



# **Solvency & Financial Condition Report 2022**

**Assurant Europe Insurance N.V.**



**ASSURANT®**

# Contents

Executive Summary .....	4
A Business and performance.....	6
A.1 Business.....	6
A.2 Underwriting Performance .....	9
A.3 Investment Performance .....	10
A.4 Performance of other activities .....	10
B System of governance.....	11
B.1 General information on the system of governance.....	11
B.2 Fit and proper requirements.....	13
B.3 Risk management system including the own risk and solvency assessment .....	14
B.4 Internal control system .....	16
B.5 Internal audit function .....	17
B.6 Actuarial function.....	17
B.7 Outsourcing.....	18
B.8 Any other disclosures.....	18
C Risk management.....	19
C.1 Underwriting risk.....	19
C.2 Market risk .....	21
C.3 Credit risk .....	24
C.4 Liquidity risk .....	25
C.5 Operational risk.....	26
C.6 Other material risks.....	27
C.7 Any other disclosures.....	27
D Valuation for Solvency purposes .....	29
D.1 Assets .....	29
D.2 Technical provisions.....	31
D.3 Other liabilities.....	34
D.4 Alternative methods for valuation.....	36
D.5 Any other disclosures.....	36
E Capital management .....	37
E.1 Own funds .....	37
E.2 Solvency Capital Requirement and Minimum Capital Requirement .....	38

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement .....	39
E.4 Differences between the standard formula and any internal models used .....	39
E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement.....	40
E.6 Any other disclosures .....	40
F Quantitative reporting templates .....	41

## Executive Summary

Assurant Europe Insurance N.V. (further referred to as “AEI” or “the company”), is a non-life insurance company, incorporated in the Netherlands as a Naamloze Vennootschap (public limited company) on 29 October 2018. It received its license to operate on 9 June 2020. AEI is supervised by De Nederlandsche Bank (“DNB”) and the Autoriteit Financiële Markten (“AFM”).

This report has been prepared to comply with the reporting requirements of the EU-wide regulatory framework for insurance companies, Solvency 2, which came into force 1 January 2016.

### Business and performance

AEI engages in the following three segments of insurance:

- Connected Living - comprising the insurance of electronic devices for extended warranty, theft and accidental damage. The most important product is that of the insurance of mobile phones.
- Auto - comprising extended warranty and ancillary insurances that are tied to a vehicle; and
- Creditor - comprising disability, unemployment, accident, and life. This segment went into run-off in 2018 and no new policies were written since.

These are primarily consumer insurance products that are sold in the European Union through freedom of service arrangements and distributed on a Business-to-Business basis, via relationships with vehicle importers/dealers, manufacturers, retailers, and other distributors.

The company started writing smaller volumes of business as of July 2020 and assumed two EU-insurance portfolios of two Assurant group companies domiciled in the United Kingdom on 2 November 2020.

AEI closed 2022 with a statutory loss after tax of Euro 7.4m. This comprised an operational pre-tax profit of Euro 8.7m and (unrealised) losses on the investment portfolio of Euro 18.8m.

Section A provides an overview of business performance in the year under review.

### System of governance

AEI is governed by a two-tier board structure with a Board of Directors and a Supervisory Board of Directors. AEI implemented the governance requirements of the Solvency 2 regime and has four key functions: actuarial, compliance, risk management and internal audit.

Refer to section B for further details.

### Risk profile

As a provider of non-life and health (income protection) insurance as well as some ancillary services, the company is exposed to a number of risks, the main ones being Underwriting risk and Market risk. The company invests substantial amounts in fixed income instruments and is exposed to market volatility and default risk, both for which appropriate amounts of solvency capital are set aside. In addition, existing and emerging regulation poses operational risks, which, whilst not necessarily having a very large financial impact, could impede the company’s medium-term outlook for doing business when not properly addressed.

Section C demonstrates in further detail to which risks the company is exposed and how these risks are mitigated.

## Valuation for solvency purposes

This SFCR provides insight in the company's balance sheet and available capital prepared in accordance with Solvency 2 guidelines. These guidelines strive for a market consistent valuation. In comparison to the statutory financial statements (BW2 Titel 9), Solvency 2 portrays a current and economic view on shareholder value and liabilities to policyholders. Under Dutch GAAP many items, such as policyholder liabilities, are valued at historical cost and gains are recognised over the lifetime of products.

Chapter D explains the differences between Solvency 2 and statutory valuation in more detail.

## Capital management

The company's capital management focusses on facilitating the acceptance of new business and the orderly run-off of its Creditor portfolio. The company's solvency position is above average for a non-life carrier, which is intended given anticipated growth. The year-end solvency position is as follows:

	<b>2022</b>	<b>2021</b>
€'000		
Eligible Own Funds	92,720	95,023
SCR	41,746	48,304
<b>Solvency Ratio %</b>	<b>222%</b>	<b>197%</b>

The decrease in SCR is mainly due to the reduction of the additional capital that the standard model requires for operational risk when the growth of the business exceeds a certain threshold (20% of earned premiums). This threshold was exceeded in 2021 but not in 2022 and the penalty therefore no longer applies.

Further detail is provided in Section E.

## Outlook

In February 2022, the Russian Federation invaded Ukraine, which triggered the start of a period of global economic uncertainty and the establishment of sanctions against the Russian Federation and Belarus. The company has no exposure to the countries concerned nor is it impacted by sanctions. It is however impacted by the inflationary effect that the reduced import of energy from the Russian Federation has on general price levels worldwide and the interest rate increases that were triggered by this inflation.

AEI's products often but not always provide fixed claim payment for a loss event and are therefore only partially impacted by (sustained) inflation. AEI's expense provisions are considered sufficiently robust but it should be recognised that a prolonged period of higher than usual inflation would impact the company at some point in time.

The above increases the potential volatility of future outcomes to above what we have seen in the past decade and the level of volatility of future economic outcomes may be higher than historical developments would indicate.

# A Business and performance

## A.1 Business

### A.1.1 Name and legal form

AEI is a non-life insurance company based in Amsterdam, the Netherlands. The company was incorporated on 29 October 2018 and received its license to operate as a non-life insurer on 9 June 2020. It is a Naamloze Vennootschap.

### A.1.2 Name and contact details of the responsible supervisory authority

Prudential supervision of AEI is the responsibility of De Nederlandsche Bank (“DNB”), Westeinde 1, 1000 AB, Amsterdam, The Netherlands.

Financial conduct is supervised by the Autoriteit Financiële Markten (“AFM”), Vijzelgracht 50, 1017 HS, Amsterdam, The Netherlands.

TWG Europe Ltd, AEI’s shareholder, is supervised by the Prudential Regulation Authority (“PRA”), 20 Moorgate, London, EC2R 6DA, United Kingdom.

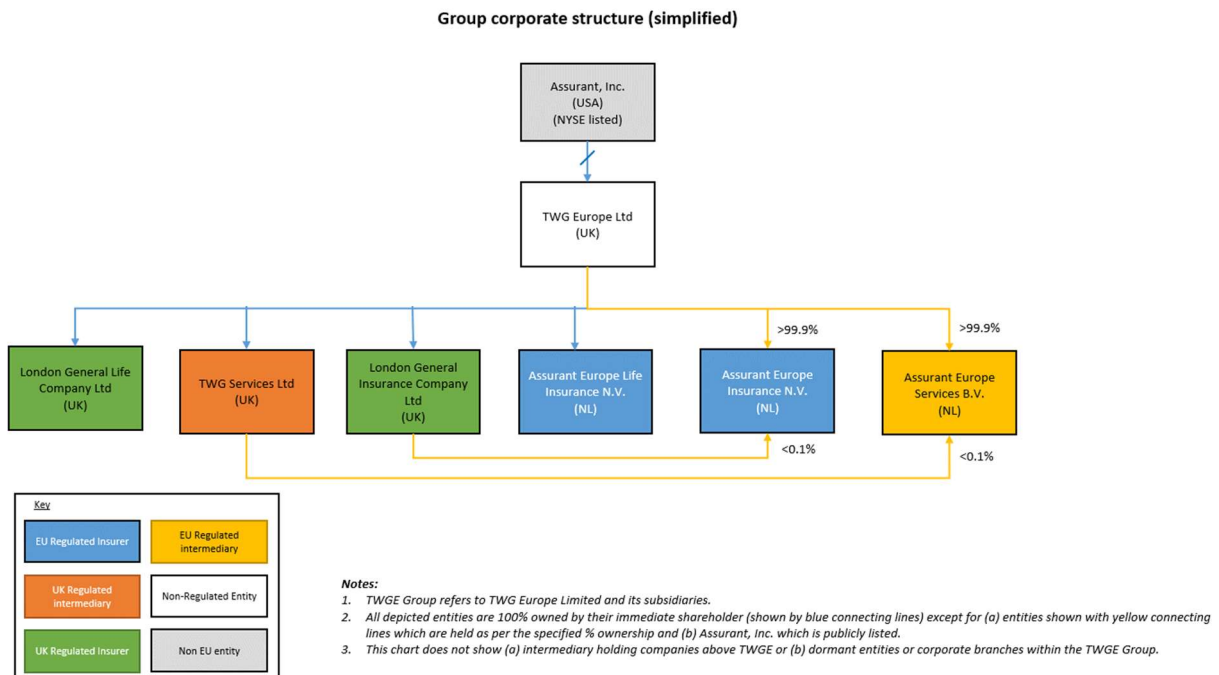
### A.1.3 Name and contact details of external auditor

AEI’s external auditor is Deloitte Accountants B.V., Gustav Mahlerlaan 2970, 1081LA, Amsterdam, The Netherlands.

### A.1.4 Shareholders and position within the group

AEI’s shares are held by TWG Europe Ltd, one of the holding companies ultimately owned by Assurant Inc, a public company listed on the New York Stock Exchange (ticker: AIZ), registered in Delaware, United States of America.

A simplified version of the group’s corporate structure is shown below:



AEI has issued 43,600,001 shares of which 43,600,000 (> 99.99%) are owned by TWG Europe Ltd and 1 (< 0.01%) is owned by London General Insurance Company Ltd (which itself is 100% owned by TWG Europe Ltd).

#### A.1.5 Material lines of business and material geographical areas where business is carried out

AEI's principal activity is the underwriting of non-life insurance risk in the European Union. Its main clients are larger Mobile phone operators, Mobile phone distributors, Automotive industry manufacturers or distributors/dealers and (online) retailers.

AEI distinguishes the following segments:

- Connected Living (insurance of electronic devices including mobile phones)
- Auto (provision of extended warranty periods)
- Creditor (disability, unemployment). This segment is in run-off since 2018.

Its Solvency 2 lines of business are:

- Fire and Other Property Damage
- Income Protection (Health SLT)
- Miscellaneous Financial Loss

The material lines of business are illustrated in the table below, using financial information for the year ended 31 December 2022.

€'000	Technical Provisions (excl. risk margin)			Premiums earned		
	Gross	Ceded	Net	Gross	Ceded	Net
Fire and other property damage	1,472	3,077	-1,605	140,152	60,418	79,733
Health SLT	23,581	70	23,511	7,176	1	7,174
Miscellaneous financial loss	20,706	3,760	16,946	28,315	6,466	21,849
<b>Total</b>	<b>45,760</b>	<b>6,908</b>	<b>38,852</b>	<b>175,643</b>	<b>66,886</b>	<b>108,757</b>

The four largest territories of operation are France, Spain, Germany and Italy.

#### A.1.6 Significant business or other events that have occurred during the reporting period

The following events had a significant impact on the company:

##### COVID19

The tail of the COVID-19 pandemic had various and sometimes opposing impacts on the financial position of AEI, the major ones in random order being:

- Economic activity generally was volatile in 2022 but less than in 2021. AEI's customers were impacted differently, with retailers and dealers recovering sales and on-line channels experiencing slight decreases compared to 2021. AEI overall was impacted slightly negatively on the (lower) level of sales.
- Due to reduced (travel) activity levels in general, numbers of claims made decreased, positively impacting the company's result. The logistical cost of repair or replacement sometimes increased but this did not exceed the benefits of reduced numbers of claims.

- Due to governmental support measures, the Creditor lines were not impacted by any observable additional unemployment or disability claims.

## Inflation

In February 2022, the Russian Federation invaded Ukraine, which triggered the start of a period of global economic uncertainty and the establishment of sanctions against the Russian Federation and Belarus. AEI is impacted by the inflationary effect that the reduced import of energy from the Russian Federation has on general price levels worldwide and the impact these price levels have on the companies that AEI invests in via its bond portfolio. AEI's current year operational result was impacted only modestly by inflation but its investment portfolio lost significant value as a consequence of market interest rates adapting to the higher inflation environment.

### A.1.7 Business performance

Whilst this report generally provides information that is based on valuation rules required by the Solvency 2 reporting regime, the sections A.2, A.3 and A.4 are required to be reported in accordance with the measurement basis as shown in the company's financial statements, which in AEI's case, is Dutch GAAP (BW2, Titel 9). The disclosure rules of Solvency 2 do require the business performance of the company to be analysed using three distinct sections, being:

- Underwriting performance
- Investment performance
- Performance of other activities

The table below shows the performance of the company's operations by section.

		2022	2021
€'000			
Underwriting performance	Section A.2	8,743	3,762
Investment performance	Section A.3	-18,828	-979
Performance of other activities	Section A.4	0	0
<b>Profit before tax in statutory financial statements</b>		<b>-10,085</b>	<b>2,782</b>



## A.2 Underwriting Performance

Underwriting performance per Solvency 2 line of business is summarised in the following table.

€'000	Fire & Other Damage to Property	Miscellaneous Financial Loss	Health (SLT)	Total
<b>Premiums written</b>				
Gross - Direct Business	151,328	21,196	6,870	179,394
Reinsurers' share	65,736	1,552	0	67,288
Net	85,592	19,645	6,870	112,106
<b>Premiums earned</b>				
Gross - Direct Business	140,152	28,315	7,176	175,643
Reinsurers' share	60,418	6,466	1	66,886
Net	79,733	21,849	7,174	108,757
<b>Claims incurred</b>				
Gross - Direct Business	37,907	4,059	2,429	44,395
Reinsurers' share	20,617	1,903	0	22,519
Net	17,290	2,156	2,430	21,876
<b>Expenses incurred</b>				
Other expenses	59,618	14,818	3,701	78,138
Total expenses				0
				78,138
<b>Underwriting result</b>	<b>2,825</b>	<b>4,875</b>	<b>1,043</b>	<b>8,743</b>
(-) Asset management expenses				-533
(+) Investment income				-18,295
<b>Technical result in statutory financial statements</b>				<b>-10,085</b>

### Premiums earned (net)

This represents the sum of premiums earned during the year, net of premiums attributable to reinsurers. Premiums earned follow the risk emergence pattern of the different types of policies. The earning patterns vary substantially and range from monthly earning of monthly billed premiums to earning a single premium received after only three years (extended warranty products).

### Claims incurred (net)

Comprises the sum of the claims paid and the change in the provision for claims outstanding during the financial year, net of reinsurance.

### Changes in other technical provisions

Not applicable.

### Expenses incurred

This represents all technical expenses incurred by the company in relation to its insurance operations.

## Underwriting result

The underwriting result was positive, largely due to lower claim frequencies, that sustained also after the COVID19 lock-down periods ended.

The company invested in new large programs that will start generating revenue in 2023 but for which it does not capitalise implementation expenses.

## Geographical areas

All business is underwritten in the EU and all risks are in the EU. An overview of premiums, claims and expenses by significant risk location is provided in the appended schedule 05.02.

## A.3 Investment Performance

### A.3.1 Investment holdings

The company's investment portfolio as at 31 December of the current period and the investment income generated in the period under review is as follows.

	Position as at end of period		Income for the period	
	€'000	%	€'000	%
Government bonds (*)	11,121	8%	-1,557	8%
Corporate bonds (*)	112,503	81%	-16,856	90%
Loans to corporate borrowers (*)	4,739	3%	132	-1%
Cash and deposits	10,810	8%	-14	0%
Asset management expenses			-533	3%
<b>Total</b>	<b>139,173</b>	<b>100%</b>	<b>-18,828</b>	<b>100%</b>

(\*) On Solvency II valuation basis, which includes accrued interest for €43k, €897k and €35k on government, corporate bonds and loans to corporate borrowers, respectively; see also at D.1.1.1.

Income for the period was negative as a consequence of the interest rate increases that the ECB implemented in the course of the year. The bond portfolio's market value is lower than nominal value, meaning that a portion of the recorded losses will be recovered at maturity of the bonds concerned. Cash and deposits generated negative or no interest most of the year. The income on the Loans to corporate borrowers was in line with expectations and is less volatile than that generated on the bond markets.

Except for one investment (Loans to corporate borrowers), the company holds a very liquid and diversified portfolio of relatively high credit standing. Investment income, consequently, is lower than that of a portfolio that would also hold less liquid fixed-income or equity instruments.

## A.4 Performance of other activities

The company's only activity is that of non-life insurance business.

## A.5 Any other disclosures

There is no other information required to be disclosed regarding the performance of the business.

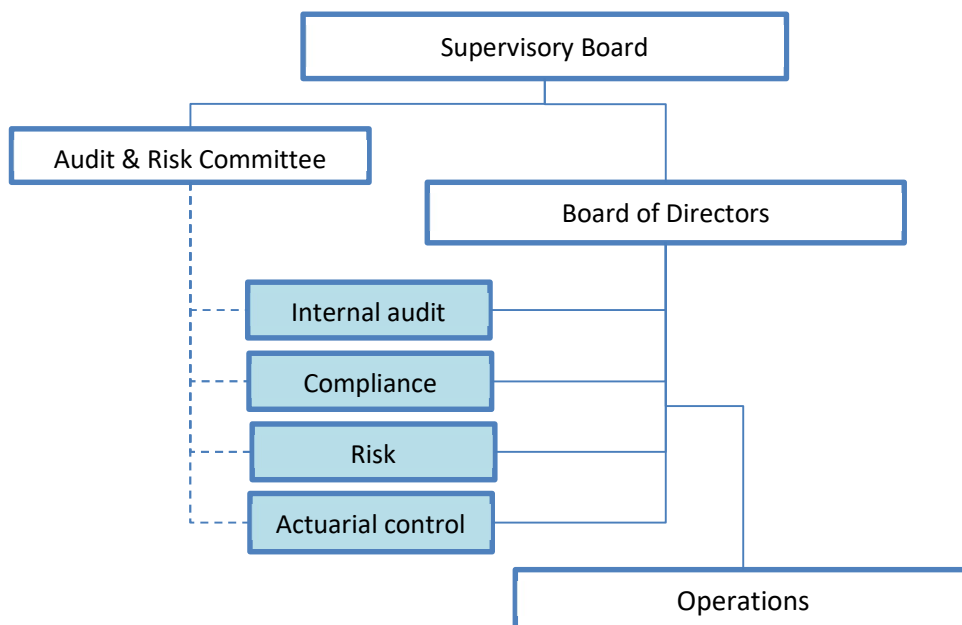
## B System of governance

### B.1 General information on the system of governance

#### B.1.1 Governance structure

AEI’s system of governance is embedded within the overarching system of governance of the Assurant group. The design and effectiveness of system of governance is responsibility of the Board of Directors. The Board of Directors is supervised by an independent board of Supervisory Directors. The Board of Directors delegates responsibilities for certain functions to Key Function Holders (in blue in below table). The company maintains a governance map which documents the detailed implementation of the system of governance. This includes the terms of reference and detailed roles and responsibilities for the key function holders.

The governance structure is summarised in the picture below:



##### B.1.1.1 Supervisory Board

The Supervisory Board supervises the Board of Directors and oversees that the Board of Directors acts in accordance with the Company’s strategy, policies and objectives. It is collectively responsible for coaching and assisting the Board of Directors when necessary.

##### Sub-Committee

The company’s supervisory board has established an Audit Risk & Compliance Committee.

##### B.1.1.2 Board of Directors

The Board comprises the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), and the Head of Risk.

The Board of Directors sets the strategy and business plan within the context of Assurant group’s plans and ensures that the necessary financial and human resources are in place to meet the organisation’s objectives.

### B.1.1.3 Key function holders

The Board of Directors has delegated the execution of certain key functions to senior management / key function holders. These are functions that have a material effect on the system of internal control in the business and influence material decision making. The key functions have been defined considering the requirements of Solvency 2 regulations and guidance from regulators. The key functions are as follows:

- Risk management
- Internal audit
- Actuarial (control)
- Compliance

Each Key Function Holder prepares a functional performance report to the board(s) on a quarterly basis (risk management & compliance) or annual basis (actuarial and internal audit).

The detailed responsibilities for each Key Function Holder are documented in the Governance Map which is reviewed and approved by the Board of Directors on a regular basis. This ensures that each Key Function Holder has the necessary authority and operational independence to carry out their role. On an annual basis, as part of the Business Planning process, each Key Function Holder will ensure that they have the necessary resources to deliver on their responsibilities. The Business plan is reviewed by the Board of Directors.

The responsibilities of each of the key-functions holders are summarised below.

- The Head of Risk, being a Board of Directors' member, attends the Board of Director's meetings and the Audit Risk & Compliance Committee meetings and has responsibility for the development and review of the risk management system, governance system and internal control system; implementation of risk management processes and systems; reporting on the risk profile of the business, preparation and presentation of the Own Risk and Solvency Assessment (ORSA).
- The 2<sup>nd</sup> line Actuary attends of the meetings of the Board of Directors at which his reporting is on the agenda. The 2<sup>nd</sup> line Actuary oversees all actuarial aspects of strategy and financial management. Oversight of the appropriateness of methodologies, models, bases of calculation of technical provisions; assessment of the sufficiency and quality of the data used in the calculation of technical provisions; reporting on the reliability and adequacy of the calculation of technical provision; advising of any concerns regarding the sufficiency of financial assets to meet liabilities to policies; the modelling of risk capital for the ORSA, including advising on suitable stress and scenario testing; reinsurance arrangements; oversight of investment strategy and asset-liability matching.
- The Head of Internal Audit provides reporting to the Board of Directors and directly to the Chair of the Audit Risk & Compliance Committee and is responsible for providing reasonable assurance to the Board of Directors and the Audit Risk & Compliance Committee about the adequacy and effectiveness of the internal control environment including procedures, controls and policies and for the establishment of an annual audit plan.
- The Head of Compliance provides reporting to the Board of Directors and directly to the Chair of the Audit Risk & Compliance Committee and is responsible for ensuring that the company fulfils its regulatory, legislative, and corporate standards and obligations and for assessing the adequacy of measures taken to prevent non-compliance. The Head of Compliance is also responsible for upholding sanction and anti-money-laundering measures.

### B.1.2 Material changes in the system of governance

In the reporting period, no material changes were made to the system of governance.

### **B.1.3 Information on the remuneration Policy**

The Board of Directors, management and employees of AEI are employed by Assurant Europe Services BV (AES). AEI and AES are under common management and AES applies the same practices that would have applied if management and employees would have been employed by AEI directly.

The Remuneration policy for the Board of Directors is set by the Annual General Meeting. The periodical determination of its remuneration is set by the Supervisory Board, in accordance with that Remuneration policy.

The Board of Directors, management and employees are remunerated as follows:

- Fixed remuneration, based on a (group wide) benchmark / role content basis.
- Variable remuneration, based on personal and company financial performance, such within the local legal limits applying (performance related variable remuneration up to 20% of fixed/guaranteed income).

Variable remuneration is not deferred.

Supervisory Board members receive a fixed fee.

### **B.1.4 Transactions with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.**

The company did not enter into transactions with subject persons or bodies.

### **B.1.5 Assessment of the adequacy of the system of governance**

The system of governance is set up in accordance with Solvency 2 guidelines and the design is assessed on an annual basis. The Board of Directors reviews effectiveness of the system of governance on a periodical basis. This review comprises the following:

- An annual attestation by management of the Company with regards to the proper functioning of policies within the Company.
- Review of the quarterly reporting of the Key Function Holders (Head of Risk, Actuarial function, Head of Compliance, Head of internal audit), which reporting provides insight into functioning of policies and guidelines, both in terms of adherence and in terms of breaches and incidents.
- Incidental reviews requested by regulators, which entail a detailed review of certain aspects of the governance framework.
- Obtaining feedback from the Internal and External audit functions with regards to their opinions on the functioning of the governance framework.

Key Function Holders and External audit have direct access to the Audit Risk & Compliance Committee and the Supervisory Board to share any concerns they may have about the governance framework.

## **B.2 Fit and proper requirements**

The company has a Fit and proper policy that addresses that appropriate resource are in place to deliver effective and efficient management of the business. The Company takes appropriate steps to ensure that (senior) managers, individuals responsible for key functions and those working in key functions are fit and proper to carry their responsibilities. The requirements are proportionate to the role and responsibilities of the position. Checks are made on initial appointment and are re-assessed when deemed required. The results of all assessments are reported to the Board of Directors. For new employees, these tests included some or all of the following:

- Criminal record checks.

- Credit referencing.
- Curriculum Vitae detailing skills, qualifications and experience.
- Continuous professional development / performance management framework.
- Membership of professional institutes.
- The recruitment and selection process in place at the time of appointment.
- Permanent education requirements, which are reported on quarterly and monitored by the Compliance Officer.

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

### **B.3.1.1 Risk Management System**

AEI has established a risk management system which comprises:

- (a) a strategy;
- (b) risk management and internal control policies;
- (c) risk management processes;
- (d) control activities.

In addition, it includes a risk management system review; reporting and disclosure; independent assurance and regulatory compliance monitoring.

The risk management system applies to all categories of risk, and, unless stated otherwise, the following information applies for each separate risk category.

### **B.3.1.2 Risk management strategy**

AEI's risk management strategy ensures that the company's risk appetite is not exceeded. Risks are assessed, defined and approached in one of the following four ways, depending on the nature of the risk and related circumstances:

- Risk acceptance: AEI accepts risks that fall within the boundaries/limits defined in the risk appetite statement. Any risk falling outside the specified limits or boundaries is reviewed to ascertain if the risk appetite requires updating or if an exception should be granted.
- Risk reduction/minimisation: these activities generally relate to control and mitigation activities, and therefore this strategy may include, amongst others, any or all of the following: the design of new process or accounting controls, contracting controls, changes in product design, improvement in a set of Terms and Conditions, or other changes designed to control and/or mitigate risk.
- Risk transfer: risk is transferred principally through reinsurance agreements. These may include, but are not limited to stop loss, excess of loss, quota share, or other such treaties. Other types of risk transfer can also be considered.
- Risk Avoidance: where an activity is outside the risk appetite of the AEI, AEI will seek to avoid exposure to that type of risk.

### **B.3.1.3 Process**

AEI implemented the three lines of defence model and enforces the requirement for first line management of risk, with oversight and challenge from the second line risk, actuarial and compliance functions and third line internal audit function confirmation, as follows:

Oversight	Supervisory Board	<ul style="list-style-type: none"> <li>Supervisory Board - independent oversight of Board of Directors</li> </ul>
Responsibility	Board of Directors	<ul style="list-style-type: none"> <li>Establishes risk appetite and strategy</li> <li>Responsible for 1<sup>st</sup> and 2<sup>nd</sup> line activities</li> </ul>
3rd Line of Defence	Internal Advisory Services (Internal Audit)	<ul style="list-style-type: none"> <li>Provides independent assurance on the effectiveness of first and second line of defence functions</li> </ul>
2nd Line of Defence	Risk Management Function Compliance Function Actuarial Function	<ul style="list-style-type: none"> <li>Design, interpret and develop overall risk management framework</li> <li>Overview of AEI risk registers</li> <li>Monitor controls in place against key risks</li> <li>Challenges risk mitigation and acceptance</li> <li>Reports on risk exposures, issues, mitigations, and resolutions</li> </ul>
1st Line of Defence	Business / Functions	<ul style="list-style-type: none"> <li>Executive risk owners</li> <li>Owner of the risk management process</li> <li>Identifies, manages, and mitigates risks</li> <li>Identifies, manages, and reports on issues</li> </ul>

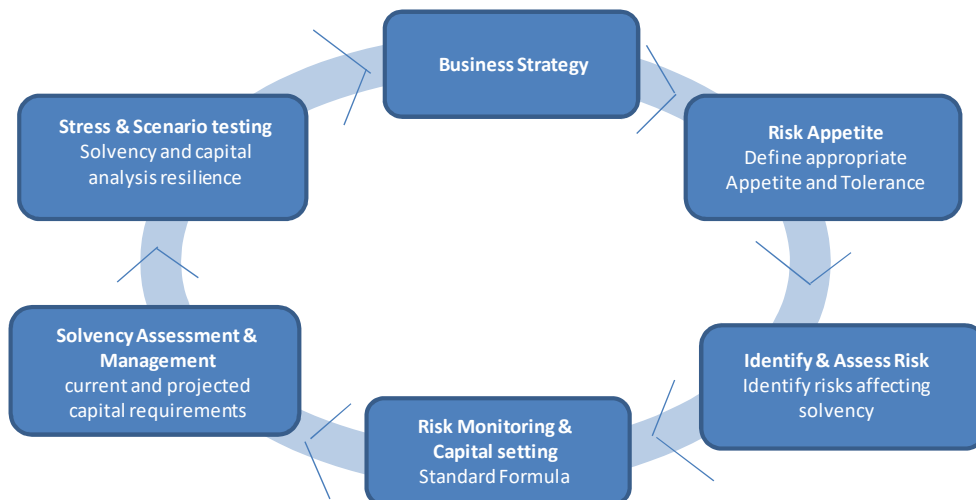
Business areas are responsible for completing quarterly Risk and Control Self-Assessments (RCSA's) which contribute to the Risk Register of the business.

### B.3.2 Own Risk and Solvency Assessment

AEI annually conducts an Own Risk and Solvency Assessment (ORSA). This assessment considers the company's strategy, its operating environment and the risks to which it is exposed and results in a forward-looking assessment of the potential risks and capital impacts which the company uses to assess its current and future capital needs.

#### ORSA Process

The table below show the steps in the ORSA process.



## B.4 Internal control system

### B.4.1 Description of system of internal control

AEI’s internal control system is designed to provide reasonable assurance that its reporting is reliable, compliant with applicable laws and regulations and its operations are effectively controlled.

The Company operates a “three lines of defence model” for the management of risks and performance of internal control, which is adapted and applied for a company of the size and complexity of AEI. This is illustrated in the overview below. Broadly this means that the risk function is responsible for providing a framework for risk management and internal control, the business functions are responsible for implementing the framework and the Internal audit function is responsible for independently validating the appropriateness of both the design and its implementation. The actuarial and compliance functions also provide second line challenge, oversight and assurance.



### B.4.2 Implementation of the compliance function

The Compliance Function operates within Assurant group’s broader risk management framework and:

- is responsible for oversight and monitoring of compliance risk management and related control systems.
- supports the Board of Directors in managing compliance risks and embedding a culture of integrity in the organisation.
- develops the enterprise compliance strategy, structure, and processes of adherence to ethical standards and applicable rules and regulations.
- supports implementation of the compliance program and establishes and maintains effective compliance management and control systems.

The Compliance Function is independent of and takes an objective view on the operational activities of AEI. It provides timely advice to the Board of Directors or, where applicable the Supervisory Board on compliance related matters. If and when potentially significant misconduct in connection with AEI’s business is detected, it ensures that reasonable steps are taken to respond to and resolve the (potential) misconduct. It oversees effective whistleblowing reporting channels and conducts or coordinates internal investigations of compliance violations. It develops and implements compliance policies and procedures, education, and trainings, and keeps abreast of regulatory and industry trends.



At least on an annual basis, the Compliance Function will draft the compliance plan, which describes the monitoring activities which the Compliance Function will perform, considering the risk ratings, supervisor priorities and audit results. The monitoring activities will be executed accordingly.

## **B.5 Internal audit function**

### **B.5.1 Description of how the internal audit function is implemented**

AEI's Head of Internal Audit (HoIA) is responsible for internal audit activities, in coordination with Assurant Inc.'s group Internal Audit Services (IAS) function. The HoIA is accountable to the Audit Risk & Compliance Committee (ARCC) of the Supervisory Board and has administrative responsibility to AEI's Chief Executive Officer.

The HoIA is responsible for regularly assessing the adequacy of governance, risk management and the internal controls system and reports his findings to the Board of Directors and the Audit Risk & Compliance Committee of the Supervisory Board.

Internal audit activities are coordinated with IAS as to ensure coordination of audit plans, coordination of resource planning, alignment on audit process, reporting and follow-up monitoring.

The annual audit plan (based on a three-year cycle) is prepared and submitted to the Supervisory Board for review and confirmation. Upon confirmation, the HoIA distributes the plan to business leaders and executes the plan during the course of the audit plan period. Additionally, at HoIA discretion or at the request of the ARCC, or management, other unannounced audits may be performed.

Initially the entire risk universe is considered during annual audit planning and subsequent revisions to plan, the highest-risk items are included as risk-based audits. Certain processes, while not rising to a level of significant risk, are still included on a cyclical basis to ensure breadth of coverage over a span of time.

Secondly, risks associated to the audit are identified and their mitigation evaluated via an assessment of the design and operational effectiveness of key internal controls, information systems, governance, risk management, and financial reporting supplemented where necessary by a programme of testing, creating audit programs for every project.

### **B.5.2 Description of how the internal audit function maintains independence and objectivity**

The Internal audit function's mandate and responsibilities are documented in the Internal Audit Charter. It defines the framework for the activities of the Internal Audit function and is approved by the Supervisory Board. The charter allows Internal audit to be independent of the functions audited and it provides full, free, and unrestricted access to all operations, records, property, and personnel. Additionally, it provides the authority to allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

## **B.6 Actuarial function**

The Board of Directors appoints the Actuarial Function Holder. The holder needs to meet the fit and proper requirements and hold an appropriate practicing certificate from the Actuarial Society (Actuarieel Genootschap) or a comparable foreign qualification.

The Actuarial Function Holder reports to the Head of Risk for management purposes but has a line of escalation to the Supervisory Board (via the Audit Risk & Compliance Committee).

The responsibilities of the Actuarial Function Holder are defined in a Charter. As part of ensuring responsibilities are carried out in an effective and efficient manner, the Actuarial function operates in close cooperation with the members of the 1<sup>st</sup> line actuarial function team.

The Actuarial Function Holder coordinates the calculation of technical provisions, provides opinions on the underwriting policy and reinsurance arrangements, and contributes to the effectiveness of the risk management system.

The actuarial function is responsible for the process of calculating the technical provisions, as well as for the calculation of the SCR, MCR and ORSA capital. In addition, the actuarial function is responsible for reviewing and calculating the appropriateness of insurance product pricing and contributing to the governance committees, capital initiatives and regulatory returns where appropriate.

The Actuarial Function Holder provides quarterly updates and an annual report to the Board of Directors and the Supervisory Board, detailing the methodology, assumptions, and results of its work.

## B.7 Outsourcing

AEI operates as part of the Assurant group and is tightly linked to the European - and partially, US - operations. The company does not employ staff itself but instead benefits from shared services centres and centres of excellence and has entered into service agreements with the group entities that provide these services.

Similarly, AEI does often not employ its own claim-adjusters and policy maintenance staff but instead engages third parties that have proven expertise in dealing with electronic devices and digital customer experience journeys. Assurant group employees supervise such third parties, based on detailed service level agreements.

In the Netherlands, Assurant employees are employed by Assurant Europe Services B.V., a group company under the same management as AEI. The activities of these employees are not considered “outsourcing”.

AEI distinguishes between two types of outsourcing:

- Activities for which the Board of Directors cannot outsource functional responsibility but for which AEI makes use of individuals and infrastructure that are employed or owned by other group entities. These activities are managed as if directly employed / owned by AEI and are not considered “outsourcing”.
- Activities for which functional responsibility can be outsourced and which is considered critical or important outsourcing as defined by Solvency 2 definitions.

AEI’s Outsourcing policy sets the standards and controls required for selection of internal and external service providers as well as the requirements for ongoing management of such providers, with the aim of ensuring adequate oversight and governance of performance.

Critical or important outsourced functions are:

Outsourced Function	Outsourced to
IT & infrastructure management	Assurant group companies (US/UK)
Oversight over third party administrators	Assurant group companies (UK)
Financial administration	Assurant group companies (UK)
Policy administration and claims management	Various third parties (EU)

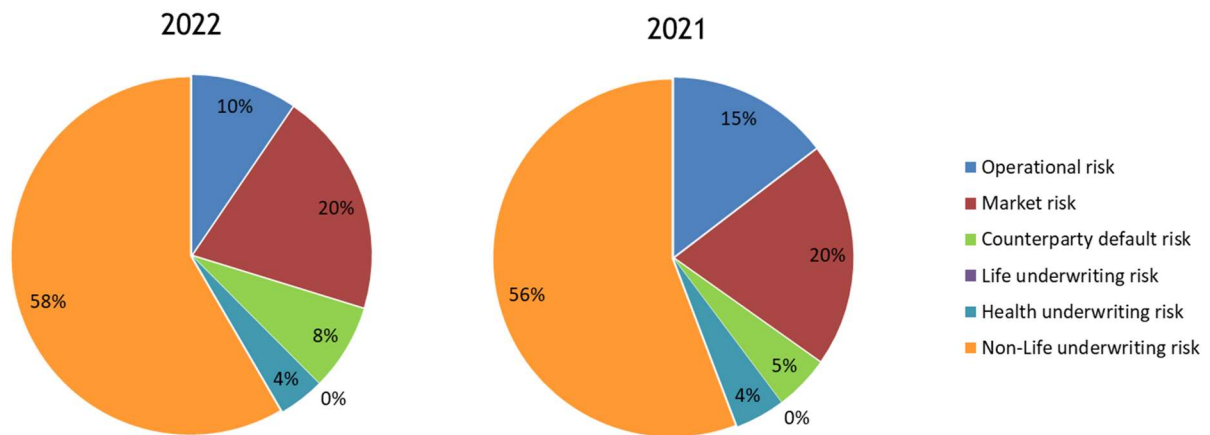
## B.8 Any other disclosures

None.

## C Risk management

The sections below provide a qualitative and quantitative summary of the risk profile for each category of risk. Where information is specific to each risk category it has been set out under the relevant heading. Where the information is common across all risk categories it has been included in Section C.7.

AEI is mainly exposed to non-life underwriting risk, followed by market risk. The chart below shows the distribution of the gross SCR by risk module (excluding the diversification effects between the risk modules) as at current and prior year-end.



The decrease in Operational is due to the additional charge that the Standard model imposes on companies growing by more than 20% no longer applies in 2022.

A further breakdown of market and non-market risk capital requirements is provided in the following sections

### C.1 Underwriting risk

#### C.1.1 Qualitative review of risk profile

##### Underwriting risk - non-life

AEI is exposed to the risk of having to pay more claims, or incur higher than expected costs per claim, than foreseen when pricing its insurance products. Its insurance risk is generally more driven by claim frequency as the insurances generally cover high volume low value categories. Depending on the individual program, the risk concerning the cost of individual claims may have been negated by up-front agreements with original or alternative manufacturers of parts or devices.

##### Underwriting risk - disability-morbidity

AEI is exposed to disability-morbidity risk; the probability of having to pay out more benefits due to increased disability-morbidity.

In case of annuities, disability-morbidity risk carries the possibility of recovery, meaning insureds can recover from their illness and benefits can cease to be paid at that point. Some covers involve a lump sum payment only.

AEI did not write policies on a standalone basis, but as wrappers to consumer borrowing arrangements, like mortgage loans or consumer credits, meaning they were less exposed to disability-morbidity risk compared to insureds that had a health driven incentive to buy protection.

### Underwriting risk - unemployment

AEI is exposed to the risk of unemployment. The Company did not write this risk on a standalone basis, but as a wrapper to a consumer borrowing arrangement, like a mortgage loan or consumer credit. The risk of unemployment tends to be related to the stages of the economic cycle. The Company is not exposed to unemployment in a particular industry or region.

### Underwriting risk - expense

The Company is exposed to expense risk. This arises if future expenses turn out to be higher than expected or higher than those provisions are carried for. Cost increases have different causes, such as non-recurring regulatory change costs, or recurring inflation increases. This risk can be mitigated only partially.

### Underwriting risk - revision

Revision risk applies to annuity insurances where the benefits ‘could increase because of changes in inflation, the legal environment or the state of health of the person insured.’ AEI’s insurances do not provide such benefits; therefore, this risk is not applicable.

### Underwriting risk - lapse

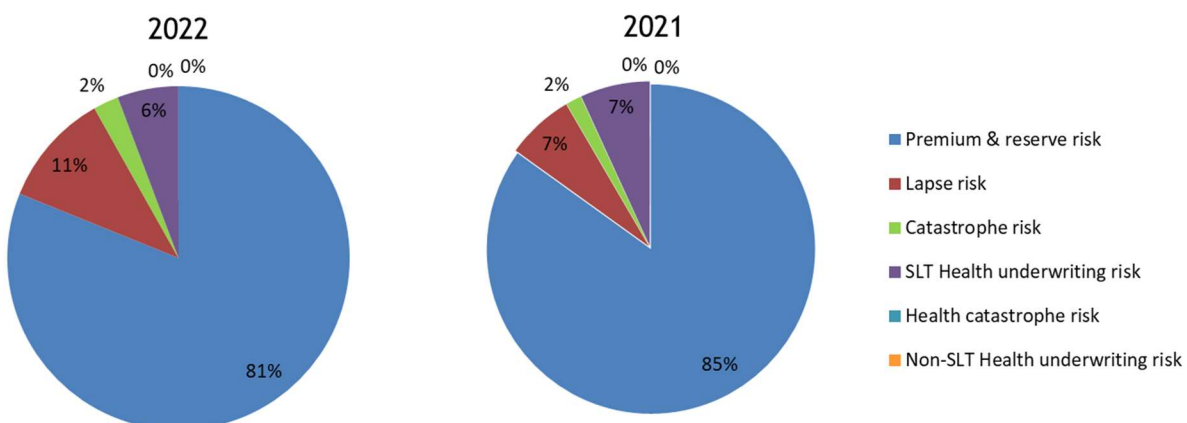
Lapse risk arises mainly due to the loss of future income if lapses are higher than expected. Lapse risk can be driven by external events such as an economic recession or by internal factors such as poor customer service delivery.

### Underwriting risk - catastrophe

In some territories AEI is exposed to this risk, for example due to floods or windstorm. This risk is generally remote.

## C.1.2 Quantitative review of risk profile

The graphs below show the underwriting risk profile of the Company using the risk capital requirements calculated by the standard formula as at 31 December of the current and prior year.



Most of the Underwriting risk SCR is made up by Premium and reserve risk (non-life), which is in line with expectations for an average non-life insurer. Lapse risk is smaller as contracts tend to be of shorter duration. Catastrophe risk is also relatively low as the terms and conditions of many products exclude catastrophe risk or the policies are written in a territory where catastrophe risk is covered by national schemes.

Lapse risk increased in 2022 which is due to the good performance of certain long term insurance programs.

### C.1.3 Risk mitigation Techniques

The below table sets out the techniques used for mitigating (material) risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Premium & reserve risk (non-life)	<ul style="list-style-type: none"> <li>▪ Underwriting guidelines include conditions that limit maximum duration of individual policies and claim re-pricing rights for policies that have a longer duration.</li> <li>▪ Underwriting practices allow for profit-sharing mechanisms due to which the interests of AEI and its program client are more closely aligned.</li> <li>▪ Reinsurance guidelines prescribe the use of reinsurance if the underwriting risk is outside of AEI's risk appetite.</li> <li>▪ Regular experience investigations and monthly review of programs avoid insufficient technical provisions.</li> <li>▪ Emerging risk reviews focus on market developments that may prove a program under-reserved.</li> </ul>
Underwriting risk - Disability Risk / Morbidity/ Unemployment Risk (SLT Health)	<ul style="list-style-type: none"> <li>▪ Regular experience investigations, and industry analysis, to support best estimate assumptions and identify trends.</li> <li>▪ Policy conditions include (low) limits in amount and duration of payment(s).</li> </ul>
Expense Risk	<ul style="list-style-type: none"> <li>▪ Stringent regime of budgetary control, monitored as part of the annual planning and quarterly reporting cycles.</li> <li>▪ Outsourcing strategy keeps costs variable.</li> </ul>
Lapse Risk	<ul style="list-style-type: none"> <li>▪ Regular experience investigations to support best estimate assumptions and identify trends.</li> <li>▪ Stringent management of customer service delivery and adherence to treating customers fairly (TCF) principles.</li> </ul>
Catastrophe Risk	<ul style="list-style-type: none"> <li>▪ Given low exposure to this risk, no specific mitigation measures are in place.</li> </ul>

## C.2 Market risk

### C.2.1 Qualitative review of risk profile

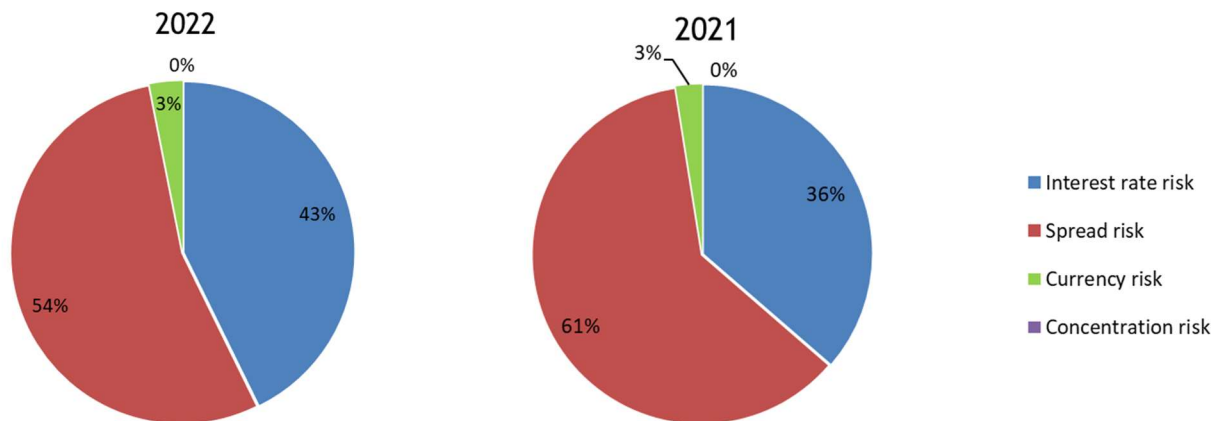
Market risk emerges in different ways. It arises directly, because of interest rate and spread movements or exchange rate movements but also due to a loss of funds if a debtor is not able to repay its debt. This indirect risk is credit risk is treated in section C.3.

AEI does not seek market risk to increase revenue or profit but rather incurs it as a consequence of having to invest funds to cover policyholder liabilities and hold capital for regulatory purposes.

The following risk categories are included within market risk.

Risk category	Description
Interest Rate Risk	Interest risk is inherently present. Given that a major part of AEI's assets are bonds, interest fluctuations will impact these assets' values. Fluctuations in interest rates also affect liabilities' values. The overall impact of interest risk is therefore depending on how well the assets and liabilities are matched. Given that AEI has a larger exposure on interest sensitive assets than exposure on liabilities, decreasing interest rates are beneficial to its solvency position.
Spread Risk	Given the large share of corporate bonds in its asset portfolio, AEI is exposed to spread risk. Spread is the part of the interest rate above the risk-free rate. When spreads increase, the market value of assets reduces.
Currency Risk	Currency risk emerges when currencies lose value compared to the Euro, the companies reporting currency. AEI only operates in the European Union, and therefore its exposure to currency risk is limited.
Equity risk	AEI had no exposure to equity risk as at 31 December.
Property Risk	AEI had no exposure to property risk as at 31 December.

### C.2.2 Quantitative review of risk profile



The company is exposed mostly to interest-rate risk and spread risk, both as a result of investing its Own funds mostly in a corporate bonds portfolio. Spread risk is the largest category as there are no off-sets available in liabilities, unlike for interest rate risk. Currency risk is small as this concerns business underwritten in Hungary and Poland only. Concentration risk is nil, as the company's investment policy contains concentration limits that are stricter than those allowed by Solvency 2 standard model.

The relative increase in the exposure to Interest Rate risk follows the uplift of EIOPA risk-free rates in 2022, which are now in a region where the Standard formulae impose higher capital charges. At the same time, spread risk decreased in proportion to the market value losses of the bond portfolio.

### C.2.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Interest Risk	Matching of assets and liabilities to reduce the impact of adverse interest rate movements.
Spread risk	Investing in Investment grade bonds only, with diversification over many regions and sectors.
Concentration Risk	Diversified portfolio of investments with smaller notional exposures to avoid concentration of risk.
Currency Risk	Investments in Euro bonds only. For HUF and PLN exposures maintain current accounts in these currencies against the liabilities denominated in these currencies.

The company does not use any derivatives or other specific risk mitigation instruments to manage its market risk exposure.

### C.2.5 Assets invested in accordance with the Prudent person principle.

#### C.2.5.1 Prudent Person Principle

The Company holds assets to back its various liabilities and its shareholder funds. Through pro-active investment management the Company can achieve an appropriate level of investment return. Achieving an appropriate level of investment return is not the sole aim though, as the Company needs to keep the risks within its risk tolerance limits, which are set with the aim to achieve pay outs in line with policyholders' reasonable expectations.

The Company has a limited risk appetite to incur losses on investments that are held to cover policyholder liabilities. These investments are held to match the best estimate cash outflows and returns on funds are of lower priority (since the liabilities do not hold guarantees and are discounted against the EIOPA curve).

The Company has a higher risk appetite for invested shareholder funds. For these, return on investment has a higher priority and with that comes a more positive risk appetite towards credit and spread risk.

Finally, the Company has a limited risk appetite for liquidity risk and concentration risk. Subsequently, when setting the asset mix and determining suitable investments it is important to maintain a minimum level of cash holdings and to ensure that the company does not invest too much with a single counterparty, for which strict limits exist.

#### C.2.5.2 Investment management

The Board of Directors is responsible for ensuring that the controls for investment management are appropriate and effective. As such the board is responsible for the approval of the Investment policy and oversight of its operation. This includes signing off major changes in the approach used for investment management. At AEI, also the Supervisory Board signs off the Investment policy.

## C.3 Credit risk

### C.3.1 Qualitative review of risk profile

Two types of exposures are distinguished:

#### Type 1

The Company holds significant amounts of funds with banks in The Netherlands. Counterparty default risk would emerge if one or more of these banks would not be able to repay the balances held.

The Company has placed reinsurance with certain reinsurers, for specific programs in its portfolio. From time to time the Company has significant amounts receivable, both current and future, from these reinsurers.

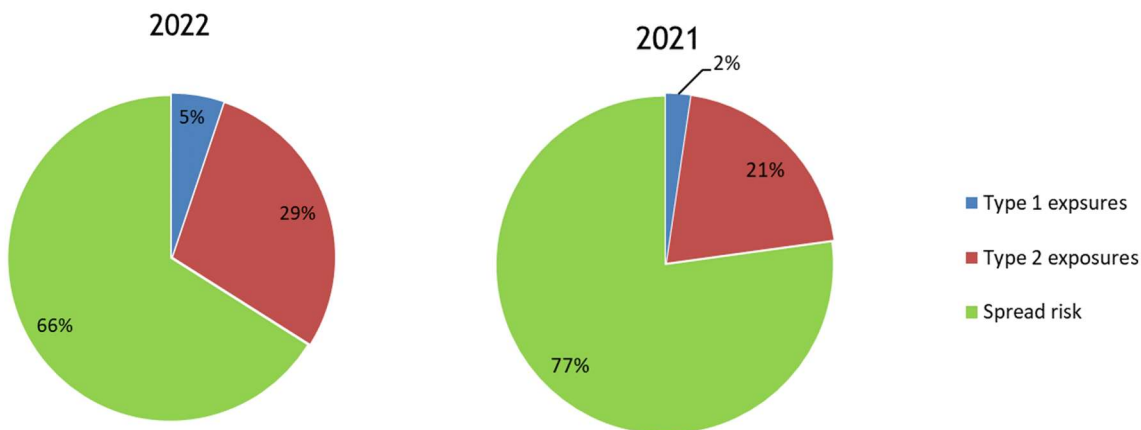
#### Type 2

The company has significant amounts due from intermediaries.

Spread risk, reflecting credit risk on the corporate bond portfolio, is treated in paragraph C.2.

### C.3.2 Quantitative review of risk profile

The graphs below show the credit risk profile of the Company using the risk capital requirements calculated by the standard formula as at 31 December of current and prior year.



In comparison, the credit risk on the bond portfolio is larger than that associated with type 1 and 2 exposures. The capital held for type 1 exposures is relatively modest as exposure to reinsurers is mostly covered by liabilities or collateral and exposure to banks is mainly to higher rated banks (which also are Globally Systemic Important Banks).

Type 2 exposure is important but modest as many programs know monthly premium cycles or single premium payments up-front. It increased in 2022 following growth of the portfolio.

### C.3.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.



Risk Category	Key Controls and Risk Mitigation Techniques
Credit and counterparty default	<ul style="list-style-type: none"> <li>▪ Operation of controls which limit the level of exposure to any single counterparty and impose limits on exposure by credit rating.</li> <li>▪ Product design allowing for cancellation of coverage when premiums unpaid.</li> <li>▪ Bank accounts held with GSIB's.</li> <li>▪ Reinsurance treaties only with highly rated reinsurers and/or with set-off and collateral clauses.</li> </ul>

## C.4 Liquidity risk

Liquidity risk is defined as the risk that the company will have insufficient liquid assets available to meet liabilities as they become due.

### C.4.1 Qualitative review of risk profile

Liquidity risk arises when cash outflows to policyholders or pay-out patterns deviate from expectations, or when cash outflows are not properly matched by cash inflows. The company holds almost all its invested assets in liquid instruments (cash at bank and government and corporate bonds) which are directly or almost directly available. The only illiquid investment is in a closed fund that originates private loans, which accounts for 0.7% of total invested assets. Therefore, liquidity risk is not considered a major residual risk.

Other liquidity issues could arise from counterparty default risk (see section C.3).

### C.4.2 Quantitative review of risk profile

Given the very large excess of liquid investments over policyholder liabilities, no further details are provided.

### C.4.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Liquidity	<ul style="list-style-type: none"> <li>▪ Funds held at GSIB banks with limits per institution.</li> <li>▪ Investment policy prescribes investment in liquid assets.</li> <li>▪ Quarterly cash flow forecasts to anticipate funding requirements over the following three months and considering wider funding requirements from the business planning and/or group dividend payments.</li> <li>▪ Weekly / monthly / quarterly treasury reporting showing the liquid assets held and how these compare to the minimum threshold set in the Investment policy.</li> <li>▪ ORSA liquidity stress scenarios.</li> </ul>

### C.4.5 Expected Profit in Future Premiums

As required by Article 260(2) of the S2 Directive, the company calculated the amount of expected profit in future premiums included in the best estimate technical provisions.

	2022	2021
€'000		
Expected profit in future premiums	10,148	7,530
<b>Total EPIFP</b>	<b>10,148</b>	<b>7,530</b>

## C.5 Operational risk

### C.5.1 Qualitative review of risk profile

The company typically carries the same operational risks as most insurers. Operational risks manifest themselves in a wide variety of forms. The company is considered to be most exposed to IT-related risks (continuity of processing, data security, data privacy) and regulation related risks (changes in regulation that increase the cost base or changes in regulations that are applied retro-actively and for which no means of compensation exists). Other categories of operational risk that the company is exposed to, either directly or via its business partners / outsource partners, are:

- Supply chain and customer experience interruptions (IT or otherwise)
- Internal or external fraud
- Conduct and reputational risk

Operational risks are assessed periodically and captured in a risk register.

### C.5.2 Quantitative review of risk profile

In the first section of this chapter C, a graph shows the distribution of the four main risk groups that are part of the SCR, including operational risk, calculated by the standard formula as at 31 December of the current and prior period. This graph shows that as at current year-end operational risk is, from a quantitative perspective, relatively material, contributing circa 18% of its final SCR. This is a temporary effect, mainly due to the significant growth in gross earned premium volumes achieved by the company in 2021 (>20%). This triggers an additional SCR in the standard model.

Whilst the company is exposed to many operational risks and has quantified the (external) cost of these scenarios, the impact of each scenario does not exceed the SCR as determined at 31 December 2021.

### C.5.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Operational risk	<ul style="list-style-type: none"> <li>▪ Close oversight of the performance and risk management of (IT-) service providers.</li> <li>▪ SOX review of major IT applications.</li> <li>▪ Ongoing monitoring and testing of business continuity plans.</li> <li>▪ (Preventive) health and safety measures.</li> <li>▪ Remote work facilities.</li> </ul>

## C.6 Other material risks

In February 2022, the Russian Federation invaded Ukraine, which triggered the start of a period of global economic uncertainty and the establishment of sanctions against the Russian Federation and Belarus. The company has no exposure to the countries concerned nor is it impacted by sanctions. It is however impacted by the inflationary effect that the reduced import of energy from the Russian Federation has on general price levels worldwide and the impact these price levels have on the companies that AEI invests in via its bond portfolio.

AEI's products often but not always provide fixed claim payment for a loss event and are therefore partially impacted by (sustained) inflation. AEI's expense provisions are considered sufficiently robust but it should be recognised that a prolonged period of higher than usual inflation would impact the company at some point in time.

## C.7 Any other disclosures

### C.7.1 Risk mitigation techniques and monitoring

#### Risk assessment

Section B.3.1 sets out the Risk management framework of the Company and section B.3.2 explains how the Company carries out its Own Risk and Solvency Assessment (ORSA). This provides the framework by which individual risks are identified, assessed, monitored and managed. As part of this framework, the Company quantifies the capital impact of different risks by:

- Determining the risk capital requirements using the standard formula as part of the quarterly financial reporting cycle.
- Performing additional stress and scenario testing to support the ORSA.

An assessment is carried out on an annual basis to confirm that the standard formula remains appropriate for establishing the regulatory capital requirements for the Company. This assessment is approved by the Board of Directors.

### C.7.2 Stress testing and sensitivity analysis

#### C.7.2.1 Overview

The Company uses the standard formula to determine its regulatory capital requirements, and these are calculated and reported on a quarterly basis. As part of the Own Risk and Solvency Assessment (ORSA) the Company performs a forward-looking assessment of its ability to meet the regulatory capital requirements under a range of stresses and scenarios.

Full details of the stresses and scenarios, the methodologies used and the results are included in the ORSA report will be submitted to DNB.

#### C.7.2.2 Methodology

The stress and scenario tests are carried out with a base date of 31 December 2022.

In quantifying the financial impact of each stress, it is assumed that each stress occurs immediately after the year-end, i.e., at 1 January 2023.

After applying the stress, risk capital is recalculated in accordance with the standard formula in order to re-establish the regulatory capital requirements.

### C.7.2.3 Outcomes from the stress and scenario testing

Each stress and scenario test was performed using the methodology described above, and the Solvency ratio was compared to the base financial position. The analysis concluded that the amount of available capital at 31 December 2022 is sufficient to withstand the stresses and scenarios adopted by the Board of Directors.

## D Valuation for Solvency purposes

This section of the Solvency and Financial Condition Report shows how the assets and liabilities of the Company have been valued, both for solvency and statutory reporting purposes. The below table summarises the Own funds (as measured on a solvency basis) and net assets (as measured on a statutory basis) and provides a reference where further information is provided:

€'000		Solvency 2	Statutory
Assets	Section D.1	187,562	261,931
Technical provisions	Section D.2	-53,360	-145,221
Other liabilities	Section D.3	-41,482	-44,081
<b>Own funds / net assets</b>		<b>92,720</b>	<b>72,629</b>

### D.1 Assets

The table below shows separately each class of asset with Solvency 2 and statutory account value:

Para.	Solvency II value	Statutory accounts value
	C0010	C0020
		0
<b>D 1.1</b>		36,913,161
	0	0
<b>D 1.2</b>	0	3,123,835
	0	0
	0	0
	128,363,649	127,388,748
	0	0
	0	0
<b>D 1.3</b>	123,624,614	122,684,990
	11,121,403	11,078,175
	112,503,211	111,606,815
	0	0
	0	0
	4,739,035	4,703,758
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
<b>D 2</b>	6,907,865	22,034,409
	6,837,470	22,032,946
	6,837,470	22,032,946
	0	0
	70,395	1,464
	70,395	1,464
	0	0
	0	0
	0	0
<b>D 1.4</b>	39,013,701	57,712,716
	0	0
<b>D 1.5</b>	2,466,975	3,948,437
	0	0
	0	0
<b>D 1.6</b>	10,809,669	10,809,669
	0	0
	187,561,859	261,930,976

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

The following table provides the differences between the value of total assets between the statutory financial statements and the column statutory values in Schedule 02.01:

	Row	2022
€'000		
Total assets in statutory financial statements		239,897
Reclassification of reinsurance share of provision for unearned premiums (statutory deducted from liabilities)	R0270	19,000
Reclassification of reinsurance share of provision for claims outstanding (statutory deducted from liabilities)	R0270	3,034
<b>Total assets in statutory column in Schedule 02.01</b>		<b>261,931</b>

#### D.1.1 Deferred acquisition costs

In Solvency 2, deferred acquisition costs, not being a future cashflow, are valued at nil.

#### D.1.2 Deferred tax assets

The deferred tax asset represents a tax claim out of historical loss carried forward. In the statutory accounts this presents the only deferred tax position. In the Solvency 2 balance sheet this item is presented on a net basis in the liability section.

#### D.1.3 Bonds

Bonds are measured at fair value.

The difference between the Solvency 2 and statutory value of investments is due to a difference in the classification of accrued investment income, which is recognised within Investments in Solvency 2 and within Other assets in the statutory financial statements.

	Row	2022
€'000		
Bonds in the statutory accounts	R0130	122,685
Reclassification of accrued interest to Bonds	R0380	940
<b>Bonds in Solvency 2</b>		<b>123,625</b>

#### D.1.4 Collective Investment Undertakings

Collective Investment Undertakings are measured at fair value.

The statutory valuation principle is historical cost, adjusted for other than temporary impairments in value if deemed necessary.

	Row	2022
€'000		
Collective Investment Undertakings in the statutory accounts	R0180	4,704
Revaluation to fair value		35
<b>Collective Investment Undertakings in Solvency 2</b>		<b>4,739</b>

### D.1.5 Insurance and Intermediaries receivables

Insurance and intermediary receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

	Row	2022
€'000		
Insurance and intermediary receivables in statutory accounts	R0360	57,713
Reclassification of premiums and commissions not yet due, to technical provisions	R0360	-18,699
<b>Insurance and intermediary receivables in Solvency 2</b>		<b>39,014</b>

### D.1.6 Receivables (trade, not insurance)

Trade receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

	Row	2022
€'000		
Receivables (trade, not insurance) in statutory accounts	R0380	3,948
Reclassification of accrued interest to Bonds	R0130	-940
Prepayments not recognised in solvency 2	R0380	-542
<b>Receivables (trade, not insurance) in Solvency 2</b>		<b>2,467</b>

### D.1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and are measured at fair value. Highly liquid is defined as having a short maturity of three months or less at acquisition.

## D.2 Technical provisions

The following table shows the net technical provisions under Solvency 2 and the statutory financial statements.

**Liabilities**

R0510	Technical provisions – non-life
R0520	Technical provisions – non-life (excluding health)
R0530	Technical provisions calculated as a whole
R0540	Best Estimate
R0550	Risk margin
R0560	Technical provisions - health (similar to non-life)
R0570	Technical provisions calculated as a whole
R0580	Best Estimate
R0590	Risk margin
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	Technical provisions - health (similar to life)
R0620	Technical provisions calculated as a whole
R0630	Best Estimate
R0640	Risk margin
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)
R0660	Technical provisions calculated as a whole
R0670	Best Estimate
R0680	Risk margin
R0690	Technical provisions – index-linked and unit-linked
R0700	Technical provisions calculated as a whole
R0710	Best Estimate
R0720	Risk margin

**Assets**

R0270	Reinsurance recoverables from:
R0280	Non-life and health similar to non-life
R0290	Non-life excluding health
R0300	Health similar to non-life
R0310	Life and health similar to life, excluding health and index-linked and unit-linked
R0320	Health similar to life
R0330	Life excluding health and index-linked and unit-linked
R0340	Life index-linked and unit-linked

**Net provisions**

Para.	Solvency II value	Statutory accounts value
	C0010	C0020
<b>D 2</b>	26,486,729	120,705,069
	26,486,729	120,705,069
	0	
	24,262,842	
	2,223,887	
	0	0
	0	
	0	
	0	
<b>D 2</b>	26,873,524	24,515,878
	26,873,524	24,515,878
	0	
	23,581,498	
	3,292,026	
	0	0
	0	
	0	
	0	
	0	0
	0	
	0	
	0	
	0	
	0	
<b>D 2</b>	6,907,865	22,034,409
	6,837,470	22,032,946
	6,837,470	22,032,946
	0	
	70,395	1,464
	70,395	1,464
	0	
	0	
	46,452,388	123,186,538

## D.2.1 Bases, methods, and main assumptions

Under Solvency 2, liabilities must be valued at the amount for which they could be transferred between two knowledgeable parties.

Technical Provisions are defined as the sum of a best estimate and a risk margin. The best estimate is the probability weighted mean average of all future cash-flows and the risk margin is the cost of providing the solvency capital required necessary to support these best estimate liabilities.

The following principles were applied for compiling the Solvency 2 technical provisions:

- The liabilities valued in the technical provisions are those associated with existing contracts at the valuation date. Under Solvency 2, contracts must be valued if there is a legal obligation to provide cover even if this is before the commencement date of the policy which is different to the approach under Dutch GAAP.
- The non-life business of AEI is split into homogeneous risk groupings referred to as “model points”. These homogeneous risk groups split the business by product and currency and, for significant ones, by program.
- The technical provisions for each model point are calculated using a cash-flow model. This is carried out by predicting the expected cash-flow for each model point separately for each future year until all existing contracts have expired.
- Expenses are projected as for the cash flow projections and allocated between model points and currency and between earned and unearned exposure.
- The best estimate is calculated separately for the premium provision and claim provision. Premium provisions are established in respect of unearned exposure and claims provisions are established in respect of earned exposure.
- Gross cash-flows are calculated separately from reinsurance cash flows, to recognize that there could be significant differences in the timing of these cash flows.



- The assumptions underlying the calculation of the technical provisions are derived based on the assumption that AEI will continue to write new business (going concern assumption).
- A yield curve is required to discount future cash flows. This is the EIOPA provided curve per currency (no VA or MA applied).

### D.2.2 Level of uncertainty

There are several areas of uncertainty in the calculation of the technical provisions. Reserving is carried out by using standard actuarial methods of projecting the paid (or known) claims to estimate the ultimate claim experience. These methods are generally based on the assumption that the future experience will develop in the same way as historic experience. There is uncertainty in the actual future development patterns, for example due to changes in handling processes such as innovative ways to settle a claim or changes in consumer behaviour.

The main uncertainties concern:

- The number and amount of claims, which can, for example, change because of consumer behaviour, environmental developments or the cost of repair or replacement material.
- Lapse patterns. Generally, the shorter a policy remains in force the lower the income for the company.
- Expense developments. Higher than expected inflation could negatively impact the company's income.

### D.2.3 Differences between Solvency 2 and the statutory financial statements

The below table explains the main differences between statutory and Solvency 2 technical provisions.

	Row	2022	2021
€'000			
Technical provisions per statutory financial statements (Non-life & Health SLT)			
Gross	R0510+R0600	145,221	146,723
Reinsurance	R0270	-22,034	-21,473
Net		123,187	125,250
Include Net deferred acquisition cost		-33,031	-28,167
Adjustment to best estimate premium and claim provision		-35,725	-36,195
Reclass. of premiums, IPT and commissions not yet due		-16,421	-15,799
Expense loadings on best estimate claim provision		7,711	6,665
Contract boundary adjustment		-2,920	-482
Discounting		-3,434	267
Risk Margin		5,516	6,539
Profit share on future risk expiry		2,085	3,428
Reclassification of inventory held for claims' fulfilment		-542	0
Miscellaneous		27	-105
		-76,734	-63,849
Gross technical provisions	R0510+R0600	53,360	71,433
Reinsurers' share of technical provisions	R0270	-6,908	-10,032
<b>Net technical provisions per Solvency 2</b>		<b>46,452</b>	<b>61,401</b>

### **D.2.3.1 Premium and claim provision**

The methodology for the calculation of the premium provision for the non-life business, in AEI, under Solvency 2 is fundamentally different to that used in the financial statements. The Premium provision is based on the probability weighted average of future cash flows related to policies within contract boundaries whereas under Dutch GAAP, the unearned premium reserve is an allocation of premium income to the remaining time to expiry of the insurance contracts already issued. Though not directly comparable, the main difference arises due to the recognition of future profit on issued policies and expected profit in future premiums.

The calculation of the Solvency 2 best estimate claims provision is closely aligned with Dutch GAAP, the main difference being discounting in Solvency 2.

### **D.2.3.2 Risk Margin**

For Solvency 2 a risk margin is determined using a cost of capital approach which involves calculating the cost of holding the SCR per Standard formula calculation at each future time period until the technical provisions at the reporting date have run off. The amounts are then discounted back to the current time period. The calculation excludes new business and market risk. AEI determines its risk margin by projecting the SCR in line with the run-off of best estimate liabilities (method 2).

### **D.2.3.3 Discounting**

Under Solvency 2 the best estimate technical provisions are discounted rather than at nominal value under Dutch GAAP.

### **D.2.4 Use of Long-term guarantee package**

- AEI has not applied the matching adjustment referred to in Article 77b of Directive 2009/138/EC.
- AEI has not used the volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- AEI has not applied the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC.
- AEI has not applied the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

### **D.2.5 Reinsurance**

Reinsurance recoverables represent the net discounted cash flow expected to be received from AEI's reinsurers. AEI only uses facultative reinsurance, primarily quota share, to cede risk on particular programs, either due to the business being outside of risk appetite or because program commercials so require.

### **D.2.6 Material changes in the relevant assumptions made in the calculation of technical provisions**

No material changes were made compared to the prior period.

## **D.3 Other liabilities**

The following table shows the other liabilities as per 31 December:

	Row	Solvency 2	Statutory
€'000			
Deferred tax liabilities	R0780	3,561	-
Insurance & intermediary payables	R0820	10,456	10,456
Reinsurance payables	R0830	16,108	16,108
Payables (trade)	R0840	11,357	17,518
<b>Other liabilities</b>		<b>41,482</b>	<b>44,081</b>

### D.3.1 Deferred tax liabilities

The deferred taxes shown in the below table comprises net deferred tax liabilities on the temporary valuation differences between the statutory financial statements and Solvency 2.

	Row	2022
€'000		
Deferred tax asset out of losses carried forward	R0040	-
Deferred tax liabilities out of valuation differences	R0780	3,561
<b>Total deferred tax liabilities</b>	<b>R0780</b>	<b>3,561</b>

### D.3.2 Insurance and Intermediaries payables

Insurance and intermediary payables are measured at the undiscounted amount of the cash or other consideration expected to be paid.

### D.3.3 Reinsurance payables

Reinsurance payables are measured at the undiscounted amount of the cash or other consideration expected to be paid.

### D.3.4 Trade Payables

Deferred reinsurance commissions and insurance taxes payable on Premiums not yet due are classified in Technical provisions under Solvency 2.

	Row	2022
€'000		
Payables (trade, not insurance) statutory value	R0840	17,518
Deferred reinsurance commission reclassified to Technical provisions	R0510	-3,882
IPT due on Premiums not yet due reclassified to Technical provisions	R0510	-2,278
<b>Payables (trade, not insurance) in Solvency 2</b>	<b>R0840</b>	<b>11,357</b>

#### **D.4 Alternative methods for valuation**

No alternative methods of valuation were used.

#### **D.5 Any other disclosures**

None.

## E Capital management

### E.1 Own funds

#### E.1.1 Capital Management Policy

AEI's Capital Management policy, which is approved by the Board of Directors and the Supervisory Board, describes the company's internal capital targets. Besides the aim to always fulfil regulatory capital requirements, the company has also determined internal buffers on top of that regulatory capital.

#### E.1.2 Analysis of Own Funds

The table below provides an overview of movements in and composition of Own funds.

	31-Dec-21	Mvmt in year	Transfers	31-Dec-22
€'000				
<b>Tier 1:</b>				
Share capital	43,600	-	-	43,600
Share premium reserve	35,767	-	-	35,767
<b>Total ordinary share capital</b>	<b>79,367</b>	<b>-</b>	<b>-</b>	<b>79,367</b>
Reconciliation reserve before deductions	15,656	-2,304	-	13,352
Foreseeable dividends	-	-	-	-
Restricted own funds (ring fenced funds)	-	-	-	-
<b>Total reconciliation reserve</b>	<b>15,656</b>	<b>-2,304</b>	<b>-</b>	<b>13,352</b>
Deductions for participations in financial institutions	-	-	-	-
<b>Total tier 1 own funds after deductions</b>	<b>95,023</b>	<b>-2,304</b>	<b>-</b>	<b>92,720</b>
<b>Eligible own funds to cover SCR:</b>				
Tier 1	95,023	-2,304	-	92,720
Tier 2	-	-	-	-
Tier 3	-	-	-	-
	<b>95,023</b>	<b>-2,304</b>	<b>-</b>	<b>92,720</b>
SCR	48,304	-6,558		41,746
<b>Solvency ratio</b>	<b>197%</b>	<b>25%</b>		<b>222%</b>

### E.1.3 Differences between equity in the statutory financial statements and excess of assets over liabilities as calculated for solvency purposes

The main differences between equity as shown in the company financial statements and the excess of assets over liabilities as calculated for solvency purposes are shown in the following table.

	Row	Statutory	Solvency 2	2022
€'000				
Shareholders' equity in the statutory financial statements				72,629
Derecognition of deferred acquisition costs	R0020	36,913	0	-36,913
Derecognition of deferred reinsurance commission	R0840	-3,882	0	3,882
Valuation differences C.I.U.	R0180	4,704	4,739	35
Valuation differences gross best estimate (*)	R0510&R0600	-128,800	-46,302	82,499
Valuation differences reinsurance best estimate	R0270	22,034	6,908	-15,127
Valuation differences gross best estimate - profit share on future risk expiry	R0510&R0600	0	-2,085	-2,085
Risk margin on gross best estimate - non life	R0550	0	-2,224	-2,224
Risk margin on gross best estimate - health SLT	R0640	0	-3,292	-3,292
Deferred tax liabilities on valuation differences	R0040&R0780	3,124	-3,561	-6,685
				<u>20,091</u>
<b>Own funds in Schedule 02.01</b>				<b>92,720</b>

(\*) After reclassification of premiums and commissions not yet due to technical provisions.

### E.1.3 Items deducted from Own Funds

No items require deduction of Own funds.

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR as at 31 December amounts to:

	2022	2021
€'000		
Market Risk	11,343	12,966
Counterparty Default Risk	4,356	3,180
Non-Life Underwriting Risk	32,761	35,847
Life Underwriting Risk	-	-
Health Underwriting Risk	2,289	2,869
Sum of risk modules	<u>50,748</u>	<u>54,862</u>
Diversification between risk modules	<u>-10,782</u>	<u>-11,715</u>
Basic SCR	<u>39,966</u>	<u>43,147</u>
Operational Risk	5,341	9,399
Loss-absorbing capacity of deferred taxes	-3,561	-4,242
<b>SCR</b>	<b>41,746</b>	<b>48,304</b>

No undertaking specific parameters or simplifications are applied. No capital add-ons have been imposed by the DNB.

The MCR has been calculated using the linear calculation as set out in the Solvency 2 Directive.

	Row	2022	2021
€'000			
Linear MCR	R0300	12,868	13,038
SCR	R0310	41,746	48,304
MCR cap	R0320	18,786	21,737
MCR floor	R0330	10,436	12,076
Combined MCR	R0340	12,868	13,038
Absolute floor of the MCR	R0350	4,000	3,700
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>12,868</b>	<b>13,038</b>

Details of the SCR and MCR calculations, including the MCR inputs and floor, are provided in the appended S.25.01 and S.28.01.

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

The company does not make use of the duration-based equity risk sub-module in the calculation of the SCR.

### **E.4 Differences between the standard formula and any internal models used**

The company does not use an internal model.

## **E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement**

The Company has met its SCR and MCR at all times during the year.

## **E.6 Any other disclosures**

There is no other information regarding the capital management of the Company that is deemed material to report.



## F Quantitative reporting templates

### S.02.01 - Balance Sheet

#### Assets

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

Solvency II value	Statutory accounts value
C0010	C0020
	0
	36,913,161
0	0
0	3,123,835
0	0
0	0
128,363,649	127,388,748
0	0
0	0
0	0
0	0
123,624,614	122,684,990
11,121,403	11,078,175
112,503,211	111,606,815
0	0
0	0
4,739,035	4,703,758
0	0
0	0
0	0
0	0
0	0
0	0
6,907,865	22,034,409
6,837,470	22,032,946
6,837,470	22,032,946
0	0
70,395	1,464
70,395	1,464
0	0
0	0
39,013,701	57,712,716
0	0
2,466,975	3,948,437
0	0
0	0
10,809,669	10,809,669
0	0
187,561,859	261,930,976

	<b>Solvency II value</b>	<b>Statutory accounts value</b>
	C0010	C0020
R0510	26,486,729	120,705,069
R0520	26,486,729	120,705,069
R0530	0	
R0540	24,262,842	
R0550	2,223,887	
R0560	0	0
R0570	0	
R0580	0	
R0590	0	
R0600	26,873,524	24,515,878
R0610	26,873,524	24,515,878
R0620	0	
R0630	23,581,498	
R0640	3,292,026	
R0650	0	0
R0660	0	
R0670	0	
R0680	0	
R0690	0	0
R0700	0	
R0710	0	
R0720	0	
R0730		0
R0740	0	0
R0750	0	0
R0760	0	0
R0770	0	0
R0780	3,561,277	0
R0790	0	0
R0800	0	0
R0810	0	0
R0820	10,455,589	10,455,589
R0830	16,107,817	16,107,817
R0840	11,357,246	17,517,560
R0850	0	0
R0860	0	0
R0870	0	0
R0880	0	0
R0900	94,842,182	189,301,914
R1000	92,719,677	72,629,063

**Liabilities**

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

**S.05.01 – Premiums, claims and expenses by line of business (Non life)**
**Premiums written**

R0110	Gross - Direct Business
R0140	Reinsurers' share
R0200	Net

**Premiums earned**

R0210	Gross - Direct Business
R0240	Reinsurers' share
R0300	Net

**Claims incurred**

R0310	Gross - Direct Business
R0340	Reinsurers' share
R0400	Net

**Changes in other technical provisions**

R0410	Gross - Direct Business
R0440	Reinsurers' share
R0500	Net

**Expenses incurred**
**Administrative expenses**

R0610	Gross - Direct Business
R0640	Reinsurers' share
R0700	Net

**Investment management expenses**

R0710	Gross - Direct Business
R0740	Reinsurers' share
R0800	Net

**Claims management expenses**

R0810	Gross - Direct Business
R0840	Reinsurers' share
R0900	Net

**Acquisition expenses**

R0910	Gross - Direct Business
R0940	Reinsurers' share
R1000	Net

**Overhead expenses**

R1010	Gross - Direct Business
R1040	Reinsurers' share
R1100	Net

**Other expenses**

R1200	
R1300	<b>Total expenses</b>

Line of Business for: <b>non-life insurance and reinsurance obligations</b> (direct business and accepted proportional reinsurance)		<b>Total</b>
Fire and other damage to property insurance	Miscellaneous financial loss	
C0070	C0120	C0200
151,328,125	21,196,557	172,524,682
65,736,497	1,551,678	67,288,175
85,591,628	19,644,879	105,236,507
140,151,578	28,315,448	168,467,026
60,418,441	6,465,962	66,884,403
79,733,137	21,849,486	101,582,623
37,907,092	4,058,822	41,965,914
20,616,947	1,902,663	22,519,611
17,290,144	2,156,159	19,446,303
0	0	0
0	0	0
0	0	0
60,008,798	14,925,592	74,934,391
32,018,211	8,774,036	40,792,247
0	0	0
32,018,211	8,774,036	40,792,247
390,753	107,079	497,832
0	0	0
390,753	107,079	497,832
0	0	0
0	0	0
0	0	0
49,050,992	8,321,406	57,372,398
21,451,157	2,276,929	23,728,086
27,599,835	6,044,477	33,644,312
0	0	0
0	0	0
0	0	0
		0
		74,934,391

**S.05.01 – Premiums, claims and expenses by line of business (Health)**

		Line of Business for:	
		<b>life insurance obligations</b>	
		Health insurance	
		C0210	C0300
	<b>Premiums written</b>		
R1410	Gross	6,869,460	6,869,460
R1420	Reinsurers' share	0	0
R1500	Net	6,869,460	6,869,460
	<b>Premiums earned</b>		
R1510	Gross	7,175,539	7,175,539
R1520	Reinsurers' share	1,315	1,315
R1600	Net	7,174,224	7,174,224
	<b>Claims incurred</b>		
R1610	Gross	2,429,240	2,429,240
R1620	Reinsurers' share	-347	-347
R1700	Net	2,429,587	2,429,587
	<b>Changes in other technical provisions</b>		
R1710	Gross	0	0
R1720	Reinsurers' share	0	0
R1800	Net	0	0
R1900	<b>Expenses incurred</b>	3,736,493	3,736,493
	<b>Administrative expenses</b>		
R1910	Gross	2,880,933	2,880,933
R1920	Reinsurers' share	0	0
R2000	Net	2,880,933	2,880,933
	<b>Investment management expenses</b>		
R2010	Gross	35,159	35,159
R2020	Reinsurers' share	0	0
R2100	Net	35,159	35,159
	<b>Claims management expenses</b>		
R2110	Gross	0	0
R2120	Reinsurers' share	0	0
R2200	Net	0	0
	<b>Acquisition expenses</b>		
R2210	Gross	821,130	821,130
R2220	Reinsurers' share	729	729
R2300	Net	820,401	820,401
	<b>Overhead expenses</b>		
R2310	Gross	0	0
R2320	Reinsurers' share	0	0
R2400	Net	0	0
R2500	<b>Other expenses</b>		0
R2600	<b>Total expenses</b>		3,736,493
R2700	<b>Total amount of surrenders</b>	0	0



**S.12.01 – Life and Health SLT Technical Provisions**

	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)		Total (Health similar to life insurance)		
		C0150	C0160		C0170	C0180
R0010	<b>Technical provisions calculated as a whole</b>	0				0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0				0
	<b>Technical provisions calculated as a sum of BE and RM</b>					
	<b>Best Estimate</b>					
R0030	<b>Gross Best Estimate</b>	0		23,581,498		23,581,498
R0040	Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	0		70,395	0	70,395
R0050	Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	0		70,395		70,395
R0060	Recoverables from SPV before adjustment for expected losses	0				0
R0070	Recoverables from Finite Re before adjustment for expected losses	0				0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0		70,395		70,395
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	0		23,511,103	0	23,511,103
R0100	<b>Risk Margin</b>	0	3,292,026			3,292,026
	<b>Amount of the transitional on Technical Provisions</b>					
R0110	Technical Provisions calculated as a whole	0				0
R0120	Best estimate	0				0
R0130	Risk margin	0				0
R0200	<b>Technical provisions - total</b>	0	26,873,524			26,873,524
R0210	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>	0	26,803,129			26,803,129
R0220	<b>Best Estimate of products with a surrender option</b>	0				0
	<b>Gross BE for Cash flow</b>					
	<b>Cash out-flows</b>					
R0230	Future guaranteed and discretionary benefits	0	22,457,849			22,457,849
R0240	Future guaranteed benefits	0				
R0250	Future discretionary benefits	0				
R0260	Future expenses and other cash out-flows	0	1,123,649			1,123,649
	<b>Cash in-flows</b>					
R0270	Future premiums	0				0
R0280	Other cash in-flows	0				0
R0290	<b>Percentage of gross Best Estimate calculated using approximations</b>					
R0300	<b>Surrender value</b>	0				0
R0310	<b>Best estimate subject to transitional of the interest rate</b>	0				0
R0320	Technical provisions without transitional on interest rate	0				0
R0330	<b>Best estimate subject to volatility adjustment</b>	0				0
R0340	Technical provisions without volatility adjustment and without others transitional measures	0				0
R0350	<b>Best estimate subject to matching adjustment</b>	0				0
R0360	Technical provisions without matching adjustment and without all the others	0				0

**S.17.01 – Non-Life Technical Provisions**

R0010	<b>Technical provisions calculated as a whole</b>
R0020	Direct business
R0030	Accepted proportional reinsurance business
R0040	Accepted non-proportional reinsurance
	<b>Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole</b>
R0050	<b>Technical provisions calculated as a sum of BE and RM</b>
	<b>Best estimate</b>
	<b>Premium provisions</b>
R0060	Gross - Total
R0070	Gross - direct business
R0080	Gross - accepted proportional reinsurance business
R0090	Gross - accepted non-proportional reinsurance business
R0100	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default
R0110	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses
R0120	Recoverables from SPV before adjustment for expected losses
R0130	Recoverables from Finite Reinsurance before adjustment for expected losses
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0150	<b>Net Best Estimate of Premium Provisions</b>
	<b>Claims provisions</b>
R0160	Gross - Total
R0170	Gross - direct business
R0180	Gross - accepted proportional reinsurance business
R0190	Gross - accepted non-proportional reinsurance business
R0200	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default
R0210	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses
R0220	Recoverables from SPV before adjustment for expected losses
R0230	Recoverables from Finite Reinsurance before adjustment for expected losses
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0250	<b>Net Best Estimate of Claims Provisions</b>
R0260	<b>Total Best estimate - gross</b>
R0270	<b>Total Best estimate - net</b>
R0280	<b>Risk margin</b>
	<b>Amount of the transitional on Technical Provisions</b>
	<b>Technical provisions - total</b>
R0320	Technical provisions - total
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total
	<b>Line of Business: further segmentation (Homogeneous Risk Groups)</b>
R0350	Premium provisions - Total number of homogeneous risk groups
R0360	Claims provisions - Total number of homogeneous risk groups
	<b>Cash-flows of the Best estimate of Premium Provisions (Gross)</b>
	<b>Cash out-flows</b>
R0370	Future benefits and claims
R0380	Future expenses and other cash-out flows
	<b>Cash in-flows</b>
R0390	Future premiums
R0400	Other cash-in flows (incl. Recoverable from salvages and subrogations)
	<b>Cash-flows of the Best estimate of Claims Provisions (Gross)</b>
	<b>Cash out-flows</b>
R0410	Future benefits and claims
R0420	Future expenses and other cash-out flows
	<b>Cash in-flows</b>
R0430	Future premiums
R0440	Other cash-in flows (incl. Recoverable from salvages and subrogations)
R0450	<b>Percentage of gross Best Estimate calculated using approximations</b>

Direct business and accepted proportional reinsurance		Total Non-Life obligation
Fire and other damage to property insurance	Miscellaneous financial loss	
C0080	C0130	C0180
0	0	0
		0
		0
		0
		0
		0
		0
-5,279,510	21,442,556	16,163,046
-5,279,510	21,442,556	16,163,046
		0
		0
886,500	2,997,851	3,884,351
886,500	2,997,851	3,884,351
		0
		0
886,500	2,997,851	3,884,351
-6,166,010	18,444,705	12,278,695
6,702,706	1,397,090	8,099,796
6,702,706	1,397,090	8,099,796
		0
		0
2,190,529	762,590	2,953,119
2,190,529	762,590	2,953,119
		0
		0
2,190,529	762,590	2,953,119
4,512,177	634,500	5,146,677
1,423,196	22,839,646	24,262,842
-1,653,833	19,079,205	17,425,372
-148,828	2,372,714	2,223,887
1,274,369	25,212,360	26,486,729
3,077,029	3,760,441	6,837,470
-1,802,660	21,451,919	19,649,259
41	36	-
41	36	-
16,937,314	20,210,166	37,147,480
2,581,268	4,595,176	7,176,444
24,798,092	3,362,786	28,160,878
0	0	0
6,395,134	1,315,356	7,710,490
307,572	81,734	389,306
		0
		0
		0.0000







R0730 Other basic own fund items  
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds  
R0760 **Reconciliation reserve**  
**Expected profits**  
R0770 Expected profits included in future premiums (EPIFP) - Life business  
R0780 Expected profits included in future premiums (EPIFP) - Non- life business  
R0790 **Total Expected profits included in future premiums (EPIFP)**

79,367,185	-			
	-			
13,352,492	-			
	-			
	-			
10,148,424	-			
10,148,424	-			

**S.25.01 – Solvency Capital Requirement**

R0010	Market risk
R0020	Counterparty default risk
R0030	Life underwriting risk
R0040	Health underwriting risk
R0050	Non-life underwriting risk
R0060	Diversification
R0070	Intangible asset risk
R0100	<b>Basic Solvency Capital Requirement</b>
	<b>Calculation of Solvency Capital Requirement</b>
R0120	Adjustment due to RFF/MAP nSCR aggregation
R0130	Operational risk
R0140	Loss-absorbing capacity of technical provisions
R0150	Loss-absorbing capacity of deferred taxes
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
R0200	<b>Solvency Capital Requirement excluding capital add-on</b>
R0210	Capital add-on already set
R0220	<b>Solvency capital requirement</b>

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
	C0030	C0040	C0050
<b>R0010</b>	11,342,915	11,342,915	0
<b>R0020</b>	4,355,631	4,355,631	0
<b>R0030</b>			0
<b>R0040</b>	2,288,824	2,288,824	0
<b>R0050</b>	32,760,719	32,760,719	0
<b>R0060</b>	-10,781,857	-10,781,857	-
<b>R0070</b>	0	0	-
<b>R0100</b>	39,966,232	39,966,232	-
	C0100		
<b>R0120</b>			
<b>R0130</b>	5,341,032		
<b>R0140</b>	0		
<b>R0150</b>	-3,561,277		
<b>R0160</b>			
<b>R0200</b>	41,745,987		
<b>R0210</b>			
<b>R0220</b>	41,745,987		



**S.28.01 – Minimum Capital Requirement**

**Linear formula component for non-life insurance and reinsurance obligations**

		C0010			
R0010	MCRNL Result	<b>R0010</b>	12,364,779	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
				C0020	C0030
R0080	Fire and other damage to property insurance and proportional reinsurance		0	0	85,591,628
R0130	Miscellaneous financial loss insurance and proportional reinsurance		19,079,205	19,079,205	19,644,879

**Linear formula component for life insurance and reinsurance obligations**

		C0040			
R0200	MCRL Result	<b>R0200</b>	503,128	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
				C0050	C0060
R0240	Other life (re)insurance and health (re)insurance obligations		23,511,103	23,511,103	13,420,748
R0250	Total capital at risk for all life (re)insurance obligations				13,420,748

**Overall MCR calculation**

		C0070	
R0300	Linear MCR	<b>R0300</b>	12,867,907
R0310	SCR	<b>R0310</b>	41,745,987
R0320	MCR cap	<b>R0320</b>	18,785,694
R0330	MCR floor	<b>R0330</b>	10,436,497
R0340	Combined MCR	<b>R0340</b>	12,867,907
R0350	Absolute floor of the MCR	<b>R0350</b>	4,000,000
		C0070	
R0400	<b>Minimum Capital Requirement</b>	<b>R0400</b>	12,867,907