MetLife

MetLife Europe Insurance d.a.c.

Solvency II Solvency and Financial Condition Report

For the year ended 31 December 2022

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Executive summary

Background

MetLife Europe Insurance d.a.c. (the Undertaking) is an Irish incorporated entity domiciled in Ireland and is authorised by the Central Bank of Ireland (CBI) to transact non-life assurance business in Classes 1, 2, 8, 9, 16 and 18 under the European Union (EU) (Insurance and Reinsurance) Regulations 2015 (S.I. No 485 of 2015).

The Undertaking's immediate parent company is MetLife EU Holding Company Limited (MetLife EU) and its ultimate parent company is MetLife, Inc., a company domiciled in the United States of America (USA).

MetLife Inc. operates within Europe through various subsidiaries. The Undertaking leverages the options provided by the European Insurance Directives to "passport" throughout the EU from a single base in Ireland. The Undertaking has branches in Italy, Spain, Portugal, France, Slovakia, Czech Republic and Romania. The Undertaking also operates via Freedom of Services (FOS) in Germany, Austria, Greece and Poland. The Undertaking terminated all business with Russia during 2022.

The Undertaking is focused on the provision of involuntary loss of employment (ILOE) cover, mobile phone insurance (MPI) and travel insurance, as an add-on to MetLife Europe d.a.c.'s core life insurance offerings. MetLife Europe d.a.c. is an Irish incorporated entity authorized to write primarily life insurance business in Europe. Additionally the Undertaking has its direct-to-consumer (DTC) business via FOS in Poland offering predefined protection packages for accident and health (A&H) insurance cover.

The Undertaking is required to submit the 2022 Solvency and Financial Condition Report (SFCR) to the CBI as part of the 2022 annual Solvency II returns. The SFCR is prepared pursuant to the Commission Delegated Regulation (EU) 2015/35 ("The Delegated Acts") and the European Insurance and Occupational Pensions Authority (EIOPA) Final Report on Public Consultation No. 14/047. The Delegated Acts supplement Directive 2009/138/EC as implemented in Ireland by the EU (Insurance and Reinsurance) Regulations 2015.

The SFCR is an annual public document and is available on the Undertaking's website.

Content

The following provides a summary of the SFCR by section and notes any material changes during the year

A - Business and Performance

Significant business events

On 24 February 2022, Russia commenced an invasion of Ukraine. The invasion has had a significant impact on a number of financial markets. The Directors have considered the impact of these developments on the Undertaking and have determined that, to the best of their knowledge, there are no material direct material operational or financial exposures. However, the indirect impacts such as increased market volatility and heightened levels of inflation have the potential to impact the Undertaking negatively. In this regard, the Russia-Ukraine conflict has increased the market and supply-chain disruption initially triggered by the COVID-19 pandemic resulting in high levels of inflation and rising interest rate and market volatility as a result of monetary and fiscal policy responses. Section C.6 reflects how the Russia-Ukraine conflict and the resulting economic volatility has the potential to impact the Undertaking. The Directors will continue to monitor this ongoing situation for further developments which may impact the Undertaking.

The Undertaking paid a dividend of €1.8million to MetLife EU during the year. There were sufficient International Financial Reporting Standards (IFRS) distributable reserves in accordance with the Companies Act 2014 requirements. In addition, the directors were satisfied that there was sufficient solvency cover, based on the Own Risk and Solvency Assessment (ORSA), to support the payment of the dividends.

The Undertaking's strategy is in line with the MetLife, Inc. strategy, referred to as the 'Next Horizon Strategy'. The Strategy is encapsulated within a Strategy framework that connects Purpose, Bold Commitments, Strategic Choices and Key Enablers. These are defined as:

Purpose: This is described as 'Always with you, building a more confident future'. This underpins the Strategy and sets the direction for the Undertaking.

Bold Commitments: This defines key stakeholders as People, Shareholders and Customer and the Undertaking's commitments to them.

Strategic Choices: This identifies what to do differently to activate the purpose and deliver on commitments. It is defined by three strategic pillars of Focus, Simplify and Differentiate.

Key Enablers: These are the behaviours, mind-set and culture required to successfully implement the Strategy, with focus on customer and efficiency mind-set.

Business performance

The financial statements are prepared under IFRS. There is a decrease in IFRS profit of €4m from €6m in 2021 to €2m in 2022. This is mainly due to an increase in claims, lower business growth in Romania and the full year impact of the Portugal ALICO reinsurance treaty, which was extended to Portugal with effect from 1 July 2021.

There are no material changes by line of business or by geographical segment over the reporting period.

B - Systems of Governance

Governance structure and roles

The key organs of the system of governance are the Board of Directors (the Board), Executive Management and the various committees. There has been no material changes to the systems of governance over the reporting period.

The Board directs the Undertaking's affairs to ensure its prosperity, whilst meeting the appropriate interests of its shareholders and third parties, such as customers and regulators. In particular, the Board provides effective, prudent and ethical oversight of the Undertaking.

The Board is responsible for, among other things, where relevant, reviewing and/or setting and overseeing:

- The business strategy;
- The amounts, types and distribution of capital adequate to cover the risks of the Undertaking;
- The strategy for the ongoing management of material risks;
- A robust and transparent organisational structure with effective communication and reporting channels;
- A remuneration framework that is in line with the risk strategy of the Undertaking; and
- An adequate and effective internal control framework that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Corporate Governance Structure is supported by the Executive Management organisational structure, which defines key areas of authority and responsibility and establishes the appropriate lines of reporting. The Executive Management is responsible for the day to day running of the Undertaking and is led by the Chief Executive Officer (CEO).

The committees of the Board are:

- Audit Committee;
- Risk Committee;

Fit and proper requirements

The Undertaking's Fitness and Probity Policy sets out the minimum standards, in compliance with the CBI Fitness and Probity Standards and relevant legislation. It is there to ensure that a person, who is known as a 'Responsible Person', has the necessary qualities and competencies in order to allow him/ her to perform the duties and carry out the responsibilities of his/her position within the Undertaking. The qualities and competencies relate to the integrity demonstrated by a Responsible Person in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

Risk management and internal controls

The Risk Management Framework (the Framework) sets out the approaches to risk management and structure to be followed by all associates in their capacity as executives, management and staff. The key objectives of the Framework are to:

- Promote a strong risk culture in the Undertaking, rooted in the Undertaking’s purpose and values, in particular customer protection;
- Ensure consistent, systematic management of risks across all businesses, operations and risk types; and
- Enable decision makers to efficiently direct the Undertaking’s resources to appropriate business opportunities that are within the Board’s risk appetite.

A key element of risk management is the ORSA. The ORSA is a bespoke strategic analysis which links together all pillars of Solvency II and all areas of the Undertaking. It enables the Board to understand the risks faced, and how they translate into capital needs or alternatively require mitigation actions. The ORSA process is an ongoing and continuous process, of which the annual report is a complete board-level roundup at a point in time providing a meaningful and useful report to the Board. The results of the ORSA process and the insights gained in the process provide input into risk management, long-term capital management, business planning and product development and design.

The Undertaking’s Control Framework promotes the importance of having appropriate internal controls and ensuring that all associates are aware of their role in the internal control system. The Control Framework sets out clear standards for the design, operation, validation and oversight of the system of Internal Control. It defines how effective internal control is achieved through joint responsibilities of the general managers and the Heads of Functions.

C - Risk Profile

The Undertaking is exposed to underwriting, market, credit, liquidity and operational risk with the overall risk profile remaining stable over the year.

Underwriting risk refers to fluctuations in the timing, frequency and severity of insured events relative to the expectations of the Undertaking at the time of underwriting, arising as a consequence of writing business where financial outgo depends upon loss of employment and lapse experience. Underwriting risks are primarily mitigated through reinsurance, diversification and through limits and guidelines which are monitored by the Product Management Committee (PMC).

The Undertaking does not take on market risk as a strategic risk. The Undertaking seeks to incur only minimal risk exposure as arises from its insurance business. The Undertaking is exposed to market risks, including interest rates due to timing differences of asset and liability cash flows and basis differences between valuation rates, different currencies and positions held to facilitate policyholder transactions. Market risks are primarily mitigated through the Undertaking's investment limits and guidelines.

The Undertaking is exposed to credit risks (i.e. the risk of a value decrease of assets or increase of liabilities due to the default of third parties, or the increase of the probability of such a default and/or the associated loss). Exposure to credit risk comes primarily from the investment portfolio and from a number of counterparties related to risk mitigation. Credit risks are primarily mitigated through asset allocation, diversification and single-exposure limits. For counterparty exposures, the Undertaking may require the placement of collateral.

The Undertaking is exposed to liquidity risks where it is obliged to settle liabilities at short notice and assets cannot be liquidated at all or only with very significant haircuts. Liquidity risks are primarily mitigated through asset allocation, diversification and single-exposure limits, and by avoiding entering obligations to provide liquidity to counterparties.

The Undertaking is exposed to operational risk consistent with other financial institutions, including the impact of changes in the regulatory and legal environments, the dependency on multiple internal and external operators (for investment activities as an example) and complex modelling for financial reporting and solvency reporting. Operational risks are primarily mitigated through functional controls, which are integral elements of the Undertaking's Risk Framework and independently validated on a regular basis.

The Undertaking is also exposed to emerging risks. The Undertaking currently considers geopolitical risk related to the conflict in Ukraine, economic uncertainty related to a high inflationary environment, disruptive technology (including transformative technology for insurance distribution (InsurTech) and cybersecurity issues) and regulatory change (noting the large volume of change in the pipeline) as key emerging risks.

In addition to the risks outlined above, the Undertaking is also exposed to the risks posed by sustainability and more specifically climate change. Climate risk is unique as a category of risk in that it can impact the Undertaking and its business model across a variety of the traditional risk categories. In addition, climate risk can impact the Undertaking differently across the short, medium and long term. Increasing regulatory focus from an Environment, Social and Governance (ESG) perspective have looked to inform firms on how the management of climate risks should be approached. They set out a framework for how firms should consider risks associated with climate change and sustainability more broadly including a number of requirements spanning governance, risk management, scenario analysis and disclosure. The Undertaking continues to develop its capabilities to manage climate risk in line with emerging and evolving methods, tools and available data.

The Undertaking has a strategic role to support MetLife Europe d.a.c., therefore its success depends upon the success of this entity. The Undertaking reviews its risk exposures regularly and considers potential actions to align exposure to risk appetite.

D - Valuation for solvency purposes

Assets

Assets are valued at fair value for Solvency II. This represents the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The main valuation differences between Solvency II and IFRS relate to deferred acquisition costs and intangible assets, which are not recognised under Solvency II.

Technical Provisions

The technical provisions correspond to the current amount the Undertaking would have to pay if they were to transfer their insurance obligations immediately to another Undertaking. The value of technical provisions are equal to the sum of a best estimate liability (BEL) and a risk margin. The best estimate corresponds to the probability weighted average of future cash-flows taking account of the time value of money. The cash-flow projections reflect the expected realistic future demographic, legal, medical, technological, social and economic developments over the lifetime of the insurance and reinsurance obligations. The risk margin is a fair value adjustment that captures the cost of holding the unhedgeable part of the Solvency Capital Requirement (SCR) over the lifetime of the policies in force.

The calculation of amounts recoverable from reinsurance contracts follow the same principles and methodology as presented above for the calculation of other parts of the technical provisions.

Solvency II and IFRS have different rules for classifying/grouping insurance contracts, and these rules affect the valuation of the liabilities. Solvency II capitalises all future profits, subject to contract boundaries, whereas IFRS generally does not. Solvency II determines a risk margin, whereas this concept does not generally apply to IFRS.

Solvency II requires assumptions to be based on best estimate whereas IFRS may apply Provisions for Adverse deviations to the assumptions used to value the reserves. The Solvency II assumptions are revised on a regular basis to adjust for recent experience and changes to market factors. The principal assumptions used in the determination of technical provisions relate to demographic, expense and economic assumptions.

Net technical provisions are €3.75m at year-end 2022 (2021: €3.82m). This decrease is driven by assumption updates, primarily expense assumption updates in Portugal, as well as new business, experience and market movements.

E - Capital Management

Capital Management Policy

The strategic objectives of capital management for the Undertaking are:

- Regulatory compliance: to ensure compliance with the Undertaking's regulatory capital requirements.
- Efficient allocation: to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives.
- Financial strength: to ensure access to capital markets on competitive terms, so that the Undertaking’s overall cost of capital is minimised.

Taken together, these strategic goals strengthen the Undertaking's ability to withstand losses from adverse business and market conditions, enhance its financial flexibility and serve the interests of stakeholders.

The Undertaking's capital is monitored through the capital management process and within the Undertaking's stated risk appetite limits. Any breaches of these limits is escalated in accordance with and as defined by any relevant regulatory or internal policies. The Undertaking's risk appetite recognises the regulatory minimum standard, as it applies to technical provisions, own funds and capital under Solvency II, and sets the target ongoing solvency level in order to enable the Undertaking to withstand the financial implications of adverse experience.

Own funds and SCR

The SCR is calculated using the standard formula approach. This method uses stresses for each of the individual risks as calibrated by EIOPA. EIOPA also provides the standard correlation matrices for the purpose of aggregation. It is based on a modular approach consisting of a core of life, non-life, market, health and counterparty default risks with associated sub-modules. These are aggregated using correlation matrices, both at the sub-module and the main module level. The operational risk component and adjustments for the risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The Own Funds, SCR, solvency ratio and Minimum Capital Requirement (MCR) are as follows:

	31-Dec-22	31-Dec-21	Movement
	€'000	€'000	€'000
Own Funds			
Tier One	**39,862**	41,932	(2,070)
Tier Two	**—**	—	—
Tier Three	**1,015**	406	609
Eligible own funds for SCR	**40,877**	42,338	(1,461)
SCR	**14,443**	14,771	(328)
Solvency Ratio	**283%**	287%	(4)%
Eligible own funds for MCR	**39,862**	41,932	(2,070)
MCR	**3,611**	3,910	(299)

Eligible own funds have decreased by €1.4m from €42.3m at 31 December 2021 to €40.9m at 31 December 2022. The SCR decreased by €0.3m to €14.4m at 31 December 2022. As a result, the solvency ratio decreased by (4)% from 287% in 2021 to 283% in 2022.

The decrease in own funds is primarily driven by payment of the dividend to MetLife EU in December 2022, partially offset by the decrease in net technical provisions due to assumption updates, new business, experience and market movements.

Approval

The SFCR was approved by the Board on 28 March 2023.

A Business and performance

A.1 Business

A.1.1 Overview

The Undertaking is an Irish incorporated entity domiciled in Ireland and was incorporated on 25 June 2009. On 10 May 2012, the Undertaking was authorised by the CBI to conduct business as a Non-Life Insurance Undertaking with its Head Office in Ireland.

The Undertaking is authorised to write Class 1, 2, 8, 9, 16 and 18 Non-Life Insurance under the EU Insurance and Reinsurance Regulations 2015.

The Undertaking's immediate parent company is MetLife EU and its ultimate parent company is MetLife, Inc., a company domiciled in the USA. Refer to A.1.3 for details on the Group entity structure.

MetLife Inc. operates within Europe through various subsidiaries. The Undertaking leverages the options provided by the European Insurance Directives to "passport" throughout the EU from a single base in Ireland. The Undertaking has branches in Italy, Spain, Portugal, France, Slovakia, Czech Republic and Romania. The Undertaking also operates via FOS in Germany, Austria, Greece and Poland. The Undertaking terminated all business with Russia during 2022.

The Undertaking is focused on the provision of ILOE cover, mobile phone insurance and travel insurance, as an add-on to MetLife Europe d.a.c.'s core life insurance offerings. MetLife Europe d.a.c. is an Irish incorporated entity authorised to write primarily life insurance business in Europe. Additionally the Undertaking has its DTC business via FOS in Poland offering predefined protection packages for A&H insurance cover.

The Undertaking's regulatory supervisor is the CBI, whose address is:

Central Bank of Ireland
New Wapping Street,
North Wall Quay,
Dublin 1

The Undertaking's external auditor is Mazars, whose address is:

Mazars
Chartered Accountants and Statutory Audit Firm
Block 3
Harcourt Centre
Harcourt Road
Dublin 2

See section A.2 for a description of the Undertaking's underwriting performance by material lines of business and geographical areas.

A.1.2 Significant business and external events

On 24 February 2022, Russia commenced an invasion of Ukraine. The invasion has had a significant impact on a number of financial markets. The Directors have considered the impact of these developments on the Undertaking and have determined that, to the best of their knowledge, there are no material direct material operational or financial exposures. However, the indirect impacts such as increased market volatility and heightened levels of inflation have the potential to impact the Undertaking negatively. In this regard, the Russia-Ukraine conflict has increased the market and supply-chain disruption initially triggered by the COVID-19 pandemic resulting in high levels of inflation and rising interest rate and market volatility as a result of monetary and fiscal policy responses. Sections C.6 reflect how the Russia-Ukraine conflict and the resulting economic volatility has the potential to impact the Undertaking. The Directors will continue to monitor this ongoing situation for further developments which may impact the Undertaking.

The Undertaking paid a dividend of €1.8million to MetLife EU during the year. There were sufficient IFRS distributable reserves in accordance with the Companies Act 2014 requirements. In addition, the directors were satisfied that there was sufficient solvency cover, based on the ORSA, to support the payment of the dividends.

The solvency coverage at year-end 2022 is 283% (2021: 287%; 2020: 161%). Additional details are provided in section E.2.3.

The Undertaking's strategy is in line with the MetLife Inc. strategy, referred to as the 'Next Horizon Strategy'. The Strategy is encapsulated within a Strategy framework that connects Purpose, Bold Commitments, Strategic Choices and Key Enablers. These are defined as:

Purpose: This is described as 'Always with you, building a more confident future'. This underpins the Strategy and sets the direction for the Undertaking.

Bold Commitments: This defines key stakeholders as People, Shareholders and Customer and the Undertaking's commitments to them.

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Key Enablers: These are the behaviours, mind-set and culture required to successfully implement the Strategy, with focus on customer and efficiency mind-set.

A.1.3 Entity structure

The Undertaking's immediate parent company is MetLife EU and its ultimate parent company is MetLife, Inc. The Undertaking's parent is subject to group regulatory supervision by the CBI.

The Undertaking has authorised share capital of 100,000,000 shares of €1 each. At 31 December 2022, the Undertaking had issued €2,048,388 (2021: €2,048,388) in share capital. The qualifying holdings, number of shares and voting rights of the issued shares as at 31 December 2022 and as at 31 December 2021 are:

	Holdings	Shares
MetLife EU Holding Company Limited	100.00%	2,048,388

A.1.4 Total performance

Total performance	Section reference	**2022 €'000**	2021 €'000
Operating			
Underwriting result	A2.1	**7,778**	11,908
Investment income	A3.1	**481**	298
Other income	A4.1	**1**	6
Expenses	A4.1	**(5,684)**	(4,982)
Tax	A4.1	**(559)**	(1,219)
Total operating		**2,017**	6,011
Non-operating			
Investment income	A3.1	**(38)**	—
Foreign exchange gains	A4.1	**(115)**	16
Expenses	A4.1	**—**	—
Tax	A4.1	**(3)**	(4)
Total non-operating		**(156)**	12
Profit for the financial year		**1,861**	6,023

The financial values are per the Undertaking's IFRS financial statements.

Analysis is provided in the sections referenced above.

A.2 Underwriting performance

A.2.1 Underwriting performance by line of business

The table below sets out the analysis of 2022 underwriting performance against the prior year.

	Miscellaneous financial loss		Assistance		Credit and suretyship insurance		Health insurance		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Net earned premium	**7,855**	12,718	**1,971**	1,752	**165**	—	**7,900**	6,298	**17,891**	20,768
Reinsurance commission income	**7,203**	5,928	**—**	—	**—**	—	**—**	—	**7,203**	5,928
Total premium and commission income	**15,058**	18,646	**1,971**	1,752	**165**	—	**7,900**	6,298	**25,094**	26,696
					—				0	
Claims incurred	**(1,253)**	(461)	**(154)**	(119)	**—**	—	**(999)**	(732)	**(2,406**	(1,312)
Change in technical provisions	**23**	188	**(14)**	(17)	**—**	—	**(64)**	(125)	**(55)**	46
Total policyholder benefits	**(1,230)**	(273)	**(168)**	(136)	**—**	—	**(1,063)**	(857)	**(2,461**	(1,266)
					—				**—**	
Commission	**(8,600)**	(9,631)	**(1,459)**	(1,271)	**—**	—	**(3,659)**	(2,174)	**(13,71**	(13,076
Other variable expenses	**(1,613)**	(450)	**(9)**	(22)	**—**	—	**(2,337)**	(2,859)	**(3,959**	(3,331)
Total variable expenses	**(10,213**	(10,081	**(1,467)**	(1,293)	**—**	—	**(5,997)**	(5,033)	**(17,67**	(16,407
				0					**—**	
Deferred acquisition costs	**1,791**	1,017	**—**	—	**—**	—	**1,031**	1,868	**2,822**	2,885
Underwriting result	**5,406**	9,309	**336**	323	**165**	—	**1,871**	2,276	**7,778**	11,908

The underwriting profit decreased by €4.1m from €11.9m in 2021 to €7.8m in 2022.

The decrease is mainly driven by the miscellaneous financial loss line of business. This is mainly due to an increase in claims, lower business growth in Romania and the full year impact of the Portugal ALICO reinsurance treaty, which was extended to Portugal with effect from 1 July 2021.

The health line of business shows a small decrease from the prior year. This is the result of higher claims in the Poland DTC business.

The Slovakia assistance line of business result is broadly consistent with prior year.

Credit and suretyship is a new line of business sold in Italy.

A.2.2 Underwriting performance by geographical segment

The Undertaking performance, split by material geographic performance is set out in the table below:

	UK and Ireland		Western Europe		Central Europe		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Premium and commission income	**9,985**	7,922	**9,246**	12,557	**5,863**	6,217	**25,094**	26,696
Policyholder benefits	**(1,893)**	(952)	**(291)**	(257)	**(277)**	(57)	**(2,461)**	(1,266)
Variable expenses	**(7,088)**	(5,740)	**(7,603)**	(7,858)	**(2,986)**	(2,810)	**(17,677)**	(16,408)
Deferred acquisition costs	**997**	1,811	**1,744**	843	**81**	231	**2,822**	2,885
Underwriting result	**2,001**	3,040	**3,096**	5,286	**2,681**	3,582	**7,778**	11,908

See the narrative analysis in section A.2.1 which sets out the main drivers of the movements in underwriting profit in the branches.

A.3 Investment Performance

A.3.1 Investment return

	2022	2021
	€'000	€'000
Operating investment income		
Interest bearing securities		
Net interest income	**543**	346
Investment management expenses	**(62)**	(48)
Total operating investment income	**481**	298
Non-operating investment income		
Interest bearing securities		
Realised (losses)/gains	**(38)**	—
Total non-operating investment income	**(38)**	—
Total investment return	**443**	298

Total investment return increased by €145k from €298k in 2021 to €443k in 2022. This is due to increase in higher yielding long term fixed income assets in 2022. Additional earned income is offset slightly by the small increase in investment management fees.

A.3.2 Gains/losses recognised directly in equity

	2022	2021
	€'000	€'000
Investment gains recognised directly in equity	**(2,078)**	189

Investment gains have decreased by €2.3m from €189k in 2021 to €(2.1)m in 2022. This is driven by the continued increasing of interest rates, leading to a decrease in market value of available for sale assets.

Investment gains/losses include amortised cost to fair value on available for sale financial assets. These are disclosed in equity in the IFRS financial statements.

A.3.3 Investments in securitisations

The Undertaking has no investments in securitisations.

A.4 Performance of other activities

A.4.1 Other Income and Expenses

The other income and expenses of the Undertaking for the year are set out below:

	2022	2021
	€'000	€'000
Performance of other activities		
Operating		
Other income	**1**	6
Expenses	**(5,684)**	(4,982)
Tax	**(559)**	(1,219)
Total operating	**(6,242)**	(6,195)
Non-operating		
Expenses	**—**	—
Foreign exchange gains	**(115)**	16
Tax	**(3)**	(4)
Total non-operating	**(118)**	12
Net results from other activities	**(6,360)**	(6,183)

Net costs from other activities have increased by €0.2m from €6.2m in 2021 to €6.4m in 2022. This is mainly due to a small increase in staff costs and other general expenses.

A.4.2 Leases

The Undertaking uses IFRS 16 to measure leases.

In 2022 there was a right-of-use asset on the balance sheet of €8k (2021: €13k) and a corresponding liability representing the obligation to make lease payments of €10k (2021: €14k).

Expenses of €10k (2021: €10k) were incurred in the year in relation to the above leases.

A.5 Any other information

Intra-group transactions

Intra-group operations and transactions are mainly related to the Undertaking's reinsurance and operational arrangements.

All intra-group operations and transactions are at arm's length as it would be if the operations and transactions were with a third party.

A.5.1 Outstanding balances at year end

The Undertaking has intra-group balances with the following companies that are subsidiaries of its ultimate parent, MetLife Inc.:

	2022	2021
	€'000	€'000
ALICO US	**9,483**	9,008
MetLife Greece	**—**	13
MetLife Investments d.a.c.	**(1)**	(1)
MetLife Europe Services Limited	**(2)**	(1)
MetLife Services EEIG	**(7)**	(3)
MetLife Services Sp z.o.o	**(152)**	(148)
MetLife Europe d.a.c.	**—**	(61)

A.5.2 Material transactions during the year

The Undertaking paid a dividend of €1.8m to its immediate parent, MetLife EU on 7 December 2022. There were sufficient IFRS distributable reserves in accordance with the Companies Act 2014 requirements. In addition, the directors were satisfied that there was sufficient solvency cover, based on the ORSA, to support the payment of the dividends.

A.5.3 Events after the year end

The Undertaking is changing the basis of its financial reporting statements from IFRS to Irish GAAP under the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (FRS102) and Insurance Contracts (FRS 103) for the period beginning 1 January 2023. The Undertaking is actively planning and implementing the required changes to policy and processes to ensure a smooth transition.

B System of governance

B.1 General information on the system of governance

B.1.1 Governance structure

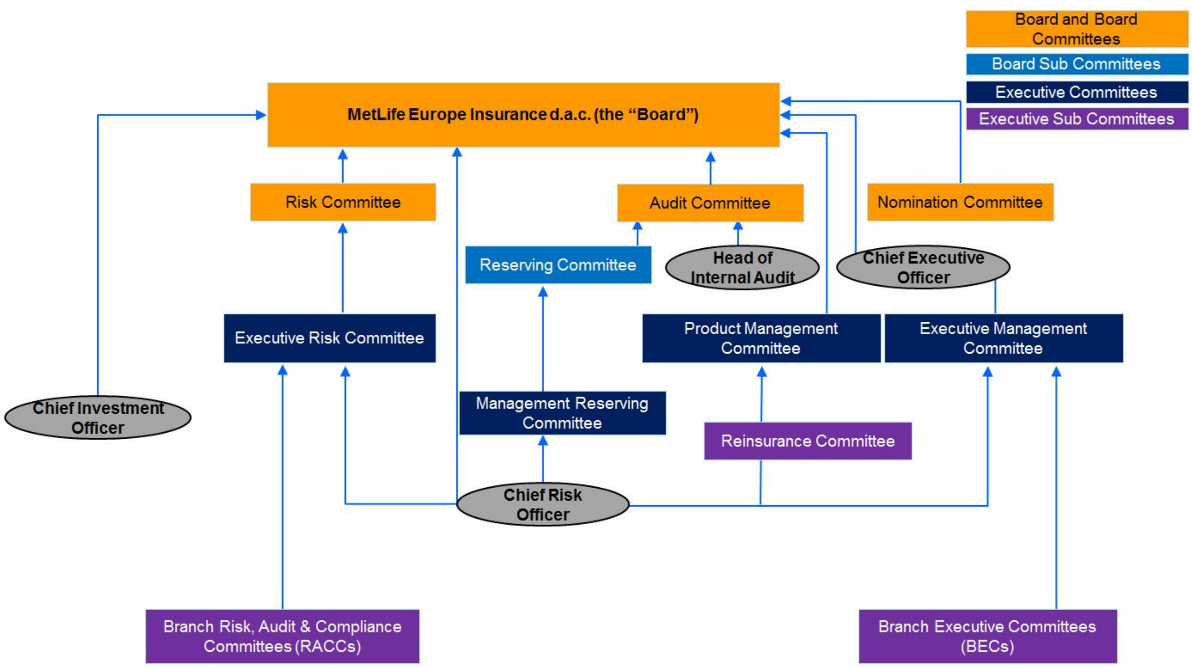
A consistent governance structure is in place across MetLife's European Economic Area (EEA) group of entities, supporting clear decision making, roles and responsibilities. The Corporate Governance Framework (the "Framework") describes corporate governance within the Undertaking. The Framework ensures that there is a common understanding of the following:

- key organs of the Undertaking (i.e. the Board, Executive Management and the various committees) and their roles;
- the membership of the Board, its role, the frequency of meetings and the process for making changes to Board membership;
- the membership of each of the Undertaking's committees, each committee's role, the frequency of meetings and how changes to membership are effected;
- who is empowered to act on behalf of the Undertaking and in what capacity and to what extent; and
- how certain key individuals are appointed, resign or are removed.

The Framework also provides a central record of the current membership of the Board, the various committees, and a list of all Pre Approval Controlled Functions, i.e. roles for which CBI prior approval is required.

The governance structure defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. The Undertaking is structured so as to achieve its objectives and to enable effective risk management and to carry out its activities in a manner reflective of its size and requirements.

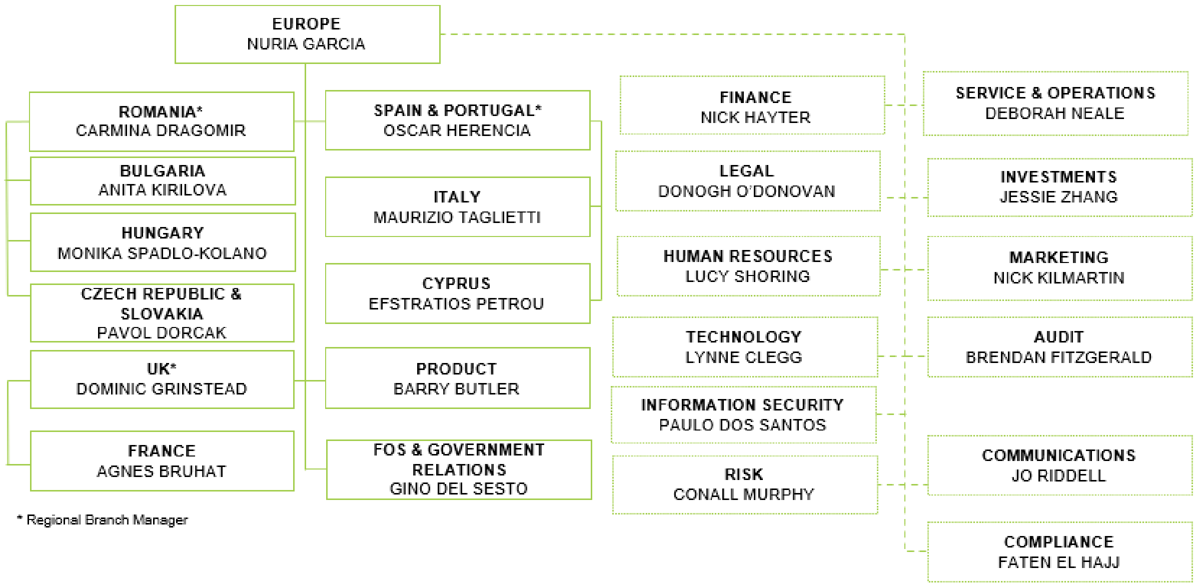
Figure: Undertaking's Corporate Governance Structure



The Corporate Governance Structure is supported by the Executive organisational structure, which defines key areas of authority and responsibility and establishes the appropriate lines of reporting. The Executive is responsible for the day to day running of the Undertaking and is led by the CEO.

In Ireland, there is an established fitness and probity regime and the list of ‘key functions’ is naturally and conclusively defined by all those who are subject to fit and proper requirements under the CBI's guidance. The list of those persons is detailed within section B.2. The following chart indicates the positions of key function holders within the Executive Management team and and their reporting lines.

Figure: Executive Organisational Structure



B.1.2 Role of the Board

The Board directs the Undertaking's affairs to ensure its prosperity, whilst meeting the appropriate interests of its shareholders and third parties, such as customers and regulators. The key overarching responsibility of the Board is one of management on an ongoing basis including management of strategic, operational, financial and reputational risk to which the Undertaking may be exposed. In particular, the Board provides effective, prudent and ethical oversight of the Undertaking.

The Board is responsible for, among other things, where relevant, reviewing and/or setting and overseeing:

- the business strategy;
- the amounts, types and distribution of capital adequate to cover the risks of the Undertaking;
- the strategy for the on-going management of material risks;
- a robust and transparent organisational structure with effective communication and reporting channels;
- a remuneration framework that is in line with the risk strategy of the Undertaking; and
- an adequate and effective internal control framework, that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Board focuses on the following key areas:

Vision and values

- Guide and set the pace for the Undertaking's current operations and future development.
- Promote appropriate values throughout the Undertaking (e.g. values on compliance through the compliance statement).
- Determine policies and ensure they are consistent with, and promote the vision and values, of the Undertaking.

Strategy and structure

- Review present and future opportunities, threats and risks in the external environment and strengths, weaknesses and risks relating to the Undertaking.
- Review strategic options, decide on those to be pursued and the means to implement and support them.
- Determine and review the Undertaking's goals.
- Ensure that the Undertaking's organisational structure and capability are appropriate for implementing the chosen strategies and manage risk and compliance effectively in the Undertaking.
- Ensure that risk and compliance are managed effectively throughout the Undertaking.
- Oversee remuneration practices and shall ensure that the Undertaking has remuneration policies and practices that are consistent with and promote sound and effective risk management.

Delegation to management

The Board may delegate certain matters by Board resolution, by terms of reference for committees of the Board or by power of attorney to specific individuals to act on behalf of the Board in respect of certain matters. Where the Board delegates authority it shall monitor the exercise of this delegated authority. The Board cannot abrogate its responsibility for delegated authority.

Meetings of the Board, Board working sessions and Board training sessions

The Board meets at least four times per calendar year and at least once in every six month period.

All directors attend Board meetings in person unless they are unable to do so due to circumstances beyond their control (e.g. illness). However, where physical presence is not possible, directors may attend by teleconference or video-conference. In the event of the absence of the Chair, an independent non-executive director chairs Board meetings.

Board working sessions and Board training sessions are scheduled regularly to discuss key developments, projects and initiatives. The aim of these sessions is to provide the Board with the opportunity to explore, at an early stage, topics which will be presented at a future Board meeting for consideration.

All Board meetings are arranged through the Company Secretary and the Chair. Minuting of all Board meetings follows the Board/Committee minute review process in line with the Framework.

B.1.3 Role of Directors

The role of the independent non-executive director

As an integral component of the Board, independent non-executive directors represent a key layer of oversight. It is essential for independent non-executive directors to bring an independent viewpoint and constructive challenge to the deliberations of the Board that is objective and independent of the activities of the executives. Their independence is regularly assessed by the Board.

The role of the executive director

The role of the executive director includes to propose strategies to the Board and, following Board scrutiny, to execute the agreed strategies to the highest possible standards.

B.1.4 Matters reserved for the Board

Strategy and Management

- Responsibility for overseeing the management of the Undertaking.
- Approval of the Undertaking’s strategic objectives and business strategy; and review of performance in light of strategy.
- Approval of all relevant Undertaking policies and MetLife Group policies where they apply to the Undertaking.
- Decisions to extend the Undertaking’s activities into new business or geographic areas.

- Decisions to cease to operate all or any material part of the Undertaking's business.
- Decisions to vary the Undertaking's strategy for meeting the policyholder liabilities.
- Approval of critical and important (Tier One) outsourcing arrangements.

Structure and Capital

- Reviewing and approving the Undertaking's financial plans.
- Approval of changes relating to the Undertaking's capital structure, including share issues, reduction in capital, loan capital and gifts of capital.

Financial Reporting and Controls

- Approval of the annual report and financial statements.
- Approval of the annual regulatory return to the CBI.
- Approval of significant changes in accounting policies and practices.
- Approval of dividends.
- Approval of the external auditor's fees.

Internal Controls

- Responsibility for setting and overseeing the establishment of an adequate and effective internal control and risk management systems, including approval of the internal audit plan.
- Approval of the Risk Management Framework.
- Approval of the ORSA Process.

Non-insurance Contracts

- Approval of material capital projects.
- Approval of acquisitions, mergers or disposals.
- Approval of material contracts by nature or amount entered into by the Undertaking in the ordinary course of business (e.g., acquisitions or disposals of fixed assets). Note: Material includes, but is not limited to, consideration over €7,500,000 (or €5,000,000 net of reinsurance, per matter).
- Approval of new bank borrowing facilities.

Board Membership and other Appointments

- Other than where the shareholder exercises the right, appointment and removal of directors.
- Approval of changes to Board structure, size and composition.
- Appointment and removal of the Chair.
- Appointment and removal of the Company Secretary.
- Appointment, reappointment or removal of the external auditor.
- Appointment or removal of Board Committee Chair and members of committees of the Board.
- Appointment or removal from office of Pre-Approved Controlled Functions.

Delegation of Authority

- Approval of Undertaking's authorised signatories.
- Authorising individuals to grant powers of attorney.

Corporate Governance

- Review and approval of the Undertaking's overall corporate governance arrangements.

Compliance

- Approval of the compliance monitoring programme.
- Approval of the Compliance Statement.

Litigation

- Approval and settlement of material litigation matters

Other

- Approval and settlement of material litigation matters.
- Approval of schedule of matters reserved to the Board.

- Any decision likely to have a material impact on the Undertaking from any perspective, including, but not limited to, financial, operational, strategic or reputational.

B.1.5 Role of CEO

The Board appoints a CEO.

The CEO is the most senior executive officer and has ultimate executive responsibility for the Undertaking's operations, compliance and performance. The CEO is a director of the Undertaking. The CEO is the main link between the executive and the Board. The CEO has certain authorities delegated to him/her by the Board.

With support of the Chair of the Board, the CEO is responsible for agreeing the remuneration of the independent non-executive directors.

The Executive Management is responsible for the day to day running of the Undertaking and is led by the CEO.

B.1.6 Board committee structure

The purpose of a committee of the Board is to provide more detailed oversight of particular areas of the Undertaking's activities.

The Board has oversight of all committees of the Board and ensures and documents that all members of any committees of the Board have the necessary skills, knowledge, expertise and time to fulfil that role. Minutes of all committees of the Board are distributed to the Board either at a Board meeting or via Board Vantage. The Board documents and provides any necessary training to those members to ensure they have, and maintain, the necessary skills and experience.

The current committees of the Board are:

- Audit Committee; and
- Risk Committee.

The Audit Committee

The purpose of the Audit Committee (AC) is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, internal controls and the independence and effectiveness of internal and external audit.

The role of the AC, its membership, frequency of meetings and reporting requirements are set out in the Terms of Reference of the AC as approved by the Board.

The Board Risk Committee

The Board Risk Committee (BRC) is responsible for oversight and to give advice to the Board on the current risk exposures of the Undertaking and its future risk strategy. The BRC advises and makes recommendations to the Board on the following:

- risk appetite and tolerance for future strategy (taking into account the Board's overall risk appetite, the current financial position of the Undertaking and, drawing on the work of the AC and the external auditor, the capacity of the Undertaking to manage and control risks within the agreed strategy);
- the system and programme of risk management with the aim of identifying, measuring, controlling and reporting risks;
- the alignment of strategy with the Board's risk appetite; and
- promoting and embedding a risk awareness culture within the Undertaking.

The BRC also oversees the risk management function.

The role of the BRC, its membership, frequency of meetings and reporting requirements are set out in the Terms of Reference of the BRC as approved by the Board.

B.1.7 Main roles and responsibilities of key functions

This section details the roles and responsibilities of the Chief Investment Officer and the four mandatory 'key functions' of Internal Audit, Compliance, Risk Management and the Actuarial function.

The role of the Chief Investment Officer

The following duties and responsibilities are delegated to the Chief Investment Officer of the Undertaking by the Board:

- assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the oversight of investment management for the Undertaking;
- formulate and recommend to the Board for its approval the strategic investment policy of the Undertaking;
- approve Asset Liability Management (ALM)/Investment Guidelines and inform the Board of any changes;
- receive and review quarterly performance and position reports and raise with the Board any material issues arising;
- monitor investment portfolio asset holdings to ensure compliance with the ALM/investment and regulatory guidelines;
- approve appointments and terminations of investment managers and advisors and approve any investment management agreements;
- monitor and review the performance of investment managers and advisors;
- approve limits for seed capital on external funds;
- approve list of counter parties and credit institutions for investment; and
- approve investment asset classes available for investment.

The role of Head of Internal Audit

The Head of Internal Audit reports to the Chair of the AC. The Head of Internal Audit is responsible for:

- leading the performance of all audit activities across the Undertaking;
- providing input and challenge to management regarding the effectiveness of risk management and internal control processes across the Undertaking;
- evaluating the design and operating effectiveness of the Undertaking’s policies and processes;
- performing consulting and advisory services related to governance, risk management and control processes;
- developing, presenting and executing appropriate risk-based audit plans in accordance with MetLife’s global audit methodology, including presenting quarterly plans for review and approval by the AC;
- providing timely reports to the AC regarding the outputs of planned audit activities, including progress against agreed management action plans;
- attending, presenting at, and issuing reports to the appropriate governing bodies, including the AC, the BRC and other committees as appropriate;
- providing the AC and the broader management team with an understanding of Internal Audit’s methodology and approach;
- ensuring that the Internal Audit team is appropriately resourced in terms of skills and experience to undertake planned audit activities;
- assisting the AC in meeting its fiduciary responsibilities;
- maintaining open, constructive and cooperative working relationships with regulators, including the CBI; and
- developing and maintaining an effective working relationship with the external auditors.

The role of Head of Compliance

The Head of Compliance is a member of the Undertaking’s Executive Management and reports to the CEO. The Head of Compliance is the executive officer with primary responsibility for ensuring that the

Undertaking remains compliant with applicable laws, requirements and regulations and with the Undertaking's Compliance Policies, Procedures and Programmes.

The role of Chief Risk Officer (CRO)

The CRO is a member of the Undertaking's Executive Management and reports to the CEO. The CRO is a director of the Undertaking. The CRO's primary responsibility is to the Board. The CRO reports to the Board periodically and has direct access to the Chair. The CRO reports to the BRC on a regular basis. The CRO chairs the Executive Risk Committee.

The CRO is the senior executive officer with responsibility for the risk management function and for maintaining and monitoring the effectiveness of the Undertaking's risk management system.

The role of the Head of Actuarial Function

The Head of Actuarial Function is a member of the Undertaking's Executive Management and reports to the Chief Finance Officer (CFO). The role relates to the delivery of actuarial services to the Undertaking and comprises responsibilities for general management input to the Undertaking, administration of the actuarial function, and statutory duties set out in legislation (subject also to regulation and professional guidance).

Actuarial services include but is not limited to the determination of technical provisions (for all accounting bases) and required capital, and the provision of advice in relation to capital management, underwriting, reinsurance and investment.

B.1.8 Material changes

Over the reporting period, there were no material changes to the system of governance of the Undertaking.

B.1.9 Remuneration

The Undertaking adopts the remuneration policy and practices determined by MetLife Inc.. The Undertaking's Board is responsible for ensuring that in adopting the policy that it is in line with the risk strategies of the Undertaking and that it is consistent with and promotes sound and effective risk management. The Undertaking's Board provides oversight of the remuneration policy and practices and ensures that these do not promote excessive risk taking.

Remuneration Policy

The Board is responsible for:

- approving a remuneration policy;
- ensuring that the remuneration policy and remuneration practices are implemented and maintained in line with the Undertaking's business and risk management strategy, its risk profile, objectives, risk management practices and long term interests and performance of the Undertaking
- shall incorporate measures aimed at avoiding conflicts of interest
- ensure the remuneration policy shall promote sound and effective risk management and shall not encourage risk-taking that exceeds the Undertaking's risk tolerances limits and
- reviewing the remuneration structure for employees of the Undertaking is in line with the risk strategies of the Undertaking.

B.1.10 Material transactions with related parties

Material transactions with shareholders

The Undertaking paid dividends of €1.8m to its immediate parent, MetLife EU on 7 December 2022.

Other intra group balances and transactions are set out in sections A.5.1.

Material transactions with persons who exercise a significant influence on the Undertaking

There were no material transactions with any persons who exercise a significant influence on the Undertaking over the reporting period.

Material transactions with members of the Board

There were no material transactions with members of the Board over the reporting period.

B.1.11 Adequacy of system of governance

The Executive Management and the Board regularly review the adequacy of the system of governance as a whole and in selected areas, to confirm it remains adequate for the Undertaking's needs, and to prioritise areas of improvement. There were no major changes required to the system of governance as a result of these reviews.

B.2 Fit and proper requirements

B.2.1 Fit and proper policy

The Undertaking's Fitness and Probity Policy (the Policy) sets out the minimum standards, in compliance with the CBI Fitness and Probity Standards and relevant legislation. It is there to ensure that a person, who is known as a 'Responsible Person', has the necessary qualities and competencies in order to allow him/her to perform the duties and carry out the responsibilities of his/her position within the Undertaking. The qualities and competencies relate to the integrity demonstrated by a Responsible Person in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

Compliance with the Policy is mandatory for the Undertaking and its branches. Specifically, the Policy sets out and describes the approach for assessing and monitoring individuals' fitness and probity.

Definitions

- Pre-Approval Controlled Functions (PCFs): The specific Controlled Functions (CFs) are set out in Schedule 2 of the Regulations. Persons appointed to a PCF must be approved in writing by the CBI, prior to their appointment.
- CFs: Specific functions as set out in the Regulations. Persons performing these functions include the persons who exercise a significant influence in the affairs of the Undertaking, monitor compliance or perform functions in a customer facing role. In determining whether an individual is performing a CF, the Undertaking assesses the role and responsibilities of the person in line with the relevant regulatory requirements.
- Regulations: Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011 as amended.
- Responsible Person: Any person performing one or more CF role.

Assessment of fit and proper

The Undertaking does not permit a person to perform a CF unless it is satisfied on reasonable grounds that the person complies with the standards described below and has obtained confirmation from the person that he/she agrees to abide by the standards.

The standards provide that a Responsible Person must be:

- Competent and capable;
- Honest, ethical and act with integrity; and
- Financially sound.

The Undertaking has in place appropriate procedures to maintain a register of all Responsible Persons (the Register) and a record of all due diligence undertaken in respect of such Responsible Persons.

Notification is made to the CBI (to the extent required) following any change to the Register arising either from the appointment, resignation, retirement, removal or material change in the responsibilities of a Responsible Person's role.

The notification to the CBI is carried out by Compliance following a review of the fit and proper assessment and completion of an individual questionnaire, if required based upon the event in question.

Fitness criteria

In determining a Responsible Person's competence and capability for performing their role, assessments may include, but will not be limited to:

- Whether the person satisfies the relevant training and competence requirements, which may be satisfied by evidence of qualifications (e.g. diplomas, degrees and professional memberships) and capability appropriate to the corresponding position description.
- Whether the person has demonstrated by experience that they are able, or can reasonably be expected to be able, to perform the intended function. Employment and reference checks may be used to establish such ability.

Probity criteria

In determining a Responsible Person's honesty, integrity and reputation for performing his/her role, the following factors may be considered, among others:

- Has the person been convicted of any criminal offence, whether or not presently of record; (particularly relevant being any offence involving dishonesty, fraud, financial crime or other offences under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking and or other financial services, insolvency, consumer credit companies, insurance, and consumer protection, money laundering, market manipulation or insider dealing)?
- Has the person had any adverse finding against him/her or settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a body corporate?
- Has the person had personal involvement in any investigation or disciplinary proceeding resulting in sanction or adverse finding with any requirements or standards of any supervisory bodies/regulatory authorities, clearing houses and exchanges, professional bodies, or government bodies or agencies?
- Has the person been involved as a Responsible Person with a company, partnership or other organisation that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or has been expelled by the CBI or government body or agency?
- Has the person been refused the right to carry on a trade, business or profession requiring a licence, registration or other authority as a result of the removal of the relevant licence or registration?
- Has the person served as a director, partner, or chief executive of a business that has gone into insolvency, liquidation or administration while personally connected with that organisation or within one year after that connection?
- Has the person been investigated, disciplined, censured, suspended or criticised by a supervisory body/regulatory authority, professional body, government body or agency, a court or tribunal, whether publicly or privately, with which such Responsible Person has been involved?
- Has the person been dismissed or resigned, upon request, from employment or from a position of trust, fiduciary appointment or similar capacity while holding a position as a Responsible Person?

The aforementioned criterion will be considered in relation to a person's ability to perform the relevant CF. In addition, checks to ensure compliance with laws and regulations must include appropriate legal review.

Frequency of Assessment

A person proposed to perform a CF will be assessed prior to appointment and before any contract is signed.

All Responsible Persons will be reassessed on an annual basis as set out in the Undertaking's Human Resources (HR) procedure documents and in accordance with the relevant legislation. Notwithstanding the above, if a Responsible Person becomes aware of a material change in his/her circumstances that could affect his/her fit and proper assessment, he/she is required to notify the Head of HR without delay.

B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Risk management structure

The Risk Management Framework (the Framework) sets out the approaches to risk management and structure to be followed by all associates in their capacity as executives, management and staff.

The key objectives of the Framework are to:

- Promote a strong risk culture in the Undertaking, rooted in the Undertaking's purpose and values, in particular customer protection;
- Ensure consistent, systematic management of risks across all businesses, operations and risk types; and
- Enable decision makers to direct the Undertaking's resources to attractive business opportunities that are within the Board's risk appetite.

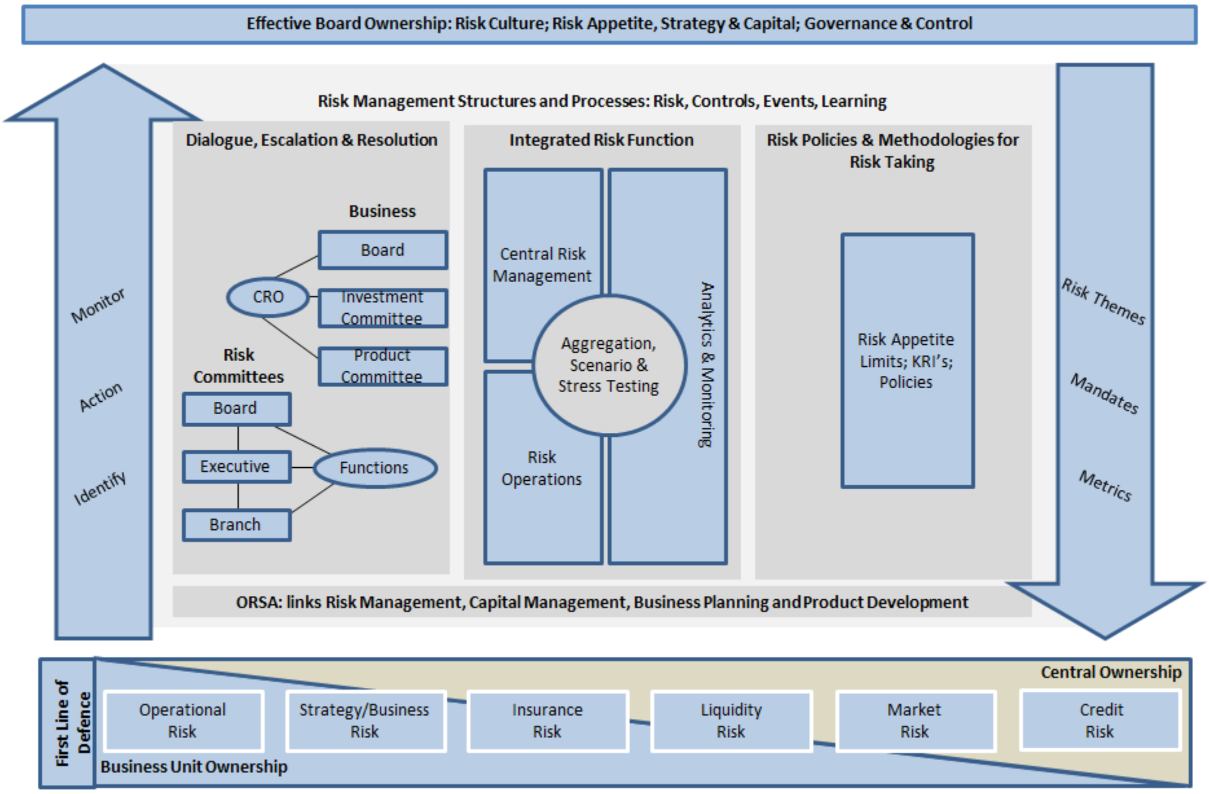
Scope and application

All business activity and decisions are made in the context of, and in compliance with, the Framework, which should also be read in the context of the Undertaking's Risk Strategy and Appetite and associated policies. Every associate is sufficiently familiar with the Framework as is relevant to their role, and exercises sound judgement to act within the Framework in their daily work. It is the responsibility of management to ensure that they have the capability, resources and knowledge to operate within this Framework and exercise their duties under it.

Risk governance

In its mandate to support MetLife Group's strategy in Europe, the Undertaking is active in diverse segments, markets and products. Decisions are made and implemented across borders; and business environments are the result of, for instance, different histories as the Undertaking has integrated other entities. The Framework is designed to facilitate, on an on-going basis, the systematic management of risks consistent with this specific situation, by integrating risk management into business practices and decision mechanisms at the appropriate levels of the Undertaking.

Figure: The Elements of the Undertaking's Risk Management Framework



The Board owns the Undertaking's Risk Appetite and Strategy. In defining this, consideration is given to the existing and potential opportunities to develop and grow the business, while also maintaining our existing business and the Undertaking's capacity to absorb losses. In addition, as a key part of the wider MetLife Group, the Undertaking's risk appetite takes strategic direction from MetLife's 'Enterprise Risk Appetite', as defined by the MetLife Inc. board, and cannot go beyond it in any dimension.

The Undertaking adopts the 'three lines of defence' governance model to ensure that the overall risk profile of the Undertaking remains within the risk appetite as mandated by the Board. The Undertaking's "three lines of defence" have independent reporting lines into the Board, and provide the Board with the assurance of strong governance and controls for every decision that impacts the risks the Undertaking faces.

The first line of defence

The managers of all business and operations areas, as the first line of defence, are responsible as risk owners for ensuring that all risks in their respective areas and any relevant interfaces with other areas are justified by business goals, and that all risks are appropriately managed and controlled within the Framework. In particular, it is the responsibility of the relevant department manager to identify, measure, manage, monitor and report all risks, both present and emerging, in an area according to the Framework and the Risk Appetite and Strategy.

The Finance Function is key to risk measurement. It measures and monitors financial valuations, flows and projections; ensures appropriate accounting procedures and authorities; and regularly reports to the Board. The Head of Actuarial Function regularly reports independently on valuation assumptions and uncertainties.

The second line of defence

The Risk Management, Compliance and Information Security Functions fulfil the second line of defence, advised by the Legal Function, by providing the enterprise-wide, comprehensive and consistent systems, techniques and processes to aggregate, assess and limit the risks the Undertaking faces across different areas. In particular, the Risk Function utilises risk quantification models such as Economic Capital, recommends risk appetite and limits, and provides support in the management of key risks.

The third line of defence

Internal Audit provides independent assurance over the strengths of controls as the third line of defence. Internal Audit examines and evaluates the adequacy and effectiveness of controls with a risk-based focus, and performs special reviews and investigations as directed by the Audit Committee and Executive Management.

Dialogue, escalation and resolution

A number of interacting committees provide the structure for the dialogue regarding risk exposures. Any potential risk exposure is considered across the wider business, in particular where interdependencies arise across different functions. This includes escalation of risks that cannot be managed within a confined area of the organisation and resolution of conflicts between different decision makers, in particular where questions of risk appetite are concerned.

At an executive level, the Undertaking has established the following Committees: the Executive Management Committee (EMC), the Executive Risk Committee (ERC) and the Product Management Committee (PMC); and in each branch, there is a Branch Executive Committee (BEC) and a Risk, Audit and Compliance Committee (RACC). There are also RACCs specifically for the FOS Business (FOS RACC) and the Head Office functions (HO RACC).

Executive Risk Committee (ERC)

The ERC reports regularly to the BRC, and is chaired by the CRO. The ERC monitors and reports to the BRC in respect of the current overall risk profile, key risks, emerging risks and risk metrics, including the solvency position of the Undertaking, and its dynamics, against the Board's stated risk appetite. It steers the operation of the Risk Management Framework and monitors, reviews and makes recommendations to management relating to risk issues facing the Undertaking. The ERC also makes recommendations to the BRC regarding risk appetite, policies etc. and also sets technical limits in line with the approved risk appetite.

Risk, Audit and Compliance Committees (RACCs)

RACCs report into the ERC and are established for each branch, the FOS business, and the HO functions. The purpose of each RACC is to review and approve the identification and assessment of all risks, both existing and emerging, actual losses, issues and near misses within its remit; approve the relevant controls and action plans, for existing and new businesses, product and distribution arrangements; and to provide general oversight to risk management within its area. The RACCs also monitor and review the metrics assigned to them for monitoring by the ERC providing opportunity fr escalation to the ERC where necessary. RACC meetings are scheduled to ensure timely information flow between the RACCs and the ERC.

One of the branch/FOS RACCs' primary responsibilities is to identify, monitor, assess and manage Operational and Conduct Risks, where the RACC ensures that these can be suitably integrated into the Undertaking-wide risk management programme. For Insurance Risks, Credit Risk, Market/ALM Risks and Liquidity Risk, the branch RACC supports the identification and monitoring in particular of exposures linked to products and distribution arrangements.

The branch general managers have a leading role in each RACC (and the Head of Operations in the HO RACC) in ensuring high-quality meetings through their example and authority. The RACC should be chaired by a person nominated by the CRO.

Other Committees

Reserving Committee

The Reserving Committee is a sub-committee of the Audit Committee and reviews the basis of Solvency II reserving, including assumptions and methodology. The CRO chairs the Reserving Committee.

Management Reserving Committee
The Management Reserving Committee is a sub-committee of the Reserving Committee and provides a forum for discussion of actuarial matters by executive leaders prior to submission to the Reserving Committee. The CRO chairs the Management Reserving Committee.

Product Management Committee (PMC)
The PMC assists the executive function of the Undertaking in relation to the creation and ongoing review of the Undertaking's products and reinsurance programmes. While not a 'Risk' committee, the PMC plays an important 'first-line' role in the approval of products, oversight and governance of the suite of products and the management of product related risks, in particular insurance risk but also credit and market risks originating from product features.

The CRO is a member of the PMC.

Reinsurance Committee
The Reinsurance Committee is a sub-committee of the PMC. The purpose of the Reinsurance Committee is to maintain oversight of the Undertaking's reinsurance operations and to assist the PMC in relation to any reinsurance arrangements to be entered into (including any amendments) or terminated by, or on behalf of, the Undertaking.

Executive Management Committee (EMC)
The CRO is a member of the Undertaking's EMC, where the Undertaking's strategic direction is decided, and its implementation is monitored.

Branch Executive Committee (BEC)
Each branch has a BEC which is chaired by the branch general manager, and together with the RACC forms part of the primary governance structure for each branch. Other working or steering groups may be established, however these should be concentrated on operational matters, with key decisions in terms of governance being referred to the BEC and RACC, as appropriate.

The branch risk manager is a member of and/or attends the BEC, which is responsible for ensuring that the branch establishes and maintains such systems and controls as are appropriate to its business. In particular, the BEC, together with the RACC, ensures the effective implementation of risk and compliance management within the branch. Under specific circumstances, the CRO can temporarily approve an alternative branch executive to represent risk management in the BEC.

Risk Management Function
The Risk Management Function operates an enterprise-wide, comprehensive system to identify, aggregate, measure and report risks across the Undertaking, and assesses how the full range of risks and their interaction impact the Undertaking's aggregate solvency, liquidity, earnings, business, customers and reputation.

A primary focus for the Risk Function is to provide an integrated and transparent assessment of risks and capital requirements while also ensuring consistent standards and effective risk governance is in place.

The Risk Function leverages MetLife, Inc.'s Global Risk Management Function for challenge and support, escalating risks and issues as required.

Activities of the Risk Function
The Risk Function carries out the following key activities:
- Risk Monitoring and Analytics.
- Risk Governance and Reporting.
- Embedding of the Risk Management Framework in the business units (branches and FOS business).
- Operational risk management processes, e.g. management of the risk register.
- Leading the ORSA process, analysis and reporting.
- Leading the Recovery Planning process in line with the new regulations.

Risk policies and methodologies

The Board approves policies and other documents providing binding direction and guidance used in the Undertaking to regulate risk exposures. All business activity and decisions in which an element of risk is present must be taken in the context of, and in compliance with, the Risk Strategy and Appetite document and such further policies. Any potential risk exposure is considered across the wide business, in particular where interdependencies arise across different functions.

It is the responsibility of all relevant individuals to be familiar with the contents of the policies, where appropriate, and to exercise sound judgement to act within the policies in their daily work.

The policies are to be adhered to in all circumstances. Implementation of the policies and monitoring of ongoing compliance is primarily the responsibility of the Heads of Function and is overseen by the relevant committee. In particular, policy breaches must be reported to the ERC, and as appropriate to the BRC and Board.

Risk Management policies are developed where necessary to regulate the management of specific risks and provide a consistent Framework for the management of risk in line with Risk Strategy and Appetite, and should be read and reviewed in the context of Risk Strategy and Appetite. The policies establish minimum standards, allocate responsibilities to ensure that these standards are upheld, and articulate the Undertaking's approach to risk management for a risk type, the key risk management processes, detailed limits, the governance approach, and reporting requirements.

The Board reviews the risk policies at least annually, amending them to reflect current best practice and changes in regulatory requirements. In the annual review process, each policy is reviewed with and by the Undertaking, with the appropriate challenge from the Risk Function. Any material change is not effective until approved by the Board either directly or via the BRC.

Following approval, the Risk Function circulates the Risk policies and communicates changes with the business. The Risk Function intranet page is a central location from which all Business Functions, including branches, can access the Risk policies. Approved policies are presented to the RACCs for noting and implementation. On a quarterly basis, the RACCs monitor and challenge the implementation of appropriate Risk policies within the Undertaking to ensure ongoing compliance.

B.3.2 Risk strategy and appetite

The Undertaking's risk appetite is set in the context of both its overall business objectives and its risk strategy. The Undertaking takes certain financial and insurance risks as a strategic objective, but as a consequence of its activities is also exposed to operational and other risks. The Board is responsible for the Undertaking's overall risk profile, and in particular sets the risk appetite.

The Risk Appetite is operationalised through quantitative limits set out in the appendices of the Risk Strategy and Appetite policy. These limits define both the medium-term risk appetite, and the range for permissible deviations over the short term. Further risk limits and guidelines on how to comply with risk appetite in each class are set out in the respective individual risk policies (Credit, Market, Liquidity, Insurance and Operational).

Management is responsible for defining the metrics in line with the business and the risk appetite set out in the Risk Strategy and Appetite. The ERC is responsible for approving any changes in the metrics that are proposed in between scheduled reviews. Any such approved changes are notified to the BRC and the Board. Additional limits can be set by agreement between the respective risk owners and the CRO.

Risk management strategies by category of risk

The material risks to which the Undertaking are exposed are insurance risk, credit risk, market risk, liquidity risk, operational and business risk, conduct risk and strategic risk.

Credit risk

The Undertaking is exposed to credit risk, i.e.:

- Another party's failure to perform its financial obligations to the Undertaking, including failure to perform them in a timely manner (default risk);
- Increasing doubts over another party's ability to meet its financial obligations (migration risk); or
- Increases in the discounts markets apply to the value of obligations with default risk (spread risk).

Credit risk of the Undertaking's cash deposits and general-account investments is managed by the Undertaking's Treasury and Investment Functions, and overseen by the Board. The credit risk of other counterparties, such as distributors, large clients etc. is the responsibility of the respective business unit and where material to the Undertaking's risk profile is overseen by the appropriate Risk Committee on an exception basis.

Market / ALM risk

The Undertaking is exposed to market risk, including interest rates due to timing differences of asset and liability cash flows, and basis differences between valuation rates, different currencies and credit spreads.

Market risks are primarily mitigated through duration targets specified in the Investment Guidelines. Exposure to changes in credit spreads is mitigated by investing in a diversified and high-quality investment portfolio. The Chief Investment Officer and PMC oversee the management of the Undertaking's market risks.

Liquidity risk

The Undertaking is exposed to liquidity risks where it is obliged to settle liabilities at short notice, and is unable to liquidate assets or only with very significant haircuts. Given the nature of its business, there are only very few areas in which liquidity risk can arise. These risks are mitigated by investing in a diversified, high-quality, liquid investment portfolio and a strong forecasting process. This process identifies liquidity needs in both stressed and non-stressed market conditions.

Liquidity risk management is managed by Treasury and overseen by the Board.

Insurance risk

The Undertaking is exposed to unanticipated fluctuations in the timing, frequency and severity of insured events relative to expectations, arising, for instance, from premium and reserve risk.

These are identified and assessed as part of the product development process, in which appropriate underwriting, sales and administrative conditions are defined for all risks associated with the insurance policies over their whole life cycle.

The business units develop insurance products and underwrite risks in line with approved standards. Each insurance class needs to be approved by the Board prior to any business being underwritten. The Board can delegate its authority to approve products to management if they do not have the potential to change the Undertaking's risk profile materially. The Undertaking's aggregate insurance risk is overseen by the PMC.

Operational and business risk

Operational risk arises from unexpected loss due to inadequate or failed internal processes, people and systems, or from external events (including legal risk). Specifically, conduct risk relates to losses, typically from supervisory intervention, caused by misconduct in the insurance market, such as mis-selling or product design that is unsuitable for the intended client. The Undertaking is exposed to conduct risk through its conduct and that of its associates not being in accordance with our desired culture or defined policies and procedures. Conduct risk is intricately tied to the overall management of a business and is therefore the responsibility of each business unit.

Business risk is the possibility the Undertaking will have lower than anticipated profits, influenced by numerous factors, including sales volume, lapses, sales and maintenance costs, competition and achievable margins.

Operational and business risk is intricately tied to the overall management of a business and is therefore the responsibility of each business unit. Operational risk also arises in the Undertaking's HO functions, such as Finance, Actuarial, etc. Each function is responsible for the management of operational risk in their respective area. The Risk Management Function provide oversight as part of the Risk and Control Self-Assessment (RCSA) process and Non-Financial Risk Assessment (NFRA) processes.

Sustainability Risk
Sustainability Risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative impact on the value of the investment or on the value of the liability. Certain elements of this risk are difficult to quantify and there is a high degree of uncertainty regarding its ultimate impact. As with Operational Risk, Sustainability Risk is intricately tied to the overall management of the business and is therefore the responsibility of each business unit.

Model, End User Computing and Tool Risk
The Undertaking is also exposed to Model Risk. The Model Risk process is managed internally whereby function owners are required to certify on a quarterly basis that they have appropriately identified, assessed, managed, and reported on the Undertaking's Model, Tool and End User Computing (EUC) risks.

Strategy Risk

Strategy Risk is defined as failure of elements of a chosen strategy, leading to financial loss or foregone expected profits. A particular aspect of Strategy Risk is a withdrawal of capital and liquidity sources that the Undertaking relies upon in the execution of its strategy.

Strategy risk is primarily owned in each business unit, and the Undertaking's Executive Team owns the risk of the Undertaking's overall strategy.

B.3.3 ORSA

ORSA Process
The ORSA is a bespoke strategic analysis which links together all pillars of Solvency II and all areas of the Undertaking. It enables the Board to understand the risks faced, and how they translate into capital needs or alternatively require mitigation actions.

The ORSA process is an ongoing and continuous process, of which the annual report is a complete board-level roundup at a point in time providing a meaningful and useful report to the Board. The results of the ORSA process and the insights gained in the process provide input into risk management, long-term capital management, business planning and product development and design and allow the Undertaking to:

- Assess the link between the Undertaking's Risk Management Framework, business plan, risk profile, and capital planning, including dividend payments;
- Understand the level at which the Risk Management Framework influences the decision making process;
- Establish the ORSA as a tool that allows the identification, measurement, management, monitoring and reporting of risk, which is embedded in the Undertaking's management processes, under the direction of the Board;
- Provide insight into the development of the balance sheet and the drivers of volatility;
- Confirm appropriate risk appetite limits, including the normal operating range for capital;
- Inform commercial decisions and assess key projects and solutions to meet customer needs;
- Describe the approach by which the Undertaking meets all relevant regulatory requirements in relation to stress testing and scenario analysis;

- Assess the Undertaking's overall solvency needs prospectively, providing analysis of the Undertaking's ability to remain a going concern;
- Monitor compliance with regulatory capital requirements on a continuous basis, allowing for changes in risk profile and stressed conditions, and the quality and loss absorbing capacity of own funds;
- Produce results that are integrated into long term capital planning, own funds allocation, business planning, product development and design, and governance; and
- Describe the approach by which the Undertaking incorporates all key results and findings from stress testing and scenario analysis into the capital management and planning approach and business decision making approaches.

The ORSA process is significantly dependent on the key interactions between the processes (i.e. business planning and stress testing) in order to obtain the results which provide senior management and the Board with comfort that there are adequate solvency levels, i.e. the regulatory capital requirements are achieved and within the risk tolerance limits.

The Board are heavily engaged with the ORSA process at all stages. Key stages of the Board's involvement in the ORSA process are as follows:

- Early in the year, the Board reviews the ORSA Board engagement plan for the year and agrees the stress and scenario tests;
- Over the course of several meetings during the year, the Board reviews the overall solvency needs output, including information on the risk profile, the draft solvency projections, the assessment of the appropriateness of the standard formula and the own view of capital. During these sessions, the Board engages in active challenge of the results, which may include requesting further analysis, stress tests and scenarios, investigation of management actions or specific information to be added to the ORSA report; and
- Towards the end of the year, the Board reviews the final ORSA report for approval. At the end of each ORSA cycle a review exercise is undertaken to identify any potential improvements to be applied to future ORSA cycles.

The ORSA process is overseen by the ERC. The quantitative output is prepared by the ORSA Process Delivery Team, which includes representatives from multiple teams across Finance, Actuarial and Risk. Various other functions and Subject Matter Experts across the organization also provide inputs to the ORSA process.

The ORSA process captures all the material risks that the Undertaking faces or may face in the future that may impact meeting its obligations. The business planning process feeds directly into the ORSA. The business plan links to capital management and solvency is stressed to ensure robustness over a five year horizon.

Material risks identified within the ORSA process for which it is not considered appropriate to hold a capital buffer are addressed by identifying contingency plans. In addition to this, a Recovery Plan has been developed to identify and assess the options available to the Undertaking in order to restore financial strength and viability should the Undertaking come under severe stress.

Risk Appetite forms a key part of the ORSA providing a link between the capital and risk management processes. It underpins the management and monitoring of key risks and helps shape management information and executive decision making. The Undertaking's overall solvency needs are assessed taking into account the Undertaking's specific risk profile, approved risk tolerance limits and business strategy. This assessment represents the Undertaking's own view of its risk profile and capital needs and other means needed to appropriately address these risks.

The ORSA process is conducted in its entirety at least annually and without delay following any significant change in the risk profile of the Undertaking and this is reviewed and approved by the Board following the recommendations of the BRC. There will be certain events that may require the process to be run on an ad hoc basis. Such events may follow from internal decisions and external factors.

The Undertaking has processes in place to ensure that the required documentation is produced to an appropriate standard. For each ORSA, the ORSA guidelines require three reports - a record of the ORSA process, an ORSA internal report and an ORSA supervisory report are produced. A single report may be produced to meet the requirements of the three reports. Supplementary documentation may be produced to support the official record and provide additional information to internal stakeholders.

In the last reporting period, the Undertaking did not perform any ad hoc ORSAs.

Own Solvency Needs

The Undertaking determines overall solvency needs taking into account the Undertaking's specific risk profile, approved risk tolerance limits and business strategy. This assessment represents the Undertaking's own view of its risk profile and capital needs and other means needed to appropriately address these risks.

The Undertaking expresses the overall solvency needs in quantitative terms and complements the quantification by a qualitative description of the risks. The process undertaken ensures that the capital management activities and the risk management system are interlinked and that all key decision making processes are aligned with the ORSA process.

The ORSA assessments to date indicate that the Undertaking is adequately capitalised.

B.4 Internal control system

B.4.1 Internal controls

The Undertaking's Control Framework promotes the importance of having appropriate internal controls and ensuring that all associates are aware of their role in the internal control system. The Control Framework sets out clear standards for the design, operation, validation and oversight of the system of Internal Control. It defines how effective internal control is achieved through joint responsibilities of the general managers and the Heads of Functions.

The Control Framework defines control activities as the policies and procedures that mitigate the Undertaking's risks to the expected level. Control activities can be preventative, corrective, detective or directive, and include a range of activities as diverse as authorisations, segregation of duties and required approvals, verifications, reconciliations, reviews of operating performance, documentation, and security of assets.

All key controls are registered with the associated risks in the Undertaking's risk register, and managed as part of that process to validate their effectiveness and address identified weaknesses. Ongoing monitoring occurs in the ordinary course of operations.

Both the Heads of Functions and the branch general managers have visibility of the control effectiveness and any deficiencies in their areas. The scope and frequency of independent validation depends primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies including loss events and near misses are reported using the RCSA or NFRA processes, with material incidents escalated to the relevant Risk Committee.

B.4.2 Key procedures

The Undertaking's control environment comprises an extensive catalogue of controls that are defined for each function, and include the following:

Control Name	Description
Approval and Authorisation	Approval/authorisation is the confirmation or sanction of employee decisions, events or transactions based on a review by the appropriate management personnel.
Business Resumption	Controls that ensure that business operations can resume in the event of disaster or IT outage. These controls include Business Continuity (BCP) and Disaster Recovery (DR) Planning, BCP/DR Testing, system back-up and data retention.
Code of Accounts Structure	Controls to ensure that the design of the general ledger or subledger account codes assists in minimising errors and allow for effective data capture and reporting.
Documentation	Controls are in place ensuring decisions, exceptions, transactions, and other events are substantiated through documentation. This control includes confirmations, notices and/or disclosures that are required to be sent to clients on a periodic or annual basis.
Hiring/Selection	The hiring and selection process includes a due diligence and escalation process in connection with information received as a result of a background check conducted on an individual candidate who is seeking registration, appointment or a license with the Undertaking.

Control Name	Description
Input Form Design, Edits, and Validations	Controls that ensure the completeness, accuracy, and/or integrity of data input into information systems. These controls include business rules built into the design of system interfaces to reduce the probability of data input errors, (e.g. required fields, acceptable values, etc.), input data validation against known or expected values (e.g. tolerances etc.), or verifying the integrity and origin of data (e.g. digital signatures, hard-copy signatures, etc.).
Physical Safeguarding Mechanisms	Controls that protect the Undertaking's assets through direct measures such as locks on doors, bars on windows, use of safes to secure valuables, and other similar techniques.
Policies & Procedures	There are policies and procedures describing the Undertaking's policies for operation and the procedures necessary to fulfil the policies. There are also reference aids or resources available which employees can refer to assist them in fulfilling their job responsibilities.
Process Monitoring	Management monitoring controls that ensure business processes within the Lines of Business meet their business objectives. These controls may include reviewing transaction error reports, reviewing compliance with applicable laws/regulations (e.g. monitoring the status of claims to ensure turnaround times comply with regulatory time standards), conducting quality assurance reviews, rejecting duplicate transactions, financial statement reviews, etc.
Reconciliations/ Comparisons	Control techniques that ensure that two or more data sets/elements match, for example reconciling bank accounts, comparisons of subledger totals to control accounts, comparisons of data transfer record counts, etc.
Segregation of Duties	Controls segregating tasks or processes to reduce the risk of accidental errors and/or fraud.
Strategic Monitoring and Governance	Management monitoring controls that ensure Lines of Business meet their strategic objectives. These controls include short and long-term range planning, organisational design/staffing, key performance indicator reviews, risk management, enterprise architecture, data governance, knowledge management, etc.
System Access Approval and Monitoring	Controls are in place over the authorisation, identification and authentication of associate access to IT Resources. Minimally, access to systems or data is formally approved and access is periodically reviewed for appropriateness.
System Change Control	Controls are in place to ensure changes to IT systems are reviewed to ensure they meet the needs of the Undertaking, perform as expected, and do not create security vulnerabilities. These controls could include unit testing, performance testing, user acceptance testing, vulnerability testing, etc.
System Data Encryption	Controls are in place to ensure sensitive data is encrypted in Undertaking systems. Encryption controls and other methods of safeguarding data are used in at-risk IT assets such as laptops, smart phones/blackberry's and back-up tapes to prevent unauthorised data access and/or disclosure of confidential or sensitive information.
System Monitoring and Response	Controls that ensure the technology environment is monitored for security incidents, processing abends, system outages, etc. and that appropriate actions are taken based on the results.
System Security Configurations	Security configurations at the software, infrastructure, hardware, or network layers that ensure the confidentiality of data.
Third-Party Monitoring	Controls that ensure that third-parties are operating in accordance with agreements and contracts and deviations are acted upon by management.

Control Name	Description
Training/Communication	Controls are in place to ensure that employees, at all levels, are provided with training activities that comply with regulatory requirements regarding training on products, services, procedures, rules and standards, as applicable. The organisation has communicated its values and standards to employees, suppliers, customers and other relevant stakeholders. There is a process to update and communicate these standards and related training regularly.
Validity/Existence Tests	Controls that validate the existence of assets. Examples include physical inventory counts to determine that quantities and descriptions of goods and/or supplies on hand are accurate, fixed asset inventories to validate the existence of items represented in the accounts, and other similar processes.

B.4.3 Description of Compliance Function

The Compliance Risk Management (CRM) Function is an important part of an effective internal control system and the three lines of defence model. CRM provides strategic advice and challenge to first line, partnering closely with them while fulfilling its responsibilities to key stakeholders, such as customers, shareholders, regulators and employees. CRM provides a framework for the Undertaking's lines of businesses and functions to identify, assess and mitigate compliance risk, establish controls and embed Compliance risk management in business processes. It also intends to help management be reasonably assured that effective processes are in place to ensure adherence to applicable laws and regulations. The framework ensures that any uncovered compliance issues are appropriately addressed and that ownership of the compliance risks and mitigating actions are assigned to business process owners. In this regard, the Undertaking is committed to having an effective CRM framework where ever it does business and is guided by its core values, appropriate rules, structures, processes, training, documentation and controls to help prevent, detect and remediate compliance breaches and deficiencies.

The CRM Framework consists of the following key elements:

- Compliance Risk Identification and Prioritisation;
- Compliance Risk and Control Assessments;
- Monitoring and Testing Programme; and
- Policies and Procedures.

The Board has overall responsibility for setting and overseeing compliance arrangements in the Undertaking. Management has responsibility for maintaining compliance with all applicable laws and regulations and the commitment and support of management is an essential component of a successful CRM Framework. The core role of the Compliance Function is to standardise, document and provide assurance to the management of the Undertaking, and ultimately to the relevant regulators, that the Undertaking is operating within the letter and the spirit of the legal and regulatory framework. The Compliance Function reports to the Undertaking's ERC/BRC and ultimately to the Board.

The Compliance Function performs the following actions on an annual basis:

- In line with the CRM Framework, identification and assessment of compliance risk, including but not limited to, the completion of compliance monitoring and testing activities to ensure independent oversight and review of policies and procedures.
- Regulatory Change Management (in line with the Regulatory Change Procedure):
    - Advising senior management, in conjunction with the Legal Function, on compliance with applicable laws and regulations;
    - Assessing the possible impact of changes in the regulatory environment on the operations of the Undertaking.
- Providing an Annual Compliance Plan, including a Testing and Monitoring Plan for approval from the Board.
- Supporting a robust training programme to ensure all staff are fully up to date with and understand all aspects of compliance programmes and regulations.

- Reviewing compliance policies, procedures and controls on a regular basis.
- In addition, the Head of Compliance is also responsible for providing compliance oversight of the Compliance Function in all branches of the Undertaking and is the Head of Anti-Money Laundering and Counter Terrorist Financing Compliance of the Undertaking.

B.5 Internal Audit Function

B.5.1 Internal Audit

The primary role of Internal Audit (IA) is to support the Board and the Executive Management to protect the assets, reputation and sustainability of MetLife. IA is an independent and objective function that provides assurance, advice and insight as to whether the design and operating effectiveness of the Undertakings framework of risk management, internal control, compliance and governance processes, as implemented and represented by management, is adequate and working effectively.

MetLife has adopted a “three lines of defence” risk and internal control framework to ensure that it can execute on the Undertaking’s approved strategy while concurrently ensuring that it can fulfil its responsibilities to key stakeholder groups, such as customers, shareholders, regulators and employees.

a. Business management, as the first line, owns risk identification, together with the design and execution of processes and controls to manage the risk.
b. Compliance and Risk Management, as the second line, provides input, challenge, oversight and governance.
c. IA, as the third line, provides independent assurance, reviewing both first and second lines of defence; it should not be relied upon by management as a substitute in whole or in part for either first or second line of defence activity.

At the request of the Audit Committee and Executive Group management, IA may perform advisory services and special reviews related to governance, risk management and controls as appropriate for the Undertaking, providing they do not compromise the role and independent function of IA.

B.5.2 Independence

It is a fundamental requirement for IA to maintain independence and objectivity from the first and second-line management of the business. IA will operate free of conditions that threaten its ability to carry out activities in an unbiased manner and has no direct operational responsibilities or authority for day-to-day business management, the management of risk, and the effectiveness of internal controls. Internal auditors are prohibited from having operational responsibility or authority over areas audited.

B.5.3 Authority

IA derives its authority from the Undertaking's Board, and the Audit Committee to which it has direct access. For the purposes of its work, IA has unrestricted authorisation to access all records, personnel and physical property, and formal meetings and committees relevant to the performance of their assignment in any functional area of the Undertaking and, where contractually authorised, its contractors or suppliers. All employees assist IA in fulfilling its roles and responsibilities. Documents and information given to IA are handled in the same prudent and confidential manner as by those employees normally accountable for them.

B.5.4 Performance

IA must exercise due professional care in the execution and communication of audits and other work. The Institute of Internal Auditors (IIA) has established standards (Standards) for the professional practice of Internal Auditing. The Standards apply to individual internal auditors and to internal audit activities. All internal auditors are accountable for conforming with the Standards related to individual objectivity, proficiency and due professional care. IA employs methodology to ensure auditors align with the Standards, and internal auditors are accountable for conforming with the Standards that are relevant to the performance of their job responsibilities. The IIA has also established a Code of Ethics. Auditors are responsible to conduct themselves so that their good faith and integrity are not open to question.

The IA Charter defines IA’s purpose, authority and responsibility. This Charter establishes IA’s position within the Undertaking, including the nature of the Chief Auditor’s (Head of Internal Audit) functional reporting relationship with the Board and administrative reporting to the CEO; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of IA activities.

B.5.5 Organisation and Reporting

The Head of Internal Audit has a functional reporting relationship to the Audit Committee and will meet with the Chair of the Audit Committee throughout the year. The Head of Internal Audit also reports administratively to the CEO and has direct and continuing access to the CEO as required. The Head of Internal Audit does not participate in the decision-making process of the Executive Group or Board, but may be invited by the CEO or Board, as the case may be, to attend any meetings and receive any information needed for successful execution of the Head of Internal Audit's function.

B.5.6 Scope of Responsibilities

The Head of Internal Audit is accountable for:

a. Identifying all auditable areas within the Undertaking;

b. Proposing a risk-based audit plan that is reviewed and approved by the Audit Committee at least annually. The plan covers key risks, emerging risks and regulatory obligations in line with the MetLife risk management and internal controls framework. Any significant deviation from the approved internal audit plan will be communicated to the Audit Committee through periodic activity reports;

c. Implementing the approved audit plan, communicating the results, and providing a written report. The Head of Internal Audit is accountable for all reports issued by IA and for deciding to whom and how it will be disseminated;

d. Monitoring action plans taken by management. IA maintains an audit-issues tracking system to identify the status of significant audit issues and the corrective actions planned by management;

e. Recruiting, developing and retaining personnel with appropriate skills, knowledge, experience and professional certifications to conduct their duties in an effective and efficient manner. They will maintain their technical competence through an appropriate curriculum of professional training and continuing education;

f. Contracting for specific expertise when needed for an audit assignment; the audit work remains the responsibility of IA and must be consistent with MetLife's IA Charter; and

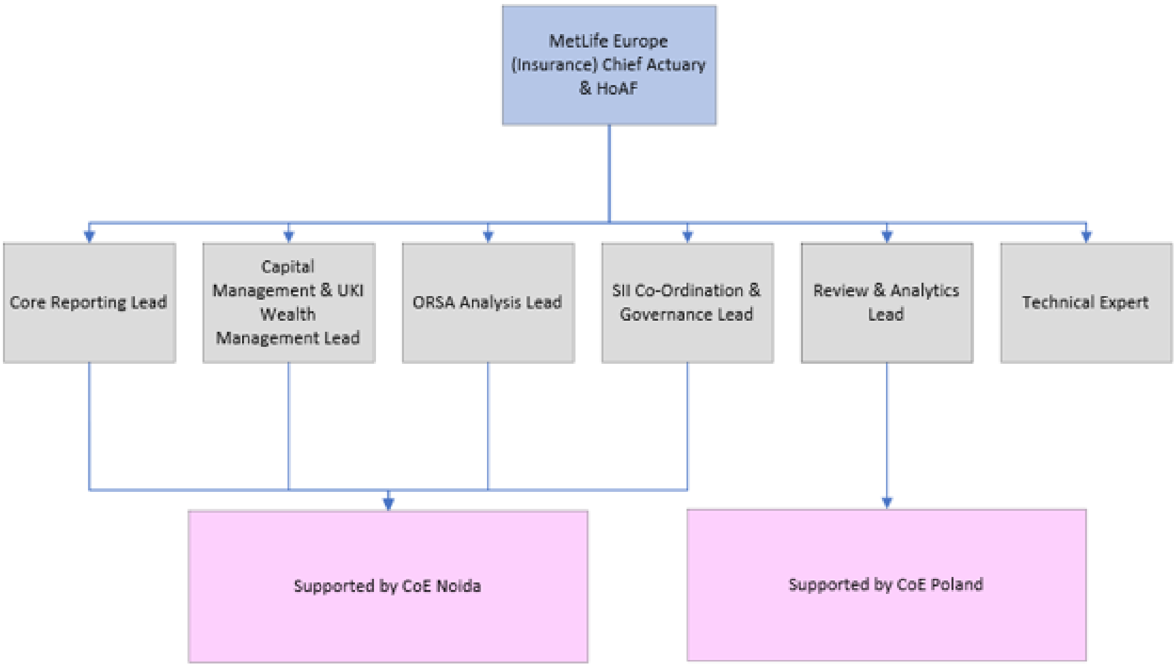
g. Updating the Audit Committee on key audit initiatives, adequacy of resource levels, providing regular updates on the progress of completion of the audit plan, including any changes, and the status of management action plans.

B.6 Actuarial Function

The Actuarial Function is responsible for the following key deliverables within the Undertaking:

- Production of the (External) Annual "Actuarial Function Report" covering the following matters (alternatively some of these may be provided separately):
    - Report on the technical provisions
    - Opinion on the technical provisions
    - Opinion on underwriting
    - Opinion on reinsurance
    - Description of the activities of the Actuarial Function over the year
- (Internal) Quarterly slide deck to management providing analysis of the Solvency II balance sheet, and support for sign-off (and supporting the ORSA stipulation for continuous compliance with the requirements for technical provisions);
- (Internal) Quarterly analysis of Earnings slide deck to management providing a more in depth analysis on the Solvency II earnings;
- (Internal) Annual report to the Board on the actuarial assumptions;
- (Internal) Contributions to risk management notably the ORSA, including inputs to the choice of stresses and scenarios, and documented quality control over the projections themselves; and
- (External) Actuarial opinion on the ORSA.

Note that the prefix "Internal"/"External" refers to whether the documentary outputs correspond directly to external requirements or are internal ways to support the external requirements. For example, the assumptions report is not required separately by external requirements, but, given that the assumptions are clearly a key element of the technical provisions, there needs to be suitable supporting documentation.



The Actuarial Function consists of the Actuarial Analysis team as outlined in the above chart excluding contractors supporting projects.

The Actuarial Production team produces valuation results which are subsequently passed to the Actuarial Analysis team for analysis and review before final sign off by the Head of Actuarial Function. Beyond its Solvency II duties as Actuarial Function, the Actuarial Analysis team also contributes to a range of financial reporting and management activities.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Undertaking outsources a range of activities in the countries it is active in, particularly in the areas of policy administration and IT in order to benefit from expertise and efficiencies not practically available internally. Each outsourcing arrangement has a functional owner in the senior team who is responsible for the management and first line oversight of the arrangement. The Procurement function oversees the Third Party Risk Due Diligence and facilitates its completion for all vendors identified as potential outsourcing providers.

All outsourcing is subject to the requirements of the Outsourcing Policy, which ensures that all outsourcing arrangements are subject to appropriate due diligence, approval, written agreements and on-going monitoring, and that the risks associated with entering outsourcing arrangements are effectively managed. The Outsourcing Policy applies to all outsourcing agreements and covers the requirements for both external outsourcing and Intra-group outsourcing.

B.7.2 Details of outsourcing (including critical or important outsourcing)

The Undertaking operates on a partially outsourced model, which means that certain services (including certain critical or important activities of the actuarial, compliance, risk management, IT services and internal audit functions) are provided by the following MetLife group service companies:

- MetLife Europe Services Limited (MESL), MetLife Innovation Centre Limited and MetLife Services European Economic Interest Group (MetLife Services EEIG) for Ireland jurisdiction

In addition, the Undertaking benefits from group services such as investment services from MetLife companies based in the UK and USA, and IT services from MetLife companies based in the USA.

In addition, the Undertaking externally outsources the following critical or important functions/activities:

Critical or important outsourced function / activity	Jurisdiction
Complaint handling	Multiple jurisdictions (Netherlands, Poland, Germany, Portugal, Italy and France)
Storage of policyholder data and policy servicing	Multiple jurisdictions (Netherlands, Spain, Poland, Germany, Portugal, Romania, Italy and France)
Claim handling	Multiple jurisdictions (Netherlands, Spain, Poland, Germany, Portugal, Slovakia, Romania, Italy and France)
Storage of data	Multiple jurisdictions (All Undertaking branches)
Inbound services (Inbound mails and Document management)	Multiple jurisdictions (France, Spain, UK, Portugal and Italy)
Outbound Mail Services	Multiple jurisdictions (France, Spain, UK, Portugal and Italy)

B.8 Any other information

The information provided in the sections above provide a comprehensive and complete description of the Undertaking's system of governance and its continuing adequacy for the Undertaking.

C Risk profile

C.1 Underwriting risk

C.1.1 Material exposures

The Undertaking's primary focus is on the provision of ILOE cover as an add-on or lead sales to MetLife Europe d.a.c.'s core life insurance offerings. The Undertaking sells Travel Insurance, Credit Life business into Germany via FOS and Loss of Employment (LOE) (from all causes) cover in Italy as part of its distribution partnership with Compass.

The Undertaking also sells A&H business into Poland via FOS however this is planned to transfer to the NN Continental Europe Holdings B.V. during 2023 (subject to contractual agreement), as part of the sale of MetLife Poland.

Underwriting risk refers to fluctuations in the timing, frequency and severity of insured events relative to the expectations of the Undertaking at the time of underwriting, arising from loss of employment, and lapse experience. This also includes the potential for expense overrun relative to pricing assumptions and includes the consequences of writing new business in volumes or mix different to those anticipated.

The Undertaking is exposed to underwriting risks in its businesses, including premium and reserve risk. These risks are identified and assessed as part of the product development process, in which appropriate underwriting conditions are defined for all underwriting risks associated with the insurance policies over their whole life cycle.

Underwriting risk has reduced over the reporting period due to lower earned premium in the prior 12 months (reducing premium and reserve risk).

C.1.2 Material risk concentrations

The Undertaking predominantly writes ILOE business in Italy. ILOE cover complements a credit package for covering loans, recurrent debts or providing income protection. The benefit payable is the installment of the credit or the monthly recurrent debt. Due to the Italian business volumes, one of the primary insurance risks to which the Undertaking is exposed, is a large increase in Italian unemployment rates. This majority of this risk is reinsured.

C.1.3 Material risk mitigation practices

Underwriting risks are primarily mitigated through reinsurance, diversification and through limits and guidelines which are monitored by the PMC. The Undertaking regularly reviews the emergence of any potential counterparty concentration, with the team responsible for the monitoring being independent of the underwriting and sales functions.

As outlined in the previous section, one of the primary insurance risks to which the Undertaking is exposed, is a large increase in Italian unemployment rates. The claim rates are mostly flat in Italy versus varying unemployment rates, demonstrating the impact of Cassa Integrazione Guadagni (CASSA), which is unique to Italy. The CASSA acts as a “shock absorber' where employees, instead of being dismissed, keep their employment contract in force and are paid while they are looking for another job or being trained to develop their skills to maybe return to their former company. Employees are recognised as unemployed only if all efforts to find them a new job or to get their former job fail but employees can in CASSA for 12 months. The impact of CASSA is to dampen the impact of an increase in unemployment rates on the Undertaking's experience.

During 2022 uncertainty in the macroeconomic environment increased, linked with rising inflation and associated financial market volatility, while the potential for a recessionary environment increased in probability. It was agreed to maintain a watching brief on the Undertaking's key ILOE markets given current macroeconomic uncertainty.

C.1.4 Material risk sensitivities

As required by the calculations to determine the SCR using the Standard Formula (SF), the Undertaking determines the impact of increases in expected loss rates, and pandemic events. The following table shows the sensitivity in the Undertaking's capital requirements if a 1 in 200 year event (as measured by the SF) happened for each risk category.

	31-Dec-22
	€'000
Premium and Reserve risk	**8,497**
Lapse risk	**6,921**
Non-Life CAT risk	**2,464**

Premium and reserve risk measures the risk that the actual underwriting experience differs from the experience expected at the time of pricing. This risk is a large component of the Undertaking's SCR, due to the type of products sold by the Undertaking which result in premiums that include significant commission payments. This risk reduced over the period due lower earned premiums in the prior 12 months.

Lapse risk arises due to the expected future profits on the Undertaking's business.

Catastrophe risk measures the change in the Undertaking's insurance liabilities due to extreme or exceptional events.

The Undertaking's exposure to health underwriting risk increased in line with the Polish A&H business sold via FOS. However as noted above the Polish A&H business is planned to transfer to NN Continental Europe Holdings B.V. during 2023.

C.2 Market risk

C.2.1 Material exposures

The Undertaking does not take on market risk as a strategic risk. The Undertaking seeks to incur only minimal market risk exposure as arises from its insurance business. The Undertaking is exposed to market risks, including interest rates due to timing differences of asset and liability cash flows and basis differences between valuation rates, different currencies and positions held to facilitate policyholder transactions. In line with the Prudent Person Principle, the Undertaking invests in assets whose risks can be properly identified, measured, managed, controlled, reported and appropriately taken into account as part of the ORSA process.

The exposure to market risks reduced slightly over the reporting period mainly due to a rebalancing of excess Romanian Leu assets offset by higher interest rates.

C.2.2 Material risk concentrations

Market risks are concentrated to the interest rates and investment markets of the Undertaking's major functional currencies, including Euro, Polish Zloty and the Romanian Leu.

C.2.3 Material risk mitigation practices

Market risks are primarily mitigated through the Undertaking's investment limits and guidelines. The investments must be made in accordance with the general principles set out in Undertaking's Strategic Investment Policy. In addition, investments must be made in accordance with the guidelines as approved by the Board which provides detailed limits on permissible sector exposures.

C.2.4 Material risk sensitivities

As required by the calculations to determine the SCR using the SF, the Undertaking determines the impact of changes in interest rates, currency values (against the Euro), equity levels, and credit spreads. The following table shows the sensitivity in the Undertaking's capital requirements if a 1 in 200 year event (as measured by the SF) happened for each material risk category. The Undertaking has no material exposure to equity risk or property risk.

	31-Dec-22 €'000
Interest rate risk	**1,439**
Currency risk	**1,292**
Concentration risk	**397**

The Undertaking does not have material exposures to market risk, due to the investment strategy in place and the short term nature of the products being sold.

Currency risk is the risk of loss arising from changes in foreign exchange rates or market implied foreign exchange volatility levels. Although transactions are predominantly conducted in Euro (the functional currency of the Undertaking), currency risk arises from the Undertaking's exposure to Romanian Leu and Polish Zloty and is monitored closely.

Interest rate risk is the risk of loss arising from changes in the level of real or nominal interest rate prices, credit spreads or market implied interest rate volatility levels. The estimated impact on net investment income in the IFRS Statement of Comprehensive Income of a one percentage point increase/decrease in yield curves is a decrease/increase of €1.4m (2021: €0.8m).

The Undertaking's concentration risk arises mainly from exposure to Credit Suisse, Banco Santander and Goldman Sachs.

C.3 Credit risk

C.3.1 Material exposures

The Undertaking is exposed to credit risks (i.e. the risk of a value decrease of assets or increase of liabilities due to the default of third parties, or the increase of the probability of such a default and/or the associated loss). Exposure to credit risk comes from the investment portfolio, reinsurers and other counterparty receivables.

The exposures to credit risks have increased over the reporting period due to increase in premium receivables from distributors.

C.3.2 Material risk concentrations

The Undertaking maintains a highly diversified, well rated investment portfolio and routinely monitors and limits credit exposures at counterparty and aggregate level.

Material reinsurance arrangements are with highly rated reinsurers and/or are appropriately collateralised.

C.3.3 Material risk mitigation practices

Credit risks are primarily mitigated through asset allocation, diversification and single-exposure limits. For counterparty exposures, the Undertaking may require the placement of collateral.

C.3.4 Material risk sensitivities

As required by the calculations to determine the SCR using the SF, the Undertaking determines the impact of changes in credit spreads and a potential extreme loss of counterparty exposures which are set out in the following table. The following table shows the sensitivity in the Undertaking's capital requirements if a 1 in 200 year event (as measured by the SF) happened for each risk category.

	31-Dec-22 **€'000**
Spread risk	**1,223**
Counterparty default risk	**4,409**

The investment portfolio is exposed to credit spread movements, whilst counterparty default risk exposures arise primarily from reinsurance arrangements and third party receivables. All credit risk exposures are mitigated as described above.

C.4 Liquidity risk

C.4.1 Material exposures

The Undertaking is exposed to liquidity risks where it is obliged to settle liabilities at short notice and assets cannot be liquidated at all or only with very significant haircuts. The exposures to liquidity risks have remained stable over the course of the reporting period.

The Undertaking's investments are typically highly liquid. In its assessment of liquidity, the Undertaking also takes into account the cash inflows and outflows arising from regular business activities over the course of the liquidity horizon considered. An element of these cashflows relates to the expected profits in future premiums (EPIFP). The total amount of the EPIFP as calculated in accordance with Article 260(2-4) of the Delegated Acts was €2.2m as at 31 December 2022.

C.4.2 Material risk concentrations

In line with Investment Guidelines, the Undertaking maintains a highly diversified portfolio and limits the exposure to individual obligors. Concentrations can arise where the Undertaking's liquidity needs are triggered by individual events. Liquidity stress testing is carried out to ensure that sufficient liquidity would be available in such events.

C.4.3 Material risk mitigation practices

Liquidity risks are primarily mitigated through asset allocation, diversification and single-exposure limits, and by avoiding entering obligations to provide liquidity to counterparties.

The Undertaking specifies quantitative and qualitative limits on its liquidity risk exposures, including specific risks that the Undertaking is not willing to accept.

C.4.4 Material risk sensitivities

The Undertaking performs regular stress tests of its liquidity position in adverse events, including significant and abrupt changes in financial markets and policyholder behaviour. These stress tests consider the timing of obligations and the ability to liquidate assets over different time horizons, as well as the impact of such liquidations on realised values.

C.5 Operational risk

C.5.1 Material exposures

The Undertaking is exposed to operational risk consistent with other financial institutions, including the impact of changes in the regulatory and legal environments, the dependency on multiple internal and external operators (for investment activities as an example) and complex modelling for financial reporting and solvency reporting. Operational risks are identified and assessed with regards to their frequency and potential impact as part of the risk management process, in which risks and controls are documented, by risk owners and validated by the Risk Management Function. As the Undertaking continues to evolve operationally, it aims to maintain a stable operational risk environment over the plan horizon.

C.5.2 Material risk concentrations

The Undertaking prefers to concentrate activities in focused and tightly-controlled operations and ensures that operations have independent review, alternative back-up sites, and business continuity plans.

C.5.3 Material risk mitigation practices

Operational risks are primarily mitigated through functional controls, which are integral elements of the Undertaking's Risk Framework and independently validated on a regular basis.

C.5.4 Material risk sensitivities

Each operational risk is rated regarding frequency and potential impact on an inherent basis (i.e. before effective control) and on a residual basis (i.e. taking into account effective controls) to create a current risk heat map. Control remediation action plans are put in place as and when required.

C.6 Other material risks

The Undertaking is also exposed to emerging and evolving risks and undertakes a top-down semi-annual analysis which provides a holistic view of all external factors that could trigger new risks or opportunities for the Undertaking. An emerging risk register is maintained which incorporates this analysis and the output of the discussions at the ERC, the BRC along with discussions with subject matter experts.

The key emerging and evolving risks facing the Undertaking relate to emerging external factors, in particular:

- **Geopolitical risk:** The key risks being the armed conflict in Ukraine, increased nationalism across Europe threatening the stability of the ESM and related economic instability. At the time of writing the direct impacts to the Undertaking of the conflict in Ukraine have been limited but the indirect impacts such as increased market volatility, inflation and cyber risk threats continue to evolve and can impact the Undertaking negatively. Political risk threatening the stability of the EU single market is another key area of concern for the Undertaking. This has been observed previously with Brexit and the impact this can have on markets as well as the Undertaking's operating model. Single market consistency is important for the strategy of Undertaking and any risks to this are closely monitored. In addition, developments in US-China relations and Chinese domestic policies pose further geopolitical risk and related economic uncertainty.
- **Economic risk:** Emerging risk concerns relate to the future path of inflation, monetary policy and fiscal policy and the interconnected nature of these risks prompting further macro-economic uncertainty. The key drivers of uncertainty in this area include the conflict in Ukraine, ongoing supply chain issues and the resulting monetary and fiscal policy actions being taken to combat inflation. Recent policy actions appear to have had an impact on inflation, however

significant uncertainty remains. Should inflation persist this will potentially lead to an increase in expenses for the Undertaking resulting in both income statement impacts and balance sheet impacts as expenses are capitalised in the Solvency II technical provisions.

- **Social risk:** Key risks of note relate to changing customer and partner expectations and labour market changes,. Customer and partner expectations covers the risk that the Undertaking is unable to execute on its digitalisation and product innovation strategies in line with customers' and partners evolving expectations. Labour market changes and changing social trends can impact on the working population creating skills shortages. This has the potential to impact the Undertaking's digitalisation strategy if there are shortages of skills in this area.
- **Technological risk:** One of the key risks noted is cyber risk, in particular the increased sophistication of attacker's capabilities and the need for companies' cyber security measures to keep pace. Technological risk also includes data privacy and further technological disruption which could impact business performance.
- **Legal and Regulatory risk**: The very large volume of change in the pipeline and the potential costs and risks associated with this, including potential impacts on future business performance, product offerings and solvency. Of particular note is the increasing regulatory focus on areas around conduct risk, for example EIOPA's review of credit protection insurance.

The Undertaking is also exposed to the risks posed by sustainability and more specifically climate change. Climate risk is unique as a category of risk in that it can impact the Undertaking and its business model across a variety of the traditional risk categories. In addition, climate risk can impact the Undertaking differently across the short, medium and long term. Increasing regulatory focus from an ESG perspective have looked to inform firms on how the management of climate risks should be approached. They set out a framework for how firms should consider risks associated with climate change and sustainability more broadly including a number of requirements spanning governance, risk management, scenario analysis and disclosure. The Undertaking continues to develop its capabilities to manage sustainability risk in line with emerging and evolving methods, tools and available data.

C.7 Any other information

The Undertaking has a strategic role to support MetLife Europe d.a.c., therefore its success depends upon the success of this entity. The Undertaking reviews its risk exposures regularly and considers potential actions to align exposure to risk appetite.

D Valuation for solvency purposes

D.1 Assets

Basis of valuation

The valuation of assets for Solvency II has been determined in line with the Solvency II Directive and related guidance.

Unless expressly stated in the notes below, the Undertaking has valued its assets at fair value. In order to establish the fair value of assets, the following guiding principle has been applied:

- Assets are valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

The determination of fair value of financial assets, which comprise substantially all of the assets of the Undertaking, is set out below.

Fair value of financial assets with active market

When available, the fair value of financial assets is based on quoted prices in active markets that are readily and regularly obtainable. These are the most liquid of the Undertaking's financial assets, and valuation of these assets does not involve management's judgement.

Fair value of financial assets with no active market

When developing fair values, where quoted prices are not available, the Undertaking uses one of three broad valuation techniques or a combination thereof: (i) the market approach, (ii) the income approach and (iii) the cost approach.

The significant inputs to these valuation techniques are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, inputs that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data, are used. These unobservable inputs are based in large part on management's judgement or estimation, and cannot be supported by reference to the market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such financial assets, and are considered appropriate given the circumstances. Actual results may differ materially from these estimates.

Such estimates are reviewed on an ongoing basis, and any difference recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For deposits within one year of the balance sheet date, the Undertaking believes that the fair value is represented by the amounts realisable, on account of their short term nature.

The following table shows the assets of the Undertaking as reported in the Balance Sheet QRT SE.02.01.16 under Solvency II, and comprises figures produced under both Solvency II and in the Undertaking's financial statements. The financial statements have been prepared in accordance with IFRS.

Assets of the Undertaking as at 31 December 2022

Assets	Solvency II value	Reclassification differences	Valuation differences	IFRS value
	€'000	€'000	€'000	€'000
Deferred acquisition costs	—	—	14,071	14,071
Intangible assets	—	—	6,358	6,358
Deferred tax assets	1,015	—	(3)	1,012
Property, plant and equipment held for own use	8	—	—	8
Government Bonds	7,016	(86)	—	6,930
Corporate Bonds	34,556	(170)	—	34,386
Deposits other than cash equivalents	608	—	—	608
Reinsurance recoverables	9,653	(1,583)	60,800	68,870
Insurance and intermediaries receivables	14,427	—	—	14,427
Reinsurance receivables	555	1,583	—	2,138
Receivables (trade, not insurance)	3,862	248	163	4,273
Cash and cash equivalents	7,385	—	—	7,385
Total Assets	**79,085**	**(8)**	**81,389**	**160,466**

The Solvency II liabilities are compared to the IFRS liabilities in section D.3. The valuation differences between the Solvency and IFRS excess of assets over liabilities is set out in section E.1.2.

The items on the Solvency II and IFRS balance sheet may be disclosed in different categories. The 'reclassification' column above includes such amounts where there is a different classification between Solvency II and IFRS. There is no net bottom line reclassification difference between the assets in this section and the liabilities in section D.3.

D.1.1 Deferred acquisition costs

Under Solvency II, deferred acquisition costs (DAC) do not represent a recognisable asset. Cash outflows on acquisition are expensed when incurred.

Under IFRS, the costs incurred during the financial year that are directly attributable to the successful acquisition of new business are deferred to the extent that they are expected to be recoverable out of future margins in revenues on these contracts. Accordingly, the two amounts differ on account of the different accounting policies applied.

A portion of the DAC asset held for the Spain business is allocated to an Unearned Commission Asset (UCA) to reflect the clawback arrangement in place for associated commission payments. As commission is earned, it is moved to DAC. The gross UCA is disclosed in other assets and the ceded UCA is disclosed in other payables in IFRS. The UCA is not recognised under Solvency II.

D.1.2 Intangible assets

Intangible assets include those payments made to third party distributors for exclusive distribution rights obtained by the Undertaking.

Under Solvency II, intangible assets are not recognised unless the Undertaking is able to sell the asset for a price derived from an active market. Thus, the Undertaking does not recognise intangible assets under Solvency II.

Under IFRS, intangible assets are stated at cost less accumulated amortisation. Intangible assets are recognised if the undiscounted future cash flows exceed the initial cost of the asset. Intangible assets are amortised over their useful life and amortisation methods are either proportional to expected profits or expected premiums. Accordingly, the two amounts differ on account of the different accounting policies applied.

D.1.3 Deferred tax assets

Under Solvency II, a deferred tax asset (DTA) is recognised on the estimated future tax effects of temporary differences, unused tax losses carried forward and unused tax credits carried forward. Deferred tax is only recognised where it is probable that it will be realised, i.e. that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws enacted or substantively enacted at the reporting date, on an undiscounted basis. When determining whether DTAs can be realised, the Undertaking may consider projected future taxable profits in excess of those profits arising from the reversal of existing taxable temporary differences.

DTAs are not set off against deferred tax liabilities (DTLs), unless such assets and liabilities have arisen in the same tax jurisdiction, in line with local legislation and practice.

The principles under which DTAs and liabilities are recognised under Solvency II are broadly similar to those under IFRS.

However, there are differences in the carrying value of underlying assets and liabilities, which give rise to temporary differences between the carrying value and tax base. Accordingly, the two amounts differ on the SII and IFRS balance sheets.

The following table sets out the composition of the deferred tax balances under Solvency II, as at the reporting date, with a comparison against the deferred tax balances under IFRS:

	Solvency II 2022 €'000	**IFRS 2022 €'000**
Other local deferred items	**175**	**175**
Losses carried forward	**171**	**171**
Differences between Solvency II and IFRS balance sheet	**(362)**	
Net deferred tax balance	**(16)**	**346**

DTAs:

As shown above, the Undertaking is in a net DTL as at 31 December 2022 of €16k. However, this position is arrived at after taking into account the following notable DTAs.

In a net DTA position for Solvency II purposes were Head Office and two branches as follows:

	Solvency II
	2022
	€'000
Ireland	**212**
France	**26**
Spain	**777**
Total	**1,015**

With the exception of Spain, the amount of the above DTAs are not considered material as at 31 December 2022.The Head Office and the France branch were profitable in 2022 and are expected to continue as such. The Undertaking is satisfied it can gain full value for these DTAs as it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The Spain branch was profitable in 2022 as well and is expected to continue as such. The main driver of this DTA relates to differences between the carrying value of underlying assets and liabilities for tax versus that carrying value under Solvency II basis (primarily DAC). Such differences are considered to be temporary in nature, as a result, there is a full recognition of the DTA for Solvency II perspective.

The following unrecognised DTAs exist in the Head Office and Italian branch at year end 2022 for local IFRS purposes.

	2022	2021
	€'m	€'m
Ireland	**5**	4
Italy	**5**	4
Total	**10**	8

Ireland: The unrecognised DTA relates to Foreign Tax Credits (FTC) of €4.8m for the tax paid by foreign branches of the Undertaking. Such losses and FTCs have no expiry date, however there is currently no evidence to support recoverability as our expectation is that local taxes paid will always exceed the Irish taxes due.

Italy: The unrecognised DTA relates to (i) Losses and Commissions of €4.6m. Such losses have no expiry date, however there is currently no evidence to support recoverability.

These items are disclosed in the IFRS accounts also.

D.1.4 Investments

Under Solvency II, investments are stated at fair value except for strategic participations (the Undertaking does not hold strategic participations). Financial assets and liabilities are recognised when the Undertaking becomes a party to the contractual provisions of the instrument. All financial instruments reported at fair value are measured based on an exit price.

The valuation techniques and source of pricing inputs used by the Undertaking for significant categories of investments are produced below:

D.1.4.1 Bonds

Government bonds listed on a recognised exchange are valued using the quoted prices for identical instruments.

Government bonds which are not listed, are principally valued using the market approach. Valuations are based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar instruments, including those within the same sub-sector or with a similar maturity or credit rating. Government bonds for which observable inputs are not available, are principally valued using the market approach. Valuations are based primarily on independent non-binding broker quotations and inputs including quoted prices for identical or similar instruments that are less liquid and based on lower levels of trading activity. Certain valuations are based on matrix pricing that utilise inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, including credit spreads.

Corporate bonds listed on a recognised exchange are valued using quoted prices or quoted prices for similar assets.

Corporate bonds which are not listed, are principally valued using the market and income approaches. Valuations are based primarily on quoted prices for similar listed instruments in active markets, quoted market prices for similar listed instruments in markets that are not considered active, or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads off benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable instruments. Privately-placed instruments are valued using matrix pricing methodologies using standard market observable inputs and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer, and in certain cases, delta spread adjustments to reflect specific credit-related issues.

Corporate bonds for which observable inputs are not available, are principally valued using the market approach. Valuations are based primarily on matrix pricing or other similar techniques that utilise unobservable inputs or inputs that cannot be derived principally from, or corroborated by, observable market data, including illiquidity premium, delta spread adjustments to reflect specific credit-related issues, credit spreads, and inputs including quoted prices for similar instruments that are less liquid and based on lower levels of trading activity. Certain valuations are based on independent non-binding broker quotations.

Under IFRS, bonds are stated at fair value. Accordingly, there are no differences between Solvency II and IFRS.

D.1.4.2 Collective Investments Undertakings

Collective investments undertakings listed on a recognised exchange are valued using the quoted prices provided by the investment managers, that are based on their respective net asset values.

Unlisted investment funds are principally valued based on prices from the investment managers, which are based on European Venture Capital Association Guidelines, including price/earnings ratio based valuation. The prices released by investment managers of the underlying funds are reviewed and where appropriate, adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. The valuation of these investment funds is largely based on inputs that are not based on observable market data.

Under IFRS, collective investments undertakings are stated at fair value. Accordingly, there are no differences between Solvency II and IFRS.

D.1.4.3 Deposits other than cash equivalents

Deposits other than cash equivalents comprise of demand deposits. These are carried at fair value on the Solvency II balance sheet, which are based on the amounts due on demand.

Under IFRS, demand deposits are stated at carrying value which approximates to fair value. Accordingly, there is no difference between the two amounts.

D.1.5 Reinsurance recoverables

Under Solvency II, reinsurance recoverables are valued using the cash-flow projection model similar to that used to calculate the best estimate of liabilities.

The reinsurance recoverables are adjusted for expected defaults using internal assumptions. Further information on the best estimate of liabilities, its valuation methodology, basis and assumptions used can be found in section D.2.

Under IFRS reinsurance recoverables are valued using the same methods used to calculate technical provisions, however there are differences between the value of reinsurance credit on the SII and IFRS balance sheets.

D.1.6 Insurance and intermediaries receivables

This relates to the amounts due from policyholders, insurance intermediaries and other insurers linked to inward reinsurance business.

Under Solvency II, these are stated at fair value.

Under IFRS, receivables and other assets are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets. Accordingly, there are no differences between Solvency II and IFRS.

D.1.7 Reinsurance receivables

Reinsurance receivables relate to claims and commissions settled to policyholders but not yet paid by reinsurers.

Under Solvency II, these are stated at fair value.

Under IFRS, receivables and other assets are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets. Accordingly, there are no differences between Solvency II and IFRS, other than those attributable to timing.

D.1.8 Receivables (trade, not insurance)

Under Solvency II, these are stated at fair value.

Under IFRS, trade receivables are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets. Accordingly, there are no differences between Solvency II and IFRS.

See section D.1.1 for details of gross UCA which is disclosed in other assets in IFRS but is not recognised under Solvency II.

D.1.9 Cash and cash equivalents

Cash and cash equivalents and bank overdrafts are carried at fair value on the Solvency II balance sheet, which is based on the amounts due on demand.

Under IFRS, cash and cash equivalents and bank overdrafts are stated at carrying value which approximates to fair value. Accordingly, there is no difference between the two amounts.

Bank overdrafts are disclosed in debts owed to credit institutions in IFRS and Solvency II.

D.1.10 Any other information on assets

Estimation uncertainty

There is no estimation uncertainty.

Asset levelling

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 4 on the degree to which the fair value is observable.

- Level 1: quoted prices in active markets for identical assets;
- Level 2: quoted prices in active markets for similar assets;
- Level 3: inputs other than quoted prices in active markets for identical or similar assets that are observable for the asset directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 4: inputs not based on observable market data.

Asset Category	**Level 1**	**Level 2**	**Level 3**	**Level 4**	**Total Solvency II**
	2022	**2022**	**2022**	**2022**	**2022**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Cash and cash equivalents	**7,385**	**—**	**—**	**—**	**7,385**
Corporate Bonds	**—**	**34,556**	**—**	**—**	**34,556**
Deposits other than cash equivalents	**—**	**—**	**—**	**608**	**608**
Government Bonds	**—**	**7,016**	**—**	**—**	**7,016**
Property, plant & equipment held for own use	**—**	**—**	**—**	**8**	**8**
Grand Total	**7,385**	**41,572**	**—**	**616**	**49,573**

All other information has been disclosed in the preceding sections.

D.2 Technical provisions

The technical provisions correspond to the current amount the Undertaking would have to pay if they were to transfer their insurance obligations immediately to another Undertaking. The value of technical provisions are equal to the sum of a BEL and a risk margin. The methodology employed in the calculation of the BEL is covered in section D.2.3 and the risk margin is covered in section D.2.7.

The insurance obligations have been segmented into homogeneous risk groups (HRGs) when calculating the technical provisions. The approach to segmentation is covered in section D.2.1.

The BEL includes two separate components:

- Premium provisions, which represents the probability-weighted average of future cashflows to be paid to the policyholders taking in to account the time value of money. It is calculated using a discounted cash flows approach, based on best estimate demographic and expense assumptions, and using the prescribed EIOPA interest rates for discounting.

- Provisions for outstanding claims, which include a reserve for claims already reported but not settled (RBNS) and a reserve for claims assumed to have already been incurred but not reported (IBNR).

The above liabilities are calculated gross, without deduction of the amounts recoverable from reinsurance contracts. Such recoverable amounts are calculated separately and are covered in section D.2.4.

D.2.1 Segmentation

Under Solvency II, undertakings should properly segment the business into the lines of business specified in the guidelines. The primary segmentation distinguishes between life and non-life insurance obligations. The distinction does not coincide with the legal definition, but rather with how the contract is pursued on a similar technical basis, i.e. life insurance will be considered a life insurance obligation and likewise non-life will be considered a non-life obligation.

In respect of the Undertaking, the following are the only applicable segments:

- Miscellaneous Financial Loss
- Similar to Life Techniques (SLT) Health Insurance
- Assistance
- Credit and Suretyship Insurance

Miscellaneous Financial Loss includes ILOE and MPI. Health Insurance includes Personal Accident. Assistance includes Travel Insurance. Credit and Suretyship includes LoE.

D.2.2 Technical provisions split by line of business

Technical provisions split by gross and net of reinsurance

Illustrated below is breakdown of gross and net technical provisions by line of business:

Line of Business	Gross of Reinsurance 2022 €'000	Reinsurance Relief 2022 €'000	Net of Reinsurance 2022 €'000	Gross of Reinsurance 2021 €'000	Reinsurance Relief 2021 €'000	Net of Reinsurance 2021 €'000
Health insurance (direct business)	181	—	181	187	—	187
Total Life	**181**	**—**	**181**	187	—	187
Credit and suretyship insurance	46	(37)	9	—	—	—
Assistance	(27)	(40)	(67)	80	(247)	(167)
Miscellaneous financial loss	13,203	(9,575)	3,628	13,536	(9,734)	3,802
Total Non-Life	**13,222**	**(9,652)**	**3,570**	13,616	(9,981)	3,635
Total Technical Provisions	**13,403**	**(9,652)**	**3,751**	13,803	(9,981)	3,822

Gross technical provisions split by BEL and risk margin

The table below presents the breakdown of gross technical provisions by lines of business into BEL and risk margin (methodology is covered in sections D.2.3 and D.2.7 respectively).

Line of Business	BEL	Risk Margin	Gross Technical Provision under Solvency II	BEL	Risk Margin	Gross Technical Provision under Solvency II
	2022	**2022**	**2022**	2021	2021	2021
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Health insurance (direct business)	**175**	**6**	**181**	181	6	187
Gross Total Life	**175**	**6**	**181**	181	6	187
Credit and suretyship insurance	**43**	**3**	**46**	—	—	—
Assistance	**(157)**	**130**	**(27)**	20	60	80
Miscellaneous financial loss	**11,846**	**1,357**	**13,203**	11,817	1,719	13,536
Gross Total Non-Life	**11,732**	**1,490**	**13,222**	11,837	1,779	13,616
Total Gross Technical Provisions	**11,907**	**1,496**	**13,403**	12,018	1,785	13,803

Gross technical provisions decreased by €0.4m from €13.8m in 2021 to €13.4m in 2022. Net technical provisions decreased by €0.07m from €3.82m in 2021 to €3.75m in 2022. The change in net technical provisions is driven principally by the following items:

- Assumption updates decreased the net technical provisions by €0.2m which was mainly driven by expense assumption updates in Portugal. This also includes the impact from the removal of the Undertaking's uplift in expected ILOE incidence rates in Italy and Spain to allow for the potential economic consequences from the Covid-19 pandemic.
- The remaining movements in net technical provisions relate to new business, experience & market movements. Changes in relation to new business, actual experience and market movements (e.g. interest rates), and roll forward of the technical provisions on the in-force business (release of cashflows and risk margin, unwind of discount rate). These movements increased the net technical provisions

Following CBI approval, the Undertaking started selling LoE business in Italy which is a new class of insurance for the Undertaking and is segmented under Credit and Suretyship insurance.

D.2.3 Best estimate

D.2.3.1 Methodology for the calculation of the best estimate

For all lines of business, the best estimate premium provision corresponds to the probability weighted average of future cash-flows taking account of the time value of money.

D.2.3.2 Cash-flow projections

The cash-flow projections reflect the expected realistic future demographic and economic developments through assumptions and modelling over the lifetime of the insurance and reinsurance obligations.

D.2.3.3 Recognition and derecognition of insurance and reinsurance contracts for solvency purposes

The Undertaking observes the process of recognition and derecognition of its insurance obligations in line with the technical specifications, which states:

The calculation of the best estimate only includes future cash-flows associated with recognised obligations within the boundary of the contract. No future business is taken into account for the calculation of technical provisions.

An insurance obligation is initially recognised by insurance undertakings at whichever is the earlier of the date the Undertaking becomes a party to the contract that gives rise to the obligation or the date the insurance cover begins.

A contract is derecognised as an existing contract only when the obligation specified in the contract is extinguished, discharged, cancelled or expires.

D.2.3.4 Time horizon

For all of the calculations of best estimate, a projection period of 50 years has been assumed. This adequately accounts for all material cash-flows in the portfolio.

D.2.3.5 Gross cash-flows

The cash-flow projection used in the calculation of the best estimate takes account of all the cash in- and out-flows required to settle the insurance obligations over the time horizon.

D.2.3.6 Gross cash in-flows

The best estimate includes items such as future premiums and other policyholder payments but does not take into account investment returns. Premiums which are due for payment by the valuation date are shown as a premium receivable on the balance sheet.

D.2.3.7 Gross cash out-flows

The cash out-flows are calculated and include future benefits payable to the policyholders or beneficiaries, expenses that will be incurred in servicing insurance obligations, commissions, benefits and tax payments.

D.2.3.8 Non-Life insurance obligations

The methodology applied by the Undertaking for the calculation of the premium provision and the outstanding claims provisions complies with the Non-Life insurance obligations (Article 36 of the Delegated Acts).

D.2.3.9 Life insurance obligations

The life insurance business is small in relation to the non-life business.

D.2.3.10 Valuation of future discretionary benefits

This is not applicable to the Undertaking.

D.2.3.11 Claims Provision

The outstanding claims reserves are “best estimate” balances common to US GAAP and IFRS and comprise of RBNS and IBNR.

For the Undertaking, the computation of RBNS does not generally require complex actuarial techniques, being a simple multiplication of a known benefit amount by a rate of declinature. RBNS is generally calculated by the Operations Function and booked by Finance, subject to consultation with Actuarial on declinature rates. For claims subject to periodic payments over a duration (in particular, payments for ILOE, where the maximum payment period and hence maximum number of payments is defined in the policy provisions), an assumption relative to the average expected number of payments is also used in the calculation of the RBNS reserves.

The computation of IBNR requires application of actuarial techniques of moderate complexity, based on extrapolation of historic claims and premiums data (using "claims triangle" or "loss ratio" techniques).

D.2.4 Reinsurance recoverables

The calculation of amounts recoverable from reinsurance contracts follow the same principles and methodology as presented above for the calculation of other parts of the technical provisions (i.e. premium provisions and claims provisions respectively).

If the timing of recoveries and direct payments is significantly different, this is taken into account in the projection of cash-flows. Where the timing is sufficiently similar to that for direct payments the timing of direct payments has been used.

The amounts recoverable have been calculated consistently with the boundaries of the insurance contracts to which they relate.

The expenses incurred in relation to the management and administration of reinsurance contracts are allowed for in the calculation of the best estimate.

The amounts recoverable (excluding those related to RBNS and IBNR) from reinsurance contracts are adjusted to take account of expected losses due to default of the counterparty. This adjustment is calculated separately and is based on an assessment of the probability of default of the counterparty and the average loss-given-default.

Reinsurance recoverables related to the outstanding claims reserves are not adjusted for the probability of the default of the reinsurance counterparty. While this represents an exception to the prescribed approach from the regulations, the impact of using an alternative approach has been assessed and found immaterial for the claims provisions of the Undertaking.

D.2.5 Discounting

General

Reinsurance recoverables related to the outstanding claims reserves are not discounted. While this represents an exception to the prescribed approach from the regulations, the impact of using an alternative approach has been assessed and found immaterial for the claims provisions of the Undertaking, in light of the short duration of the business.

D.2.6 Calculation of technical provisions as a whole

The calculation of technical provisions as a whole is not applicable to the Undertaking.

D.2.7 Risk margin

The risk margin is calculated by line of business and is then added to the BEL in order to obtain the technical provisions by line of business. The risk margin is calculated by:

- Projecting the non-hedgeable SCR components at each future time period, using appropriate risk drivers;

- Aggregating the projected non-hedgeable SCR components using the prescribed correlation matrices;
- Taking a charge of 6% per annum on the run-off of the SCR; and
- Discounting those amounts at the risk-free rates.

D.2.8 Approximation of technical provisions

Technical provisions - Adjustments
Due to modelling or data limitations on certain lines of business, certain components of the BEL are allowed for via Adjustments. The basis for the Adjustments will vary from item to item.

Technical provisions - Paid-Up option
The paid up option is not available to the Undertaking, since the majority of this business is single premium (SP) and the regular premium business does not provide cover if the premium is not paid.

The Undertaking models surrender payments for SP business as this option is available to clients, where they switch cover to another provider or where there is an early repayment of the underlying loan for ILOE business.

D.2.9 Level of uncertainty associated with technical provisions

Levels of uncertainty associated with technical provisions
In the calculation of technical provisions, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on periodic basis.

BEL
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that could impact the valuation of the BEL, are discussed below.

Key assumptions used in calculating the BEL:

- Expected future economic conditions (limited to the risk-free interest rates for the Undertaking);
- Direct per policy maintenance expenses;
- Claims incidence rates based on selected published actuarial mortality tables; and
- Lapse rates based on expected surrender experience.

The reserve for RBNS claims represents a provision for future payments expected in relation to claims already incurred and reported to the Undertaking, and all related expenses.

Key assumptions used in calculating the best estimate RBNS are:

- Claims declinature rate; and
- Expected number of future payments (for claims payable as periodic amounts)

The reserve for IBNR claims represents a provision for future payments expected in relation to claims already incurred but not yet reported to the Undertaking, and all related expenses.

The only key assumptions for this type of provision, limited to cases where an Ultimate Loss Ratio (ULR) approach is used, is the definition of the ULR assumption.

Expert judgement
Expert judgement is necessary in the calculation of the best esitmate liability in a number of different ways:

- Selection of data to use, correcting errors and deciding on the treatment of outliers or extreme events;
- Selection of realistic assumptions and the period of data on which such assumptions are based;
- Selection of the valuation technique considering appropriate alternative methodologies;
- Incorporating appropriately in the calculations the environment under which the Undertaking operates its business.

D.2.10 Matching adjustment

This is not applicable to the Undertaking.

D.2.11 Volatility adjustment

This is not applicable to the Undertaking.

D.2.12 Transitional risk-free interest rate-term structure

This is not applicable to the Undertaking.

D.2.13 Transitional deduction

This is not applicable to the Undertaking.

D.2.14 Differences between Solvency II valuation and IFRS

The table and the associated explanations below provide key differences between technical provisions under Solvency II and those presented in the Undertaking's financial statements:

Analysis of Differences	**Miscellaneous Financial Loss**	**Assistance**	**Credit and Suretyship Insurance**	**SLT Health Insurance**	**Total**
	2022	**2022**	**2022**	**2022**	**2022**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Technical Provisions under IFRS	83,740	276	43	277	84,336
Assumption & Methodology Differences	(73,625)	(504)	-1	(287)	(74,417)
RBNS classification differences	1,730	72	—	186	1,988
Items in Solvency II not in IFRS (Risk Margin)	1,357	130	3	6	1,496
Gross Technical Provisions under Solvency II	**13,202**	**(26)**	**45**	**182**	**13,403**

There are many significant differences between the technical provisions in the financial statements under IFRS and the technical provisions under Solvency II.

Assumption and Methodology Differences
Solvency II and IFRS have different rules for classifying/grouping insurance contracts, and these rules affect the valuation of the liabilities.

Solvency II capitalises all future profits, subject to contract boundaries, whereas IFRS generally does not. IFRS valuation adopts a net premium valuation methodology on regular premium business.

Solvency II assumptions are all best estimate whereas IFRS may apply Provisions for Adverse Deviations (PADs) to the assumptions used to value the reserves, according to classification rules.

Items in Solvency II but not in IFRS

Solvency II determines a risk margin based on the concept of the cost of capital (for risks that are not hedgeable), whereas this concept does not generally apply to IFRS (this might be considered as analogous to the PAD under IFRS).

Reclassification

RBNS balances are disclosed in technical provisions in Solvency II but in payables in IFRS.

D.2.15 Information on Actuarial Methodologies and Assumptions

Principal assumptions used in the determination of technical provisions

Solvency II requires assumptions to be based on best estimate. The assumptions are revised on a regular basis to adjust for recent experience and changes to market factors.

The principal assumptions used in the determination of technical provisions are included in this section but do not reflect all assumptions used.

Notes on the Assumptions

1. Demographic Assumptions

Mortality, morbidity and incidence rates (for ILOE business) assumptions are generally based on published tables updated to allow for the results of the experience studies. The published tables are generally country specific, and may be product specific. In many cases the original table will be selected by product and then used also for valuation. In some cases the table will be provided by a reinsurer.

Lapse, surrender and persistency assumptions tend to be Undertaking specific but may be influenced by market data. This is also true of unemployment claim rates particularly relevant to the Undertaking.

2. Expense Assumptions

Expense assumptions are based on the results of the expense studies. They are entirely Undertaking specific, not only in the manner that they reflect the plan expense base of the Undertaking, but also in the way that the Undertaking allocates expenses between acquisition and maintenance and by line of business.

The Undertaking writes primarily ILOE business sold in conjunction with life coverages issued by MetLife Europe d.a.c.

Expense assumptions are therefore determined jointly across both legal entities within the credit line of business, and are applied as a proportion of the relevant premium segmented between the 2 entities.

3. Economic Assumptions

Noting that Solvency II prescribes future capital market economic assumptions to be “risk neutral”, with risk free interest rates published by EIOPA, economic assumptions are effectively limited to expense inflation.

D.3 Other liabilities

Liabilities of the Undertaking as at 31 December 2022

Liabilities	Solvency II value €'000	Reclassification differences €'000	Valuation differences €'000	IFRS value €'000
Technical Provisions - Non-life	13,222	(1,988)	72,826	84,060
Technical Provisions- Life	181	—	96	277
Provisions other than technical provisions	—	—	—	—
Deferred tax liabilities	1,031	—	(365)	666
Debts owed to credit institutions	—	—	—	—
Insurance and intermediaries payable	12,501	1,988	—	14,489
Reinsurance payables	3,744	—	6,074	9,818
Payables (trade, not insurance)	7,519	(8)	—	7,511
Financial liabilities	10	—	—	10
Total Liabilities	**38,208**	**(8)**	**78,631**	**116,831**
Excess of assets over liabilities	**40,877**	**—**	**2,758**	**43,635**

The Solvency II assets are compared to the IFRS assets in section D.1. The valuation differences between the Solvency and IFRS excess of assets over liabilities is set out in section E.1.2.

D.3.1 Provisions other than technical provisions

Provisions are recognised when the Undertaking has a present obligation (legal or constructive) as a result of a past event, it is probable that the Undertaking will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Under Solvency II and IFRS, the amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Accordingly, there are no differences between Solvency II and IFRS.

D.3.2 Deferred tax liabilities

For further details, please refer to section D.1.3.

D.3.3 Other financial liabilities

Other financial liabilities comprise of insurance and intermediaries payables, reinsurance payables, and payables (trade, not insurance).

Under Solvency II, these are stated at fair value.

Under IFRS, trade payables comprise short-term payables which are recorded at cost and are an approximation of the fair value of these liabilities. Accordingly, there are no differences between Solvency II and IFRS in relation to trade payables.

See section D.1.1 for details of ceded UCA which is disclosed in other payables in IFRS but is not recognised under Solvency II.

D.3.3.1 Leasing

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under Solvency II and IFRS, a lease liability should be initially measured at the present value of the lease payments that are not paid at the commencement date and then subsequently amortised using the effective interest method.

Accordingly, there are no differences between the valuation under Solvency II and under IFRS.

D.3.3.2 Employee benefits

A portion of pension costs are allocated from MetLife Services EEIG (Ireland) and MESL (UK) are not directly paid for by the Undertaking. These allocations are recognised as an expense when incurred and any related accruals are included in intercompany payables. MetLife Services EEIG and MESL make payments at agreed rates of the employee's gross salary for each individual's pension fund, the assets of which are invested in independent trustees for the benefit of the employees and their dependents.

The Undertaking makes other payment directly towards pension plans for employees remunerated at branch level. Contributions towards these plans are recognised as an expense in the income statement. The Undertaking does not operate a defined benefit pension plan.

D.3.4 Risk management

Information on risks relating to underwriting and reserving, asset-liability management, investment risk management and liquidity risk management is set out in section C.

D.3.5 Level of uncertainty associated with other liabilities

Due to the short term nature of the other liabilities obligations, the timing of outflows of economic benefits is known with reasonable certainty.

D.4 Alternative methods for valuation

Information in relation to assets that are not valued using quoted prices is set out in Section D.1.4.1.

D.5 Any other information

All information has been disclosed in the preceding sections.

E Capital management

E.1 Own funds

E.1.1 Capital Management Policy

The strategic objectives of capital management for the Undertaking are:

- Regulatory compliance: to ensure compliance with the Undertaking's regulatory capital requirements;
- Efficient allocation: to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives; and
- Financial strength: to ensure access to capital markets on competitive terms, so that the Undertaking’s overall cost of capital is minimised.

Taken together, these strategic goals strengthen the Undertaking's ability to withstand losses from adverse business and market conditions, enhance its financial flexibility and serve the interests of all stakeholders.

Roles and Responsibilities

- The Board has ultimate responsibility for ensuring adequacy of capital for the Undertaking.
- The CEO is responsible for guiding strategy and overall corporate risk appetite and ensuring that the right people are overseeing each function involved in capital management.
- The CFO is responsible for overseeing capital reporting and financial functions, capital allocation, and to cascade the CEO’s strategy, including risk appetite, to all relevant financial divisions.
- The CRO ensures the composition and level of the Undertaking's capitalisation supports the Undertaking's Risk Strategy and Appetite. The CRO is responsible for the systems and structures in place to manage and monitor risks.
- The Finance Function has management responsibility for understanding capital consequences of investment strategies and decisions and coordination with relevant Treasury and Finance personnel to ensure that the capital considerations of investment decisions are properly vetted.
- Both the Risk Management Function and Finance Function ensure that adequate reporting is in place and capital requirement policies are followed correctly.

Capital Management Framework

The Board is ultimately responsible for the sourcing, deployment and adequacy of capital (i.e. assets held other than those designated to meet policyholder and other Undertaking liabilities) and places significant reliance on the advice of the CFO and CRO who bear specific professional duties in this regard.

The Undertaking's capital is monitored through the capital management process and within the Undertaking's stated risk appetite limits. Any breaches of these limits is escalated in accordance with and as defined by any relevant regulatory or internal policies.

The Undertaking's risk appetite recognises the regulatory minimum standard, as it applies to technical provisions, own funds and capital under Solvency II, and sets the target ongoing solvency level in order to enable the Undertaking to withstand the financial implications of adverse experience.

Risk Appetite

The Undertaking has developed key risk appetite statements which apply on an on-going basis. The Risk Management Function reviews the Undertaking's actual risk exposure against the overall stated risk appetite on a regular basis, at least quarterly.

The Risk Appetite and Strategy identifies the agreed target solvency level and range for the Undertaking. The appropriateness of the risk appetite is evaluated as part of the Undertaking's ORSA process each year and is subject to change over time.

Where deviations from the defined risk appetite measures occur, the Risk Management Function provides the Board with its opinion of the intensity of the deviation, along with a report on actions taken to address the deviation. Following this, the Board determines the materiality of deviations from the defined Risk Appetite measures, and whether such deviations are to be communicated to the regulator in accordance with CBI requirements.

Capital Planning and Dividend Policy

The Finance Function develops and maintains the medium term capital plan considering the business and risk strategies.

The capital planning process takes into account the following:

- The most recent business plan;
- Material new business;
- Any known management actions that are expected to materially affect the capital position;
- The planned dividend payments and any scheduled capital increases; and
- The outcome of the most recent Solvency II calculations and ORSA results.

Proposed dividends are considered by the Board on a case by case basis taking into account the output of the ORSA, including the expected capital position over a 12 month time horizon and the risks to that capital position, but in any case would not result in the Undertaking going below its overall target solvency level.

Capital and Liquidity Management

The Finance Function has the responsibility of managing the excess of assets over liabilities, per established guidelines. Investment of such capital is subject to the portfolio objective of meeting operating cash flow needs and generating a modest return enhancement above risk-free levels by taking moderate duration exposure and limited credit risk. Investments will generally be selected to minimise currency exposure relative to the relevant base currency.

Investment Guidelines are in place that govern the investment options for all assets owned by the Undertaking.

E.1.2 Reconciliation of equity under IFRS to excess of assets over liabilities under Solvency II

The Undertaking's excess of assets over liabilities (own funds) under Solvency II is different to the shareholders' equity in the financial statements prepared under IFRS. The table summarises the differences at 31 December 2022:

	Section	31-Dec-22 €'000	31-Dec-22 €'000
Assets under IFRS valuation	D.1	**160,466**	
Liabilities under IFRS valuation	D.3	**(116,831)**	
Equity per the IFRS financial statements			**43,635**
· Valuation differences on technical provisions (net)	D.2	**12,122**	
· Write off of deferred acquisition costs	D.1.1	**(14,071)**	
· Write off of intangible assets	D.1.2	**(6,358)**	
· Net unearned commission	D.1.1	**5,911**	
· Increase in deferred tax liability	D.1.3	**(362)**	
· Other adjustments		**—**	
			(2,758)
Assets under Solvency II valuation	D.1	**79,085**	
Liabilities under Solvency II valuation	D.3	**(38,208)**	
Excess of assets over liabilities under Solvency II			**40,877**

Valuation differences occur due to different basis used for Solvency II reporting compared with IFRS. See the sections referenced above for details of the valuation differences.

E.1.3 Composition and quality of own funds

The items reported in the own funds are split into three categories depending on different factors such as quality, liquidity and timeline to availability when liabilities arise.

Tier one own funds include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Tier two own funds include cumulative preference shares and subordinated liabilities under a shorter duration. Tier three own funds include own funds which do not satisfy the Tier one or Tier two requirements.

Composition and quality of own funds

All of the Undertaking's own funds are categorised as Tier one (ordinary share capital and share premium related to ordinary share capital) for Solvency II purposes, with the exception of net DTAs of €1m (2021: €0.4m) which are categorised as Tier three.

E.1.4 Capital instruments in issue

Instrument	Ordinary share capital
Tier	Tier One
Permanence	Yes
Subordination	Last upon winding up
Redemption incentives	None
Amount in Issue	2,048,388
Mandatory service costs	None
Absence of encumbrance	Yes

E.1.5 Movement in own funds

	31-Dec-22	31-Dec-21	Movement
	€'000	€'000	€'000
Basic own funds			
Tier One	**39,862**	41,932	(2,070)
Tier Two	**—**	—	—
Tier Three	**1,015**	406	609
Total basic own funds	**40,877**	42,338	(1,461)

The Undertaking has no ancillary own funds.

The decrease in own funds is primarily driven by payment of the dividend to MetLife EU in December 2022, partially offset by the decrease in net technical provisions due to assumption updates, new business, experience and market movements.

E.1.6 Eligible amount of own funds to cover SCR and MCR

	31-Dec-22	31-Dec-21	Movement
	€'000	€'000	€'000
Total own funds	**40,877**	42,338	(1,461)
Less:			
Restrictions	**—**	—	—
Deductions	**—**	—	—
Total eligible own funds for SCR	**40,877**	42,338	(1,461)
SCR	**14,443**	14,771	(328)
Solvency Ratio	**283%**	287%	(4)%
Total eligible own funds for MCR	**39,862**	41,932	(2,070)
MCR	**3,611**	3,910	(299)

The Undertaking has no restrictions on eligible own funds. Tier 3 own funds consist of DTAs. These are all considered eligible as they make up less than 15% of the SCR.

Loss absorbency

The Undertaking's Tier One own funds are immediately available to absorb losses. They absorb losses if there is any non-compliance with the SCR.

E.1.7 Reconciliation reserve - key elements

Reserve item	**Amount** **31-Dec-22** **€'000**	Amount 31-Dec-21 €'000
Excess of assets over liabilities	40,877	42,338
Own shares (included as assets on the balance sheet)	—	—
Foreseeable dividends, distributions and charges	—	—
Other basic own funds items	(14,650)	(14,041)
Adjustment for restricted own fund items of Matching Adjustment Portfolios (MAPs) and Ring Fenced Funds (RFFs)	—	—
Reconciliation reserve before deduction for participations	**26,227**	28,297

E.1.8 Transitional arrangements

The Undertaking has not reported transitional arrangements.

E.1.9 Ancillary own funds

The Undertaking does not have ancillary own funds.

E.1.10 Restrictions and deductions from own funds

The Undertaking has no restrictions or deductions from own funds.

E.1.11 Own funds - RFFs

The Undertaking does not have RFFs.

E.1.12 Own funds - Planning and management

The Undertaking's capital projection does not include any repayment of its capital items over the current and projected planning horizon or any plan to raise additional own funds.

E.1.13 Own funds - Forecast

The Undertaking projects its capital requirements over the three-year planning horizon used within the ORSA process.

MetLife

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

E.2.1 Approach to SCR and MCR

Calibration of stresses

For the purpose of this section, the Undertaking has adopted the SF approach. This method uses stresses for each of the individual risks as calibrated by EIOPA. EIOPA also provides the standard correlation matrices for the purpose of aggregation.

Undertaking Specific Parameters (USPs) have not been used by the Undertaking.

Use of Matching Adjustments

This is not applicable to the Undertaking.

E.2.2 Overview of SCR SF calculation

This section details the capital requirements for the Undertaking.

The assessment of the SCR using the SF approach is based on a modular approach consisting of a core of life; non-life; market; health and counterparty default risks with associated sub-modules. These are aggregated in the SF using correlation matrices, both at the sub-module and the main module level. An intangible asset module is then added (uncorrelated) to give the Basic Solvency Capital Requirement (BSCR). The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

Hence, the SCR is calculated as follows:

$SCR = BSCR - Adj + SCR_{op}$

Where

- SCR = The Overall Standard Formula Capital Charge;
- BSCR = Basic Solvency Capital Requirement;
- Adj = Adjustment for Risk Absorbing Effect of Future Profit Sharing and Deferred Taxes; and
- SCR_{op} = The Capital Charge for Operational Risk.

Here, the “delta-Net Asset Value” (∆NAV) approach is used for capturing the impact of the underlying risk module. Note that the expression ∆NAV has a sign convention whereby positive values signify a loss.

In order to calculate ∆NAV, the base scenario as well as the stressed assets and liabilities will need to be calculated. The cashflows for each of these scenarios is then discounted to determine the corresponding present value of assets and liabilities. The difference between the base and the stressed assets and liabilities is the ∆NAV.

The ∆NAV is based on the Solvency II balance sheet that excludes the risk margin component of the technical provisions (i.e. uses only the BEL component of the technical provisions). Furthermore when calculating ∆NAV the following need to be allowed for:

- Risk Mitigation techniques (primarily reinsurance).
- Behaviour of policyholders (for the Undertaking, this is covered in the use of lapse rates as an assumptions).

The Undertaking has calculated the non-life risk SCR module for its existing business and its expected new business over the next year. Premium risk under the non-life insurance is based on expected premiums for the next twelve months. The stress scenarios for underwriting risks in life insurance and Similar to Life Techniques (SLT) health insurance are instantaneous and do not allow for future new business.

USPs in SCR calculation

The Undertaking is not using USPs pursuant to Article 104(7) of Directive 2009/138/EC.

E.2.3 SCR and MCR results

SCR

The following table includes the SCR components.

	31-Dec-22	31-Dec-21
	€'000	€'000
SCR market risk	2,667	3,527
SCR health underwriting risk	35	33
SCR counterparty default risk	4,409	2,661
SCR non-life underwriting risk	8,499	9,600
Aggregation (diversification effect)	(3,217)	(3,213)
Basic SCR	**12,393**	12,608
Operational risk SCR	2,050	2,163
Diversified SCR, excluding capital add-on	**14,443**	14,771
Capital add-on	—	—
SCR	**14,443**	14,771

The figures above correspond to the sensitivities shown for each risk category in Section C, with additional allowance for diversification as per the Solvency II SF.

The SCR has decreased over the year by €0.3m from €14.8m in 2021 to €14.4m in 2022. This change is driven by a decrease in the Non-Life Underwriting Risk. In particular, the Premium & Reserve Risk has declined due to refinements in the earned premium calculations throughout the year.

Market Risk has decreased over the year, mainly driven by a reduction in the Currency Risk following a rebalancing of the Undertaking's RON denominated holdings. This is partially offset by a rise in the Interest Rate Risk due to the purchase of additional bonds.

Counterparty Default Risk has increased over the year primarily due to an increase in balance sheet items contributing to the CPD Risk, and partially offset by a rebalancing of the collateral held for one of Undertaking's key reinsurance treaties.

The operational risk capital is calculated based on factors applied to the technical provisions and premiums for each line of business underwritten. This is subject to regulatory minimum capital holdings as shown in the QRT S.26.06 SCR - Operational Risk. The full details of this calculation are given in this QRT.

MCR

	31-Dec-22	31-Dec-21
	€'000	€'000
MCR	**3,611**	3,910

The MCR has decreased by €0.3m over the year.

Capital Add-Ons

The Undertaking is not currently subject to any capital add-on based on instructions from the supervisor.

E.2.4 Loss absorbing capacity of deferred tax

This is not applicable to the Undertaking.

E.2.5 Treatment of participating business

This is not applicable to the Undertaking.

E.2.6 Risk mitigation techniques and future management actions

Treatment of risk mitigation techniques

Section D2 highlights the risk mitigation techniques in place for the Undertaking. In this section, we highlight the risk mitigation techniques for which the Undertaking takes credit while calculating its SCR.

The following are the risk mitigation techniques allowed for in the SCR calculation of the Undertaking:

- Reinsurance: The business written by the Undertaking is heavily reinsured and, in particular, the credit business (ILOE) sold in Italy, Spain, Romania, Portugal and France is ceded to reinsurers on the basis of proportional reinsurance treaties, with cession up to 95%. Reinsurance treaties in place include both arrangements with external and internal reinsurers.

Treatment of future management actions

The Undertaking has not allowed for future management actions in the SCR calculation.

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

This is not applicable to the Undertaking.

E.4 Differences between the SF and any internal model used

This is not applicable to the Undertaking.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Undertaking has had own funds in excess of both the SCR and MCR requirements over the reporting period.

E.6 Any other information

All information has been disclosed in the preceding sections.

Glossary of terms

Undertaking	MetLife Europe Insurance d.a.c.
Board	The Board of Directors of the Undertaking
Business Unit	The Undertaking's branches and any business conducted under Freedom to Provide Services
Solvency II Directive	European Commission Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance
A&H	Accident and Health
AC	Audit Committee
ALICO	American Life Insurance Company
ALM	Asset Liability Management
ANP	Annualised New Premiums
BCP	Business Continuity Plan
BEC	Branch Executive Committee
BEL	Best Estimate Liability
BRC	Board Risk Committee
BSCR	Basic Solvency Capital Requirement
CASSA	Cassa Integrazione Guadagni
CB	Contract Boundary
CBI	Central Bank of Ireland (the Irish Regulatory Authority)
CEO	Chief Executive Officer
CF	Controlled Function
CFO	Chief Finance Officer
CRM	Compliance Risk Management
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
d.a.c.	Designated Activity Company
DOA	Designations of Authority
DR	Disaster Recovery
DTA	Deferred Tax Asset
DTC	Direct-to-Consumer
DTL	Deferred Tax Liability
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority (the European Regulatory Authority)
EMC	Executive Management Committee
EPIFP	Expected Profit included in Future Premiums
ERC	Executive Risk Committee
EU	European Union
FOS	Freedom of Service
FRS	Financial Reporting Standard
GAAP	Generally Accepted Accounting Principles
HO	Head Office
HR	Human Resources
HRG	Homogeneous Risk Group
IBNR	Incurred But Not Reported
IFRS	International Financial Reporting Standards

IA	Internal Audit
IIA	Institute of Internal Auditors
ILOE	Involuntary Loss of Employment
IT	Information Technology
MAP	Matching Adjustment Portfolio
MCR	Minimum Capital Requirement
MPI	Mobile Phone Insurance
NAV	Net Asset Value
NFRA	Non-Financial Risk Assessment
ORSA	Own Risk and Solvency Assessment
PAD	Provision for Adverse Deviations
PADQF	Policy Administration Data Quality Forum
PCF	Pre-Approval Controlled Function
PMC	Product Management Committee
QRT	Quantitative Reporting Template
RACC	Risk, Audit and Compliance Committee
RBNS	Reported But Not Settled
RCSA	Risk and Control Self Assessment
RFF	Ring Fenced Fund
rNPS	relational Net Promoter Score
RM	Risk Margin
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
SF	Solvency II Standard Formula
SFCR	Solvency and Financial Condition Report
SLT	Similar to Life Techniques
SP	Single Premium
TPA	Third Party Administrator
UCA	Unearned Commission Asset
UK	United Kingdom
ULR	Ultimate Loss Ratio
USA	United States of America
USPs	Undertaking Specific Parameters

MetLife

METLIFE EUROPE INSURANCE D.A.C. PUBLIC DISCLOSURE

MetLife

Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

Balance Sheet

		Solvency II value
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	1,014,909
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	8,466
contracts)	**R0070**	**42,179,898**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	*41,571,483*
Government Bonds	R0140	7,016,024
Corporate Bonds	R0150	34,555,458
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	608,415
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	**R0230**	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**9,652,783**
Non-life and health similar to non-life	R0280	9,652,783
Non-life excluding health	R0290	9,652,783
Health similar to non-life	R0300	
linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	14,426,558
Reinsurance receivables	R0370	555,293
Receivables (trade, not insurance)	R0380	3,861,717
Own shares (held directly)	R0390	
paid in	R0400	
Cash and cash equivalents	R0410	7,385,056
Any other assets, not elsewhere shown	R0420	
Total assets	**R0500**	**79,084,679**

Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

Balance Sheet

Liabilities		Solvency II value
Technical provisions - non-life	**R0510**	**13,222,493**
Technical provisions - non-life (excluding health)	**R0520**	**13,222,493**
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	11,732,366
Risk margin	R0550	1,490,127
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	**181,317**
Technical provisions - health (similar to life)	**R0610**	**181,317**
Technical provisions calculated as a whole	R0620	
Best estimate	R0630	175,476
Risk margin	R0640	5,841
linked)	**R0650**	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	1,031,348
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	9,565
Insurance & intermediaries payables	R0820	12,501,010
Reinsurance payables	R0830	3,743,674
Payables (trade, not insurance)	R0840	7,518,620
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	**R0900**	**38,208,027**

Excess of assets over liabilities	**R1000**	**40,876,652**

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Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.05.01 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110									164,900		2,319,633	58,448,168					60,932,702
Gross - Proportional reinsurance accepted	R0120											0	288,397					288,397
Gross - Non-proportional reinsurance accepted	R0130																	0
Reinsurers' share	R0140											266,940	48,024,256					48,291,195
Net	**R0200**									**164,900**		**2,052,694**	**10,712,310**					**12,929,904**
Premiums earned																		
Gross - Direct Business	R0210									164,900		2,238,375	54,472,546					56,875,821
Gross - Proportional reinsurance accepted	R0220											0	288,397					288,397
Gross - Non-proportional reinsurance accepted	R0230																	0
Reinsurers' share	R0240											266,940	46,905,783					47,172,722
Net	**R0300**									**164,900**		**1,971,436**	**7,855,160**					**9,991,496**
Claims incurred																		
Gross - Direct Business	R0310											199,755	3,279,861					3,479,617
Gross - Proportional reinsurance accepted	R0320											0	-17,142					-17,142
Gross - Non-proportional reinsurance accepted	R0330																	0
Reinsurers' share	R0340											46,027	2,034,865					2,080,892
Net	**R0400**											**153,728**	**1,227,855**					**1,381,583**
Changes in other technical provisions																		
Gross - Direct Business	R0410											-14,765	-44,716					-59,482
Gross - Proportional reinsurance accepted	R0420											0	0					0
Gross - Non-proportional reinsurance accepted	R0430																	0
Reinsurers' share	R0440											0	-42,951					-42,951
Net	**R0500**											**-14,765**	**-1,765**					**-16,531**
Expenses incurred	**R0550**											**1,484,751**	**13,327,645**					**14,812,396**
Other expenses	R1200																	
Total expenses	**R1300**																	**14,812,396**

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	7,899,768								7,899,768
Reinsurers' share	R1420									0
Net	**R1500**	**7,899,768**								**7,899,768**
Premiums earned										
Gross	R1510	7,899,768								7,899,768
Reinsurers' share	R1520									0
Net	**R1600**	**7,899,768**								**7,899,768**
Claims incurred										
Gross	R1610	1,062,992								1,062,992
Reinsurers' share	R1620									0
Net	**R1700**	**1,062,992**								**1,062,992**
Changes in other technical provisions										
Gross	R1710									0
Reinsurers' share	R1720									0
Net	**R1800**									**0**
Expenses incurred	**R1900**	**5,788,314**								**5,788,314**
Other expenses	**R2500**									
Total expenses	**R2600**									**5,788,314**

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Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.05.02 Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		IT	ES	RO	PT		
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1,253,164	17,940,872	17,281,431	10,880,620	9,344,596		56,700,682
Gross - Proportional reinsurance accepted	R0120	-7,212		295,609				288,397
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140	-828,569	12,248,066	16,610,619	9,993,474	8,830,602		46,854,192
Net	**R0200**	**2,074,521**	**5,692,806**	**966,421**	**887,145**	**513,994**		**10,134,887**
Premiums earned								
Gross - Direct Business	R0210	1,263,800	16,596,053	17,168,787	8,426,750	9,266,567		52,721,956
Gross - Proportional reinsurance accepted	R0220	-7,212		295,609				288,397
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240	-828,569	13,604,666	16,503,607	7,696,104	8,756,474		45,732,283
Net	**R0300**	**2,085,157**	**2,991,387**	**960,788**	**730,646**	**510,093**		**7,278,071**
Claims incurred								
Gross - Direct Business	R0310	259,263	1,635,530	467,266	432,851	312,947		3,107,857
Gross - Proportional reinsurance accepted	R0320	-11,405		-5,737				-17,142
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340	-582,119	1,425,091	454,061	325,318	221,656		1,844,007
Net	**R0400**	**829,978**	**210,438**	**7,468**	**107,533**	**91,291**		**1,246,708**
Changes in other technical provisions								
Gross - Direct Business	R0410	0			0	-42,951		-42,951
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440	0				-42,951		-42,951
Net	**R0500**							**0**
Expenses incurred	**R0550**	1,960,381	5,483,020	3,706,011	1,822,972	-113,468		12,858,916
Other expenses	**R1200**							
Total expenses								**12,858,916**

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R01400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	7,899,768						7,899,768
Reinsurers' share	R1420							0
Net	**R1500**	**7,899,768**						**7,899,768**
Premiums earned								
Gross	R1510	7,899,768						7,899,768
Reinsurers' share	R1520							0
Net	**R1600**	**7,899,768**						**7,899,768**
Claims incurred								
Gross	R1610	1,062,992						1,062,992
Reinsurers' share	R1620							0
Net	**R1700**	**1,062,992**						**1,062,992**
Changes in other technical provisions								
Gross	R1710							0
Reinsurers' share	R1720							0
Net	**R1800**							**0**
Expenses incurred	**R1900**	5,788,314						5,788,314
Other expenses	**R2500**							
Total expenses								**5,788,314**

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Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.12.01 Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance☐			Other life insurance☐			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**	Health insurance (direct business)☐			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**										**0**						**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										**0**						**0**
Technical provisions calculated as a sum of BE and RM☐																	
Best Estimate☐																	
Gross Best Estimate	**R0030**										**0**		-101,315	276,791			**175,476**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080										**0**						**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090										**0**		**-101,315**	**276,791**			**175,476**
Risk Margin	**R0100**										**0**	5,841					**5,841**
Amount of the transitional on Technical Provisions☐																	
Technical Provisions calculated as a whole	R0110										**0**						**0**
Best estimate	R0120										**0**						**0**
Risk margin	R0130										**0**						**0**
Technical provisions - total	**R0200**										**0**	**181,317**					**181,317**

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MetLife Europe Insurance d.a.c.

S.17.01 Non - Life Technical Provisions

		Direct business and accepted proportional reinsurance							
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**								
Technical Provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060								
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140								
Net Best Estimate of Premium Provisions	R0150								
Claims provisions									
Gross	R0160								
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								
Net Best Estimate of Claims Provisions	R0250								
Total Best estimate - gross	**R0260**								
Total Best estimate - net	**R0270**								
Risk margin	**R0280**								
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								
Technical provisions - total									
Technical provisions - total	**R0320**								
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**								

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MetLife Europe Insurance d.a.c.

S.17.01 Non - Life Technical Provisions

				Accepted non-proportional reinsurance:				
Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
								-
								-
42,286		(250,292)	8,659,796					8,451,790
37,164		(46,701)	6,850,610					6,841,073
5,122		(203,591)	1,809,186					1,610,717
		93,841	3,186,735					3,280,576
		87,077	2,724,633					2,811,710
		6,764	462,102					468,866
42,286		(156,451)	11,846,531					11,732,366
5,122		(196,827)	2,271,288					2,079,583
3,218		129,945	1,356,964					1,490,127
								-
								-
								-
45,504		(26,507)	13,203,496					13,222,493
37,164		40,376	9,575,244					9,652,783
8,340		(66,882)	3,628,252					3,569,710

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Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.19.01 Non-Life Insurance Claims Information

Gross Claims Paid (non-cumulative)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											0
2013	R0160	1,900,961	7,187,044	1,230,300	115,963	22,971	11,819	15,909	5,596	0	11,471	
2014	R0170	4,222,767	6,040,151	942,946	78,802	50,790	3,600	49	0	8,102		
2015	R0180	3,400,496	4,618,826	704,393	69,635	24,304	5,250	14,390	4,730			
2016	R0190	2,626,987	3,516,448	576,387	74,553	31,120	17,941	6,446				
2017	R0200	2,128,540	3,102,343	435,023	58,337	10,512	13,009					
2018	R0210	2,359,441	2,484,377	501,090	46,412	17,816						
2019	R0220	2,362,446	2,601,151	375,760	82,009							
2020	R0230	2,124,675	1,680,824	257,467								
2021	R0240	1,262,050	1,435,529									
2022	R0250	1,189,015										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	0	0
	R0160	11,471	10,502,033
	R0170	8,102	11,347,208
	R0180	4,730	8,842,024
	R0190	6,446	6,849,882
	R0200	13,009	5,747,763
	R0210	17,816	5,409,136
	R0220	82,009	5,421,366
	R0230	257,467	4,062,966
	R0240	1,435,529	2,697,579
	R0250	1,189,015	1,189,015
Total	R0260	**3,025,595**	**62,068,974**

Gross undiscounted Best Estimate Claims Provisions

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											0
2013	R0160	0	0	0	175,661	225,014	225,937	125,035	7,123	439	0	
2014	R0170	0	0	198,133	210,938	159,432	142,953	6,622	1,793	7,174		
2015	R0180	0	909,066	205,886	77,406	46,506	19,314	11,882	11,407			
2016	R0190	5,355,838	997,296	201,814	59,849	35,548	33,299	33,185				
2017	R0200	4,517,844	815,534	70,755	32,168	26,620	16,641					
2018	R0210	4,086,020	693,516	94,545	38,767	15,281						
2019	R0220	3,764,063	694,958	130,287	30,692							
2020	R0230	3,219,291	393,612	46,591								
2021	R0240	2,204,472	338,154									
2022	R0250	2,781,457										

		Year end (discounted data)
		C0360
	R0100	0
	R0160	0
	R0170	7,174
	R0180	11,407
	R0190	33,185
	R0200	16,641
	R0210	15,281
	R0220	30,692
	R0230	46,591
	R0240	338,154
	R0250	2,781,457
Total	R0260	**3,280,582**

Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.23.01 Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,048,387	2,048,387			
Share premium account related to ordinary share capital	R0030	11,586,613	11,586,613			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	26,226,743	26,226,743			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,014,909				1,014,909
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	40,876,652	39,861,743			1,014,909
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	40,876,652	39,861,743			1,014,909
Total available own funds to meet the MCR	**R0510**	39,861,743	39,861,743			
Total eligible own funds to meet the SCR	**R0540**	40,876,652	39,861,743			1,014,909
Total eligible own funds to meet the MCR	**R0550**	39,861,743	39,861,743			
SCR	**R0580**	14,440,223				
MCR	**R0600**	3,610,056				
Ratio of Eligible own funds to SCR	**R0620**	283.07%				
Ratio of Eligible own funds to MCR	**R0640**	1104.19%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	40,876,652
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	14,649,909
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	26,226,743
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	2,242,620
Total Expected profits included in future premiums (EPIFP)	**R0790**	2,242,620

MetLife

Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.25.01 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	2,667,134		
Counterparty default risk	R0020	4,408,568		
Life underwriting risk	R0030			
Health underwriting risk	R0040	35,359		
Non-life underwriting risk	R0050	8,496,558		
Diversification	R0060	-3,216,718		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**12,390,900**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	2,049,322
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	14,440,223
Capital add-on already set	**R0210**	
Solvency capital requirement	R0220	14,440,223
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	2 - No

Calculation of loss absorbing capacity of deferred taxes

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

MetLife

Year: 2022
Currency: Euro
MetLife Europe Insurance d.a.c.

S.28.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life		Non-life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Non-life activities: Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100	5,122	164,900
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		1,971,436
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,271,288	7,628,928
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Life activities: Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	175,476	
Total capital at risk for all life (re)insurance obligations	R0250		2,541,969,475

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	1,540,301	
MCRL Result	R0200		1,783,064

Overall MCR calculation

Overall MCR calculation		C0070
Linear MCR	R0300	3,323,365
SCR	R0310	14,440,223
MCR cap	R0320	6,498,100
MCR floor	R0330	3,610,056
Combined MCR	R0340	3,610,056
Absolute floor of the MCR	R0350	2,700,000
Minimum Capital Requirement	**R0400**	**3,610,056**