibility conditions for the coverage of the SCR and MCR defined by the regulations.

The amount of Own Funds eligible to cover the SCR is equal to 934,696 thousand Euros, while the amount of the same to cover the MCR is equal to 755,874 thousand Euros.

The solvency ratio on the Solvency Capital Requirement (SCR) in 2024 is 206.5%, up by about 11 percentage points compared to the previous year.

E.1.4 Reconciliation between Shareholders' Equity and Excess of Assets over Liabilities

The Market Consistent Balance Sheet as at 31 December 2024 shows a surplus of assets over liabilities of 828,068 thousand Euros (794,162 thousand Euros as at 31 December 2023), 190,101 thousand Euros higher (130,288 thousand Euros as at 31 December 2023) than the shareholders' equity resulting from the Company's financial statements as at the same date. This difference is due to the different valuation of the balance sheet components, as can be seen from the following reconciliation table:

SHAREHOLDERS' EQUITY RECONCILIATION - FROM LOCAL FINANCIAL STATEMENTS TO MCBS (amounts in EUR thousand)

	2024	2023	Variation
A) Shareholders' equity from the financial statements	**637.967**	**663.874**	**-25.907**
Adjustments by type of asset or liability:			
Goodwill and Intangible assets	-34.737	-40.195	5.458
Property	10.098	6.703	3.395
Investments	-189.441	-278.665	89.224
Adjustment participations	886	5.488	-4.602
Technical provisions attributable to non-life reinsurers	-36.238	-41.572	5.334
Technical provisions attributable to life reinsurers	-7.635	-7.228	-407
Non-life technical provisions	163.278	153.961	9.317
Life technical provisions	273.962	317.188	-43.226
Subordinated liabilities	12.522	17.397	-4.875
Employee benefits	57	106	-49
IFRS 16 - Leasing	-2.651	-2.895	244
B) Total Solvency II Adjustments	**190.101**	**130.288**	**59.813**
C) Excess Assets over Liabilities Solvency II (A+B)	**828.068**	**794.162**	**33.906**
D) Deliberate or foreseeable dividends	-90.100	-54.350	-35.750
E) Eligible Own Funds Solvency II (C+D)	**737.968**	**739.812**	**-1.844**

For further details on the valuation criteria adopted for the purposes of preparing the MCBS, as well as quantitative information on the comparison with the balance sheet values, please refer to section D. Valuations for the Company's Solvency purposes.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

As part of the integrated risk management activities, the calculation of the Solvency Capital Requirement was carried out on the data as at 31 December 2024. This calculation was carried out using the Standard Formula with the use of the Specific Company Parameters (USP), as already reported in chapter C. Risk Profile.

As provided for by art. 45-duodecies of the CAP, a simplified calculation for the catastrophe risk sub-module for life insurance was used and is obtained as the product of risk exposure and a risk factor.

In the calculation of the Solvency Capital Requirement, the entity has not used risk mitigation techniques that result in a significant increase in base risk or the creation of other risks in the calculation of the SCR, and has applied the volatility adjustment, referred to in Article 36f, assessing compliance with the capital requirements, both taking into account and not taking into account the above adjustments. The impact on the use of the volatility adjustment on the YE 2024 data is 23 bps.

It also considered that, for some life insurance contracts, part of the investment risk is borne by the policyholders, with consequent effects on the calculation of the overall capital requirement.

The following table shows the details of the capital requirement for HDI Assicurazioni S.p.A. for each risk module, net of the absorption capacity of the Technical Provisions, with evidence of the diversification effects and adjustments considered, as well as a comparison with the previous year.

SOLVENCY CAPITAL REQUIREMENT (amounts in EUR thousand)

	2024	2023	Variation %
Market risk	172.907	173.694	-0,45%
Counterparty default risk	69.584	73.690	-5,57%
Life underwriting risk	85.234	141.344	-39,70%
Health underwriting risk	30.368	30.768	-1,30%
Non-life underwriting risk	288.089	259.347	11,08%
Diversification	-207.776	-236.934	-12,31%
BSCR	438.406	441.909	-0,79%
Operational risk	62.487	56.812	9,99%
Loss-absorbing capacity of deferred taxes	-48.172	-27.377	75,96%
SCR	452.721	471.344	-3,95%

The value of the SCR for the year 2024 amounted to 452,721 thousand Euros, down by approximately 4 percentage points compared to the previous year.

As can be seen from the table, the main changes compared to the previous assessment concern the Market Risk and the Technical Life Risk, both decreased, against an increase in the non-life technical risk as already highlighted in the previous paragraphs.

The Company, through a specific methodological process, annually establishes its Risk Appetite, thus identifying the main levels of risk tolerance. In order to determine the actions to be taken in the event of approaching or exceeding thresholds and limits that may compromise the Company's financial position, HDI Assicurazioni has drawn up the document called "Emergency Plan".

This document regulates the management of emergency situations and the strategies aimed at restoring solvency and/or liquidity conditions, identifies the operating methods, roles and responsibilities of the main corporate bodies and corporate functions involved both in the escalation processes that are activated in the event of entry into a state of emergency, in the presence of which actions are taken to restore the conditions of sufficient solvency and liquidity. These measures may concern, by way of example, interventions on the Company's capitalization or restructuring of strategic asset allocation.

E.2.2 Additional information on DT LACs

Information on the adjustment for the absorption capacity of deferred tax assets is provided below.

E.2.2.1 nDTA Calculation Methodology

For the determination of nDTAs, in accordance with art. 207 of EU Delegated Regulation 2015/35, the Company used an analytical approach based on the determination of the impacts of the instantaneous loss (Single Equivalent Scenario – SES) for each item of the Solvency Balance (also known as MVBS) and then applying the relevant tax treatment, in order to be able to accurately determine the taxable nDTA emerging from the stress situation and the related tax.

The assignment of the SES for each risk module and sub-module provided for by the Standard Formula took place through the application of Euler's principle.

In general:

1. the tax impact is determined for IRES tax only, while notional deferred taxes arising from IRAP have not been considered, as these tax losses cannot be carried forward.
2. DT LACs are only recognisable if it is probable that there will be a future taxable profit against which deferred tax assets can be used, taking into account legal or regulatory obligations on the terms for carrying forward tax losses.
3. The Company has decided to adopt a methodology based on a precise definition of the rates applicable to individual income cases (punctual rate), using the tax rates that are expected to be applicable in the year in which the tax activity will be carried out or the tax liability will be extinguished, taking into account that the rules governing the determination of taxable income for IRES purposes differ from those for IRAP purposes, and the temporary differences on which deferred taxation for the purposes of these taxes are calculated are different.

4. On the basis of IAS 12, where permitted, deferred tax assets and liabilities recorded in the MVBS were offset, taking care to offset DTLs for IRES purposes separately from those for IRAP purposes, as they are taxes that cannot be offset against each other.

E.2.2.1.1 Amount of deferred tax liabilities in the Solvency Balance Sheet (DTA) eligible for offsets arising from deferred tax liabilities and probable taxes arising from future taxable income measured before stress

According to art. 15 of Reg. Del. 2015/35, deferred tax assets (DTAs) other than those deriving from tax losses and unused tax credits and deferred tax liabilities (DTLs) are calculated on the basis of the differences between the values of assets and liabilities measured in accordance with Solvency II principles and the corresponding tax values.

The rate applied to value adjustments is 24% for IRES and 6.82% for IRAP. It should also be noted that on positive value adjustments relating to equity investments, in application of tax legislation, the aforementioned rate was applied to 5% of the revaluation, while on negative value adjustments no deferred taxes were calculated, given that the legislation provides for the non-relevance for tax purposes of the aforementioned capital losses.

Deferred tax assets and liabilities calculated on Solvency II adjustments (differences between the values of the statutory financial statements and the values of the solvency balance sheet) amount to a total of 84,457 thousand Euros, of which 65,768 thousand Euros for IRES purposes and 18,689 thousand Euros for IRAP purposes and are represented in this case by net deferred tax liabilities.

On the basis of IAS 12, the conditions have been found to offset deferred tax liabilities deriving from the application of Solvency II principles with deferred tax assets for statutory tax assets and losses carried forward and, for IRES purposes, from probable taxes deriving from future taxable income.

The offsetting of DTLs for IRES purposes, recorded as a decrease in the corresponding statutory DTAs and on losses carried forward (respectively 39,997 thousand Euros and 71,851 thousand Euros), lead to a net DTA balance for IRES purposes in the solvency balance of 41,080 thousand Euros, while the offsetting of DTLs for IRAP purposes, recorded net of the corresponding statutory DTAs (447 thousand Euros) lead to a net DTL balance for IRAP purposes in the solvency balance sheet of 18,242 thousand Euros.

E. 2.2.1.2 Eligibility of nDTAs for offsets

For the purposes of assessing the eligibility of nDTAs for offsetting, the Company has assessed the recoverability arising from deferred tax liabilities ("DTLs") in the Solvency Balance Sheet net of existing deferred tax assets ("DTAs") and from probable taxes arising from future taxable income determined over a defined time horizon.

With regard to the eligibility assessments of nDTAs deriving from future taxable income, pursuant to art. 13 paragraph 4 of IVASS Regulation no. 2017/35, the Company used a projection of such income in an instantaneous loss scenario, with a weighted reduction according to the measures envisaged.

With regard to the determination of the projection of future income in the loss scenario, the following main assumptions have been adopted:

- <u>evolution of the company's activity after the occurrence of the instantaneous loss scenario and comparison with pre-stress assumptions</u>: the expected evolution of the company's activity following the loss scenario is defined on the going concern assumption, applying the estimate of the impacts of the loss scenario to the company's basic plan. Consequently, the planning data, which show future profits over a 5-year time horizon, have been extended up to 7 years, considering for the sixth and seventh years only the profits from the business in force and not those deriving from the sale of new activities. Subsequently, the prospective evolution of market conditions, both relating to the financial component and the technical insurance component, was hypothesized in the event of stress;
- <u>No management actions were considered after the occurrence of the instantaneous loss scenario;</u>
- <u>Definition of market recovery scenarios in the event that the instantaneous loss scenario has occurred:</u> the recoverability assessments of losses on financial risks have been carried out in line with the Company's portfolio structure, the recoverability of any capital losses on assets, to be attributed to the Business in Force with reference to the future profit plan, it is determined by considering as the maximum recoverable amount, for each component of financial stress, the loss generated by the application of the SCR Market module defined during the determination of the Single Equivalent Scenario.

  In particular, assumptions are made of recoverability within the plan horizon from Recoverability of the maximum recoverable loss attributed to:

- Equity Risk
- Property Risk
- Spread Risk

As a matter of prudence, no recoverability hypotheses have been considered on equity investments that are subject to the "participation exemption" regime.

- Estimates relating to the new business assuming that the instantaneous loss scenario has occurred:
  - **P&C technical risks**: the Company, as part of the definition of the post-stress future earnings plan, applies shock assumptions to the volumes and Loss Ratio of the New Business of the P&C segment;
  - **Life technical risks**: the Company, as part of the definition of the post-stress future earnings plan, applies shock assumptions on the main risk drivers of the Life income statement, i.e. volumes, financial assumptions and technical assumptions.

As regards the provisions of art. 16 of IVASS Regulation no. 35/2017, compliance with the so-called "double counting" prohibition was verified, therefore the Company, in compliance with the principles set out in Article 15 of the Delegated Regulation, verified that the elements taken as a reference for offsets for the purposes of the eligibility of notional deferred tax assets exclude the amounts already underlying the determination of deferred tax assets recognised in the solvency balance sheet, By doing the following:

- considered eligible in the assessment of the recoverability of nDTAs, in addition to income from future profits in the event of stress, only the IRES deferred tax liabilities of the solvency balance sheet that can be used for offsetting, excluding the deferred tax assets already recognised in the financial statements;
- considered the eligibility of nDTAs arising from future earnings under stressed conditions net of what is necessary to recognise the deferred tax asset position on the Solvency Balance Sheet.

That said, future taxable amounts that are used to demonstrate the recognition of deferred tax assets in the Solvency II balance sheet (pre-stress) have not been taken into account for the purposes of demonstrating the existence of future taxable income in the post-stress situation. In determining future taxable income after stress, those income (expenses) that led to the recognition of deferred taxation in the "MVBS" were eliminated. In order to avoid violating this provision, the economic result of each year of the Plan has therefore been adjusted to exclude such income (expenses).

E.2.2.1.3 Amount of the LAC DT eligible for offsets deriving from probable taxes from future taxable income assessed after stress, identified pursuant to Article 13, paragraph 4

For the purposes of determining the LAC DT eligible for offsets deriving from probable taxes on future income assessed post-stress, the amount of the nDTAs net of the net DTLs recognised in the solvency balance sheet is determined. The planning data showing the future earnings scenario have been weighted by applying the following parameters of reduction of future taxable income of 20% for the fourth year of projection, 40% for the fifth year, 60% for the sixth year and 80% for the seventh and final year. To this end, a future earnings plan has been constructed that eliminates the possible double-counting effect deriving from the overlapping of plan profits and profits already considered in the DTLs present in the solvency balance sheet (DTL adjustments illustrated above).

DETERMINATION OF LAC (amounts in thousands of Euro)

	2024
nDTA	115.805
Net eligible DTLs recognized in the solvency balance sheet	65.768
Allowable taxes arising from future profits	82.939
Allowable taxes resulting from carryover to previous year, current year	-100.534
non-recoverable nDTAs	67.632
LAC DT	48.173

E.2.3 Minimum capital requirement

The following table shows the value of the Minimum Capital Requirement as at 31 December 2024, as well as a comparison with the previous year.

MINIMUM CAPITAL REQUIREMENT (amounts in EUR thousand)

	2024	2023	Variation %
Total eligible own funds to meet the Minimum Capital Requirement (MCR)	755.874	726.037	4,11%
MCR	203.724	212.105	-3,95%
Ratio between eligible own funds and MCR	**371,0%**	**342,3%**	**8,39%**

The Company's MCR Ratio shows a deterioration compared to the previous year.

As can be seen from QRT S.28.02.01 reported in Annex 1 of this document, the Minimum Capital Requirement is calculated on the basis of the combined MCR, represented by the value of the maximum MCR, whose value is higher than the Absolute Minimum of the MCR.

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

For the purpose of calculating the Solvency Capital Requirement, HDI Assicurazioni does not use the maturity-based equity risk sub-module.

E.4 Differences between the Standard Formula and the Internal Model

The Company does not use approved internal models for the calculation of the Solvency Capital Requirement.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the Solvency Capital Requirement

During the 2024 financial year, no non-compliance by the Company with regard to both the minimum capital requirement and the solvency capital requirement should be highlighted.

E.6 Other information

With reference to the 2024 financial year, it is not believed that there is any further relevant information regarding the management of the Company's capital.

ANNEXES 1 - QRT

HDI
ASSICURAZIONI

This annex reports, in line with the requirements of the Implementing Regulation (EU) 2015/2452 of the European Commission of 2 December 2015, the models relating to the solvency and financial condition of HDI Assicurazioni S.p.A.

The figures are given in thousands of units.

The reporting currency is the euro.

The following templates are:

- S.02.01.02 - Balance Sheet;
- S.05.01.02 - Premiums, claims and expenses by area of activity;
- S.12.01.02 - Technical provisions for life insurance and health insurance SLT;
- S.17.01.02 - Technical provisions for non-life insurance;
- S.19.01.21 - Non-life insurance claims;
- S.22.01.21 - Impact of long-term guarantee measures and transitional measures;
- S.23.01.01 - Own funds;
- S.25.01.21 - Solvency capital requirement for companies using the standard formula;
- S.28.02.01 - Minimum capital requirement - Both life insurance and non-life insurance activities.

S.02.01.02 – Balance Sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	41.080
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	50.147
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**5.485.469**
Property (other than for own use)	R0080	44.506
Holdings in related undertakings, including participations	R0090	137.335
Equities	*R0100*	*5.904*
Equities - listed	R0110	3.730
Equities - unlisted	R0120	2.174
Bonds	*R0130*	*5.016.257*
Government Bonds	R0140	3.401.974
Corporate Bonds	R0150	1.610.473
Structured notes	R0160	0
Collateralised securities	R0170	3.811
Collective Investments Undertakings	R0180	281.467
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	686.670
Loans and mortgages	**R0230**	**13.197**
Loans on policies	R0240	451
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	12.746
Reinsurance recoverables from:	**R0270**	**170.005**
Non-life and health similar to non-life	R0280	178.195
Non-life excluding health	R0290	176.407
Health similar to non-life	R0300	1.788
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-8.279
Health similar to life	R0320	188
Life excluding health and index-linked and unit-linked	R0330	-8.467
Life index-linked and unit-linked	R0340	89
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	122.628
Reinsurance receivables	R0370	56.057
Receivables (trade, not insurance)	R0380	137.352
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	197.382
Any other assets, not elsewhere shown	R0420	10.916
Total assets	**R0500**	**6.970.903**

S.02.01.02 – Balance Sheet

Liabilities		Solvency II value
		C0010
Technical provisions - non-life	R0510	1.318.493
Technical provisions - non-life (excluding health)	R0520	1.268.266
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	1.227.186
Risk margin	R0550	41.079
Technical provisions - health (similar to non-life)	R0560	50.227
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	48.826
Risk margin	R0590	1.401
Technical provisions - life (excluding index-linked and unit-linked)	R0600	3.718.220
Technical provisions - health (similar to life)	R0610	234
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	232
Risk margin	R0640	3
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	3.717.986
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	3.671.453
Risk margin	R0680	46.533
Technical provisions - index-linked and unit-linked	R0690	649.086
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	641.683
Risk margin	R0720	7.403
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	12.934
Pension benefit obligations	R0760	8.437
Deposits from reinsurers	R0770	40.343
Deferred tax liabilities	R0780	18.242
Derivatives	R0790	0
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	51.561
Insurance & intermediaries payables	R0820	38.327
Reinsurance payables	R0830	16.887
Payables (trade, not insurance)	R0840	37.979
Subordinated liabilities	R0850	196.728
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	196.728
Any other liabilities, not elsewhere shown	R0880	35.598
Total liabilities	R0900	6.142.835

Excess of assets over liabilities	R1000	828.068

S.05.01.02 - Premiums, claims and expenses by business area

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	5.211	50.414	0	408.986	99.982	2.063	85.049	50.618	38.413	7.508	19.548	1.764					769.555
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	163	0	0	0	0					163
Gross - Non-proportional reinsurance accepted	R0130													0	0	0	0	0
Reinsurers' share	R0140	154	1.494	0	2.380	9.640	65	9.199	3.498	18.752	5.431	7.797	82	0	0	0	0	58.492
Net	**R0200**	**5.057**	**48.919**		**406.605**	**90.342**	**1.998**	**75.850**	**47.283**	**19.661**	**2.077**	**11.751**	**1.682**					**711.227**
Premiums earned																		
Gross - Direct Business	R0210	4.892	54.391	0	403.524	88.242	1.335	80.457	51.228	35.910	7.490	19.611	3.543					750.623
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	158	0	0	0	0					158
Gross - Non-proportional reinsurance accepted	R0230													0	0	0	0	0
Reinsurers' share	R0240	233	2.251	0	2.380	9.640	65	9.058	3.467	17.062	5.826	7.043	660	0	0	0	0	57.685
Net	**R0300**	**4.659**	**52.140**		**401.144**	**78.602**	**1.270**	**71.398**	**47.919**	**18.848**	**1.664**	**12.569**	**2.883**					**693.096**
Claims incurred																		
Gross - Direct Business	R0310	1.955	16.242	0	268.880	48.387	2.887	37.278	14.553	518	1.889	4.965	5.237					402.789
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	4	0	0	0	0					4
Gross - Non-proportional reinsurance accepted	R0330													0	0	0	0	0
Reinsurers' share	R0340	85	709	0	408	-413	-108	4.583	4.648	2.051	985	3.477	58	0	0	0	0	16.485
Net	**R0400**	**1.870**	**15.533**		**268.472**	**48.800**	**2.995**	**32.695**	**9.909**	**-1.534**	**904**	**1.487**	**5.178**					**386.309**
Expenses incurred	R0550	2.360	22.585		128.453	35.832	725	39.831	26.030	7.179	-1.076	5.999	1.461					269.379
Other expenses	R1210																	**10.802**
Total expenses	**R1300**																	**280.181**

S.05.01.02 - Premiums, claims and expenses by business area

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	3	976.623	71.531	8.201	0	0	0	0	1.056.358
Reinsurers' share	R1420	3	6	0	5.967	0	0	0	0	5.976
Net	R1500	0	976.616	71.531	2.235					1.050.382
Premiums earned										
Gross	R1510	3	976.623	71.531	8.201	0	0	0	0	1.056.358
Reinsurers' share	R1520	3	6	0	5.967	0	0	0	0	5.976
Net	R1600	0	976.616	71.531	2.235					1.050.382
Claims incurred										
Gross	R1610	0	1.289.708	66.703	5.096	0	0	0	0	1.361.506
Reinsurers' share	R1620	0	274	0	1.409	0	0	0	0	1.683
Net	R1700		1.289.434	66.703	3.686					1.359.823
Expenses incurred	R1900	0	25.567	1.641	-654					26.554
Other expenses	R2510									13.623
Total expenses	R2600									40.177
Importo totale dei riscatti	R2700	0	1.148.247	57.791	1	0	0	0	0	1.206.039

S.12.01.02 - Technical provisions for life insurance and health insurance SLT

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	**R0010**	0	0			0			0		0	0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	0	0			0			0		0	0			0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	3.621.394		641.683	0		50.059	0	0		4.313.135		232	0	0	0	232
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	416		89	0		-8.883	0	0		-8.378		188	0	0	0	188
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	3.620.978		641.593			58.942				4.321.513		44				44
Risk Margin	**R0100**	40.612	7.403			5.921			0		53.936	3			0	0	3
Technical provisions - total	**R0200**	3.662.006	649.086			55.979					4.367.072	234					234

S.17.01.02 - Technical provisions for non-life insurance

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050																	0
Technical Provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	1.131	19.232		122.627	47.224	684	42.989	12.062	24.938	417	1.871	3.338					276.514
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-144	897		-240	-537	-1	-1.168	-315	6.992	168	643	413					6.707
Net Best Estimate of Premium Provisions	R0150	1.276	18.335		122.867	47.761	685	44.157	12.376	17.946	250	1.228	2.926					269.808
Claims provisions																		
Gross	R0160	1.816	26.646		623.375	21.507	5.624	57.693	210.010	36.663	10.544	1.890	3.729					999.498
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	35	1.000		77.050	1.947	476	13.573	58.983	14.128	3.320	894	82					171.488
Net Best Estimate of Claims Provisions	R0250	1.781	25.646		546.325	19.560	5.147	44.120	151.028	22.535	7.225	997	3.647					828.009
Total Best estimate - gross	R0260	2.947	45.879		746.002	68.731	6.308	100.682	222.072	61.601	10.962	3.761	7.067					1.276.012
Total Best estimate - net	R0270	3.057	43.982		669.192	67.321	5.833	88.278	163.404	40.481	7.474	2.225	6.572					1.097.817
Risk margin	R0280	91	1.310		28.040	999	265	2.257	7.760	1.151	370	51	187					42.480
Technical provisions - total																		
Technical provisions - total	R0320	3.038	47.189		774.042	69.730	6.572	102.939	229.832	62.753	11.332	3.812	7.254					1.318.493
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-109	1.897		76.810	1.410	475	12.404	58.668	21.120	3.488	1.537	495					178.195
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	3.148	45.292		697.232	68.320	6.097	90.534	171.164	41.632	7.844	2.276	6.759					1.140.298

S.19.01.21 - Non-life insurance claims

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											12.220
2014	R0160	145.282	114.576	39.410	16.459	9.792	7.101	2.809	4.028	2.974	2.959	
2015	R0170	144.487	139.246	42.909	25.351	9.300	5.341	4.553	3.619	2.528		
2016	R0180	189.556	160.587	55.375	17.552	14.516	8.950	7.168	5.420			
2017	R0190	170.059	136.206	31.918	20.434	12.616	6.373	4.502				
2018	R0200	164.915	110.178	33.547	12.580	8.463	3.898					
2019	R0210	133.964	92.748	29.873	6.811	5.779						
2020	R0220	152.902	121.693	37.356	16.940							
2021	R0230	167.586	137.485	35.153								
2022	R0240	170.902	155.899									
2023	R0250	173.046										

		In Current year
		C0170
	R0100	12.220
	R0160	2.959
	R0170	2.528
	R0180	5.420
	R0190	4.502
	R0200	3.898
	R0210	5.779
	R0220	16.940
	R0230	35.153
	R0240	155.899
	R0250	173.046
Total	R0260	418.343

Gross undiscounted Best Estimate Claims Provisions

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											143.544
2014	R0160	0	161.478	109.651	85.569	73.474	62.703	53.873	47.894	25.958	22.200	
2015	R0170	282.566	173.952	122.369	91.141	72.651	61.642	55.859	54.895	36.085		
2016	R0180	321.680	181.534	125.365	98.800	80.408	71.347	64.329	47.333			
2017	R0190	308.756	163.290	114.552	89.223	74.940	69.328	52.105				
2018	R0200	264.470	140.225	100.813	86.346	65.819	55.661					
2019	R0210	235.571	129.178	92.541	70.259	55.262						
2020	R0220	241.587	156.749	118.807	90.014							
2021	R0230	247.072	147.175	104.612								
2022	R0240	298.276	165.610									
2023	R0250	273.064										

		Year end (discounted
		C0360
	R0100	130.242
	R0160	19.700
	R0170	31.746
	R0180	41.667
	R0190	46.008
	R0200	49.185
	R0210	49.298
	R0220	80.292
	R0230	94.191
	R0240	151.676
	R0250	257.085
Total	R0260	951.091

S.22.01.21 - Impact of long-term guarantee measures and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	5.685.799			38.692	
Basic own funds	R0020	934.696			-25.793	
Eligible own funds to meet Solvency Capital Requirement	R0050	934.696			-25.793	
Solvency Capital Requirement	R0090	452.721			12.606	
Eligible own funds to meet Minimum Capital Requirement	R0100	755.874			-36.149	
Minimum Capital Requirement	R0110	203.724			5.673	

S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2
		C0010	C0020	C0030	C0040
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
Ordinary share capital (gross of own shares)	R0010	351.000	351.000		0
Share premium account related to ordinary share capital	R0030		0		0
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040		0		0
Subordinated mutual member accounts	R0050			0	0
Surplus funds	R0070		0		
Preference shares	R0090			0	0
Share premium account related to preference shares	R0110			0	0
Reconciliation reserve	R0130	364.130	364.130		
Subordinated liabilities	R0140	196.728		0	196.728
An amount equal to the value of net deferred tax assets	R0160	22.838			
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180		0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0			
Deductions					
Deductions for participations in financial and credit institutions	R0230		0	0	0
Total basic own funds after deductions	**R0290**	**934.696**	**715.130**		**196.728**

Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				0
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				0
Unpaid and uncalled preference shares callable on demand	R0320				0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				0
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				0
Other ancillary own funds	R0390				0
Total ancillary own funds	**R0400**				

Available and eligible own funds					
Total available own funds to meet the SCR	**R0500**	**934.696**	**715.130**		**196.728**
Total available own funds to meet the MCR	**R0510**	**911.857**	**715.130**		**196.728**
Total eligible own funds to meet the SCR	**R0540**	**934.696**	**715.130**		**196.728**
Total eligible own funds to meet the MCR	**R0550**	**755.874**	**715.130**		**40.745**
SCR	**R0580**	**452.721**			
MCR	**R0600**	**203.724**			
Ratio of Eligible own funds to SCR	**R0620**	**206,46%**			
Ratio of Eligible own funds to MCR	**R0640**	**371,03%**			

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	828.068
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	90.100
Other basic own fund items	R0730	373.838
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	**R0760**	**364.130**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	29.635
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	10.635
Total Expected profits included in future premiums (EPIFP)	**R0790**	**40.270**

S.25.01.21 - Solvency capital requirement for companies using the standard formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	233.073		
Counterparty default risk	R0020	69.584		
Life underwriting risk	R0030	133.601		
Health underwriting risk	R0040	30.368		
Non-life underwriting risk	R0050	288.089		
Diversification	R0060	-255.214		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**499.502**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	62.487
Loss-absorbing capacity of technical provisions	R0140	-61.096
Loss-absorbing capacity of deferred taxes	R0150	-48.172
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	**R0200**	**452.721**
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
Consolidated Group SCR	R0220	452.721
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-48.172
LAC DT justified by reversion of deferred tax liabilities	R0650	-65.768
LAC DT justified by reference to probable future taxable economic profit	R0660	-82.939
LAC DT justified by carry back, current year	R0670	100.534
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-48.172

S.28.02.01 - Minimum capital requirement — Both life insurance and non-life insurance activities

		Non-life activities	Life activities
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	168.329	

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	3.057	5.057	0	0
Income protection insurance and proportional reinsurance	R0030	43.982	48.919	0	0
Workers' compensation insurance and proportional reinsurance	R0040			0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	669.192	406.605	0	0
Other motor insurance and proportional reinsurance	R0060	67.321	90.342	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	5.833	1.998	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	88.278	75.850	0	0
General liability insurance and proportional reinsurance	R0090	163.404	47.283	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	40.481	19.661	0	0
Legal expenses insurance and proportional reinsurance	R0110	7.474	2.077	0	0
Assistance and proportional reinsurance	R0120	2.225	11.751	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	6.572	1.682	0	0
Non-proportional health reinsurance	R0140			0	0
Non-proportional casualty reinsurance	R0150			0	0
Non-proportional marine, aviation and transport reinsurance	R0160			0	0
Non-proportional property reinsurance	R0170			0	0

Linear formula component for life insurance and reinsurance obligations

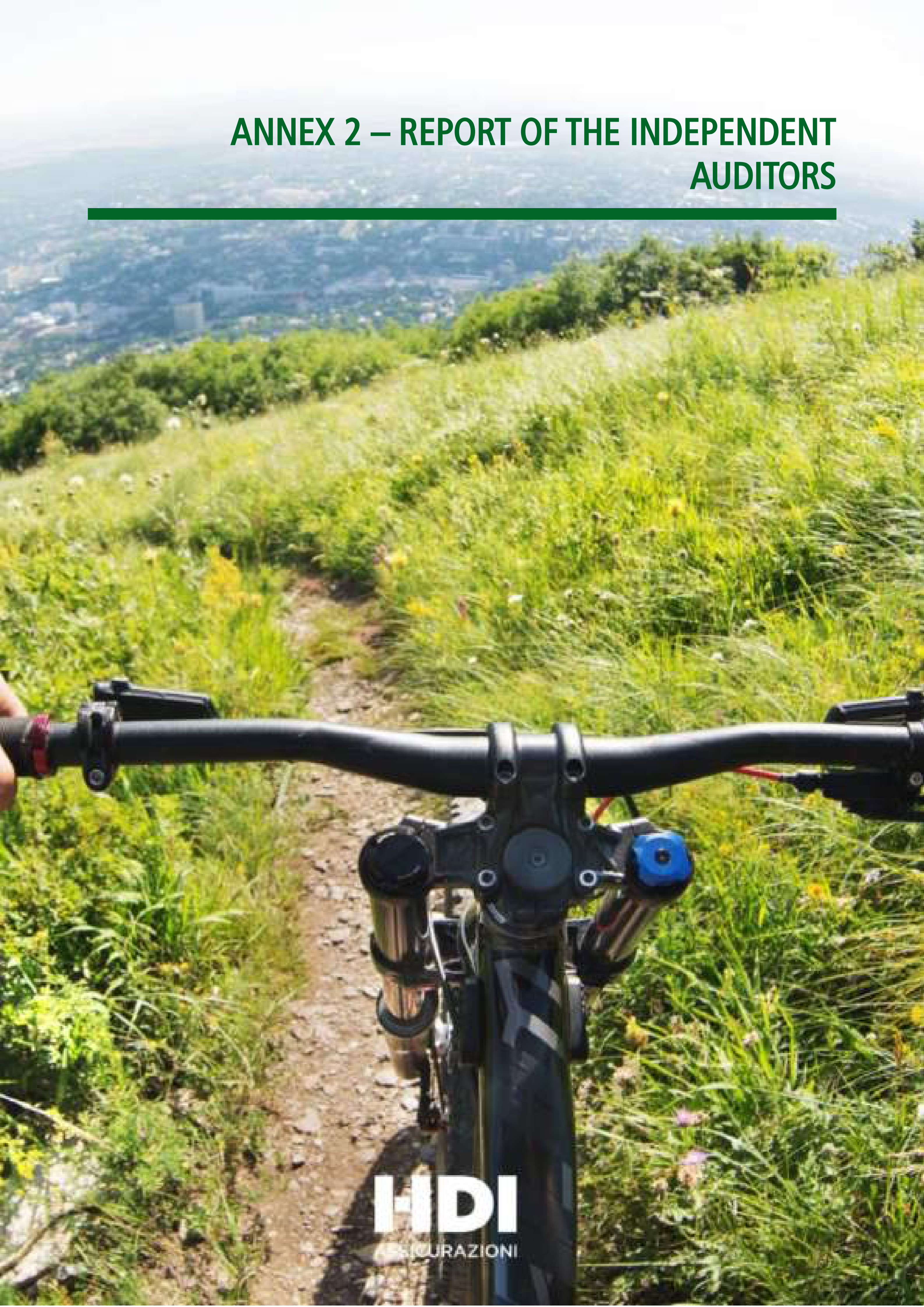
MCR calculation Life		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0		3.517.709	
Obligations with profit participation - future discretionary benefits	R0220	0		103.269	
Index-linked and unit-linked insurance obligations	R0230	0		641.593	
Other life (re)insurance and health (re)insurance obligations	R0240	0		58.986	
Total capital at risk for all life (re)insurance obligations	R0250		0		2.459.652

		Non-life activities	Life activities
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		132.237

Overall MCR calculation		C0130
Linear MCR	R0300	300.566
SCR	R0310	452.721
MCR cap	R0320	203.724
MCR floor	R0330	113.180
Combined MCR	R0340	203.724
Absolute floor of the MCR	R0350	8.000
		C0130
Minimum Capital Requirement	R0400	203.724

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	168.329	132.237
Notional SCR excluding add-on (annual or latest calculation)	R0510	253.542	199.179
Notional MCR cap	R0520	114.094	89.631
Notional MCR floor	R0530	63.386	49.795
Notional Combined MCR	R0540	114.094	89.631
Absolute floor of the notional MCR	R0550	4.000	4.000
Notional MCR	R0560	114.094	89.631

ANNEX 2 – REPORT OF THE INDEPENDENT AUDITORS



HDI Assicurazioni SpA

Relazione della società di revisione indipendente
ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, n° 209 e dell'articolo 4, comma 1, lettere a) e b), del Regolamento IVASS n° 42 del 2 agosto 2018

Modelli "S.02.01.02 - Stato Patrimoniale" e "S.23.01.01 - Fondi propri" e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2024

pwc

Relazione della società di revisione indipendente

ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, n° 209 e dell'articolo 4, comma 1, lettere a) e b), del Regolamento IVASS n° 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
HDI Assicurazioni SpA

Modelli "S.02.01.02 - Stato Patrimoniale" e "S.23.01.01 - Fondi propri" e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2024

Giudizio

Abbiamo svolto la revisione contabile dei seguenti elementi dell'allegata Relazione sulla Solvibilità e Condizione Finanziaria (la "SFCR") di HDI Assicurazioni SpA (la "Società") per l'esercizio chiuso al 31 dicembre 2024, predisposta ai sensi dell'articolo 47-septies del DLgs 7 settembre 2005, n° 209:

- modelli "S.02.01.02 - Stato Patrimoniale" e "S.23.01.01 - Fondi propri" (i "modelli");
- sezioni "D. Valutazione ai fini di Solvibilità" e "E.1 Fondi Propri" (l'"informativa").

Le nostre attività non hanno riguardato:

- le componenti delle riserve tecniche relative al margine di rischio (voci R0550, R0590, R0640, R0680 e R0720) del modello "S.02.01.02 - Stato Patrimoniale";
- il Requisito patrimoniale di solvibilità (voce R0580) e il Requisito patrimoniale minimo (voce R0600) del modello "S.23.01.01 - Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli e l'informativa, con le esclusioni sopra riportate, costituiscono nel loro insieme "i modelli di MVBS e OF e la relativa informativa".

A nostro giudizio, i modelli di MVBS e OF e la relativa informativa inclusi nella SFCR di HDI Assicurazioni SpA per l'esercizio chiuso al 31 dicembre 2024, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISAs). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa* della presente relazione.
Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) emesso dall'International Ethics Standards Board for Accountants applicabili alla revisione contabile dei modelli e della relativa informativa.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Richiamo di informativa - Criteri di redazione, finalità e limitazione all'utilizzo

Richiamiamo l'attenzione alla sezione "D. Valutazione ai fini di Solvibilità" della SFCR che descrive i criteri di redazione. I modelli di MVBS e OF e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che costituiscono un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Altri aspetti

La Società ha redatto il bilancio d'esercizio al 31 dicembre 2024 in conformità alle norme italiane che ne disciplinano i criteri di redazione, che è stato da noi assoggettato a revisione contabile a seguito della quale abbiamo emesso la nostra relazione di revisione datata 7 aprile 2025.

La Società ha redatto i modelli "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita" e la relativa informativa presentata nella sezione "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" dell'allegata SFCR in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che sono stati da noi assoggettati a revisione contabile limitata, secondo quanto previsto dall'articolo 4 comma 1 lett. c) del Regolamento IVASS n° 42 del 2 agosto 2018, a seguito della quale abbiamo emesso in data odierna una relazione di revisione limitata allegata alla SFCR.

Altre informazioni contenute nella SFCR

Gli Amministratori sono responsabili per la redazione delle altre informazioni contenute nella SFCR in conformità alle norme che ne disciplinano i criteri di redazione.

Le altre informazioni della SFCR sono costituite da:

- i modelli "S.05.01.02 - Premi, sinistri e spese per area di attività", "S.12.01.02 - Riserve tecniche per l'assicurazione vita e l'assicurazione malattia SLT", "S.17.01.02 - Riserve tecniche per l'assicurazione non vita", "S.19.01.21 - Sinistri nell'assicurazione non vita", "S.22.01.21 - Impatto delle misure di garanzia a lungo termine e delle misure transitorie", "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita";
- le sezioni "A. Attività e Risultati", "B. Sistema di Governance", "C. Profilo di Rischio", "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo", "E.3 Utilizzo del sottomodulo del rischio azionario basato sulla durata nel calcolo del requisito patrimoniale di solvibilità", "E.4 Differenze tra la Formula Standard e il Modello Interno", "E.5 Inosservanza del requisito patrimoniale minimo e inosservanza del requisito patrimoniale di solvibilità" e "E.6 Altre informazioni".

Il nostro giudizio sui modelli di MVBS e OF e sulla relativa informativa non si estende a tali altre informazioni.

Con riferimento alla revisione contabile dei modelli di MVBS e OF e della relativa informativa, la nostra responsabilità è svolgere una lettura critica delle altre informazioni e, nel fare ciò, considerare se le medesime siano significativamente incoerenti con i modelli di MVBS e OF e la relativa informativa o con le nostre conoscenze acquisite durante la revisione o comunque possano essere significativamente errate. Laddove identifichiamo possibili incoerenze o errori significativi, siamo tenuti a determinare se vi sia un errore significativo nei modelli di MVBS e OF e nella relativa informativa o nelle altre informazioni. Se, in base al lavoro svolto, concludiamo che esista un errore significativo, siamo tenuti a segnalare tale circostanza. A questo riguardo, non abbiamo nulla da riportare.

Responsabilità degli Amministratori e del Collegio Sindacale per i modelli di MVBS e OF e la relativa informativa

Gli Amministratori sono responsabili per la redazione dei modelli di MVBS e OF e della relativa informativa in conformità alle norme che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di MVBS e OF e la relativa informativa che non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione dei modelli di MVBS e OF e della relativa informativa, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione dei modelli di MVBS e OF e della relativa informativa a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che i modelli di MVBS e OF e la relativa informativa, nel loro complesso, non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base dei modelli di MVBS e OF e della relativa informativa.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nei modelli di MVBS e OF e nella relativa informativa, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile dei modelli di MVBS e OF e della relativa informativa allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei criteri di redazione utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento.

Abbiamo comunicato ai responsabili delle attività di governance, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Milano, 7 aprile 2025

PricewaterhouseCoopers SpA

Alberto Buscaglia
(Revisore legale)

HDI Assicurazioni SpA

Relazione di revisione contabile limitata della società di revisione indipendente
ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, n° 209 e dell'articolo 4, comma 1, lettera c), del Regolamento IVASS n° 42 del 2 agosto 2018

Modelli "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita" e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2024

Relazione di revisione contabile limitata della società di revisione indipendente

ai sensi dell'articolo 47-septies, comma 7 del DLgs 7 settembre 2005, n° 209 e dell'articolo 4, comma 1, lettera c), del Regolamento IVASS n° 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
HDI Assicurazioni SpA

Modelli "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita" e relativa informativa contenuti nella Relazione sulla Solvibilità e Condizione Finanziaria al 31 dicembre 2024

Introduzione

Abbiamo svolto la revisione contabile limitata dei modelli "S.25.01.21 - Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 - Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita" (i "modelli di SCR e MCR") e dell'informativa presentata nella sezione "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" (l'"informativa" o la "relativa informativa") dell'allegata Relazione sulla Solvibilità e Condizione Finanziaria ("SFCR") di HDI Assicurazioni SpA (nel seguito anche la "Società") per l'esercizio chiuso al 31 dicembre 2024, predisposta ai sensi dell'articolo 47-septies del DLgs 7 settembre 2005, n° 209.

I modelli di SCR e MCR e la relativa informativa sono stati redatti dagli Amministratori sulla base delle disposizioni dell'Unione Europea direttamente applicabili, della normativa nazionale di settore e dei parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS.

Responsabilità degli Amministratori

Gli Amministratori sono responsabili per la redazione dei modelli di SCR e MCR e della relativa informativa in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di SCR e MCR e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Responsabilità del revisore

È nostra la responsabilità di esprimere una conclusione sui modelli di SCR e MCR e sulla relativa informativa. Abbiamo svolto la revisione contabile limitata in conformità al principio internazionale sugli incarichi di revisione contabile limitata *(ISRE) 2400 (Revised), Incarichi per la revisione contabile limitata dell'informativa finanziaria storica*. Il principio *ISRE 2400 (Revised)* ci richiede di giungere a una conclusione sul fatto se siano pervenuti alla nostra attenzione elementi che ci facciano ritenere che i modelli di SCR e MCR e la relativa informativa non siano redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS. Tale principio ci richiede altresì di conformarci ai principi etici applicabili.

La revisione contabile limitata dei modelli di SCR e MCR e della relativa informativa conforme al principio *ISRE 2400 (Revised)* è un incarico di assurance limitata. Il revisore svolge procedure che consistono principalmente nell'effettuare indagini presso la Direzione e altri soggetti nell'ambito dell'impresa, come appropriato, e procedure di analisi comparativa, e valuta le evidenze acquisite. Le procedure svolte in una revisione contabile limitata sono sostanzialmente minori rispetto a quelle svolte in una revisione contabile completa conforme ai principi di revisione internazionali (ISAs).

Pertanto non esprimiamo un giudizio di revisione sui modelli di SCR e MCR e sulla relativa informativa.

Conclusione

Sulla base della revisione contabile limitata, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che gli allegati modelli di SCR e MCR e la relativa informativa inclusi nella SFCR di HDI Assicurazioni SpA per l'esercizio chiuso al 31 dicembre 2024, non siano stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto dell'informativa della SFCR e come approvato da parte di IVASS.

Criteri di redazione, finalità e limitazione all'utilizzo

Senza esprimere la nostra conclusione con modifica, richiamiamo l'attenzione alla sezione "E.2 Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" della SFCR che descrive i criteri di redazione dei modelli di SCR e MCR. I modelli di SCR e MCR e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che costituiscono un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. In particolare, in conformità a quanto previsto dall'articolo 45-sexies, comma 7, del DLgs 7 settembre 2005, n° 209, l'utilizzo dei parametri specifici dell'impresa, sinteticamente descritti nell'informativa della SFCR è stato approvato dall'IVASS nell'esercizio delle proprie funzioni di vigilanza.

Come previsto dall'articolo 13 del Regolamento IVASS n° 42 del 2 agosto 2018, le nostre conclusioni non si estendono alle determinazioni assunte dall'IVASS nell'esercizio delle sue funzioni di vigilanza e quindi, in particolare, all'idoneità dei parametri specifici dell'impresa rispetto allo scopo definito dalle disposizioni dell'Unione Europea direttamente applicabili e dalla normativa nazionale.

Milano, 7 aprile 2025

PricewaterhouseCoopers SpA

Alberto Buscaglia
(Revisore legale)

Firmato digitalmente da:
ALBERTO BUSCAGLIA

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