MetLife Europe Insurance d.a.c.

Solvency II Solvency and Financial Condition Report

For the year ended 31 December 2024

Table of Contents

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, 14, 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 and Greece.

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 authorised to write primarily life insurance business in Europe. MetLife Europe d.a.c.'s immediate parent company is also MetLife EU. Additionally, the Undertaking provided direct-to-consumer (DTC) business via FOS in Poland offering predefined protection packages for accident and health (A&H) insurance cover. On 1 April 2023, the Undertaking transferred this business to NN Continental Europe Holdings B.V. as part of the sale of MetLife Towarzystwo Ubezpieczeń na Życie i Reasekuracji S.A. (MetLife Poland).

The Undertaking is required to submit the 2024 Solvency and Financial Condition Report (SFCR) to the CBI as part of the 2024 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

The macroeconomic environment, despite inflation continuing to decline over 2024 with a corresponding reduction in interest rates, remains uncertain. The uncertainty is driven by a number of different factors, including the heightened geopolitical uncertainty as a result of the war in Ukraine, the conflict in the Middle East and potential tariffs on the EU following the recent US presidential elections. The directors will continue to monitor this ongoing situation for further developments which may impact the Undertaking.

The Undertaking paid a dividend of €4.8million to MetLife EU during the year. There were sufficient Financial Reporting Standards (FRS) distributable reserves in accordance with the Companies Act 2014 requirements to support the payment of the dividend. In addition, the directors were satisfied that there was sufficient solvency cover, based on the Own Risk and Solvency Assessment (ORSA), to also support the payment of the dividend.

Overall, the Undertaking's solvency coverage decreased to 264% in 2024 (2023: 310%).

The board of directors of MetLife, Inc. oversees the development and execution of appropriate business strategies to ensure they generate long-term value for the enterprise and its shareholders and that such strategies do not involve excessive risks. MetLife's Enterprise Strategy and Purpose sets the framework within which the Undertaking undertakes the strategy setting process.

The MetLife, Inc. strategy referred to as the 'Next Horizon' strategy was launched in January 2020. In February 2025, MetLife, Inc. launched its refreshed Enterprise Strategy, referred to as the 'New Frontier' strategy. 'New Frontier' is a bold evolution of MetLife's strategy and is anchored in discipline built over time.

In March 2025 the board of directors of the Undertaking will review, consider and if appropriate approve, the 'New Frontier' strategy as it applies to the Undertaking.

Business performance

The financial statements are prepared under Irish GAAP. Profit has increased from a loss of €0.1m in 2023 to a profit of €1.1m in 2024. This is due to lower expenses driven by the loss on sale of FOS DTC business in 2023, partially offset by the decrease in FOS DTC premium.

Credit and suretyship is showing growth of new business.

There were no new lines of business or geographical segments entered into 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;
- 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; and
- The Undertaking's business resilience framework which ensures the ability to maintain operational during a period of unexpected disruption.

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; and
- 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 Risk 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 Risk 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 non-financial 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 and evolving risks, such as;

- Geopolitical risk related to conflicts such as the war in Ukraine and Middle East;
- Ability of Central Banks to manage the balance between containing inflation and maintaining growth;
- Key skills shortage and lack of reskilling and failure to attract and retain key staff with required skills;
- Increase in sophistication and proliferation of Artificial Intelligence; and
- Regulatory change (noting the large volume of change in the pipeline).

Sustainability remains one of the focal points for the insurance and pension industry, with Environmental, Social and Governance (ESG) factors increasingly shaping decisions of insurers. Specifically in relation to climate risks, over the past year, MetLife Group has continued to strengthen its efforts to understand the impact that climate risk, both physical and transition, may have on our business. The Undertaking continues to make progress on building on its scenario analysis capabilities and understanding of the potential impact of physical and transition risks on our assets through a combination of qualitative and quantitative analysis.

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 Irish GAAP 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 Irish GAAP 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 Irish GAAP generally does not. Solvency II determines a risk margin, whereas this concept does not generally apply to Irish GAAP.

Solvency II requires assumptions to be based on best estimate whereas Irish GAAP 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 €3.7m at year-end 2024 (2023: €4.6m). This decrease is driven by modelling refinements and assumption updates, partially offset by increases due to 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-24	31-Dec-23	Movement
	€'000	€'000	€'000
Own Funds			
Tier One	**41,491**	43,430	(1,939)
Tier Two	**—**	—	—
Tier Three	**1,447**	939	508
Eligible own funds for SCR	**42,938**	44,369	(1,431)
SCR	**16,275**	14,309	1,966
Solvency Ratio	**264%**	310%	(46)%
Eligible own funds for MCR	**41,491**	43,430	(1,939)
MCR	**4,069**	3,577	492

Own funds have decreased by €1.4m from €44.37m at 31 December 2023 to €42.93m at 31 December 2024. The SCR increased by €1.97m to €16.28m at 31 December 2024. As a result, the solvency ratio decreased by (46)% from 310% in 2023 to 264% in 2024.

The decrease in own funds is primarily driven by payment of the dividend to MetLife EU in December 2024, partially offset by the positive impact of new business written, increased market value of assets due to interest rate reductions, lower expense assumptions and the impact of model developments during the year.

Approval

The SFCR was approved by the Board on 28 March 2025.

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, 14, 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 and Greece.

The Undertaking is focused on the provision of ILOE cover, 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 authorised to write primarily life insurance business in Europe. MetLife Europe d.a.c.'s immediate parent company is also MetLife EU. Additionally, the Undertaking provided DTC business via FOS in Poland offering predefined protection packages for A&H insurance cover. On 1 April 2023, the Undertaking transferred this business to NN as part of the sale of MetLife Poland.

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 Deloitte, whose address is:

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte and Touche House
Earlsfort Terrace
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

The macroeconomic environment, despite inflation continuing to decline over 2024 with a corresponding reduction in interest rates, remains uncertain. The uncertainty is driven by a number of different factors, including the heightened geopolitical uncertainty as a result of the war in Ukraine, the conflict in the Middle East and potential tariffs on the EU following the recent US presidential elections. The directors will continue to monitor this ongoing situation for further developments which may impact the Undertaking.

The Undertaking paid a dividend of €4.8million to MetLife EU during the year. There were sufficient FRS distributable reserves in accordance with the Companies Act 2014 requirements to support the payment of the dividend. In addition, the directors were satisfied that there was sufficient solvency cover, based on the ORSA, to also support the payment of the dividend.

The solvency coverage at year-end 2024 is 264% (2023: 310%). Additional details are provided in section E.2.3.

The board of directors of MetLife, Inc. oversees the development and execution of appropriate business strategies to ensure they generate long-term value for the enterprise and its shareholders and that such strategies do not involve excessive risks. MetLife's Enterprise Strategy and Purpose sets the framework within which the Undertaking undertakes the strategy setting process.

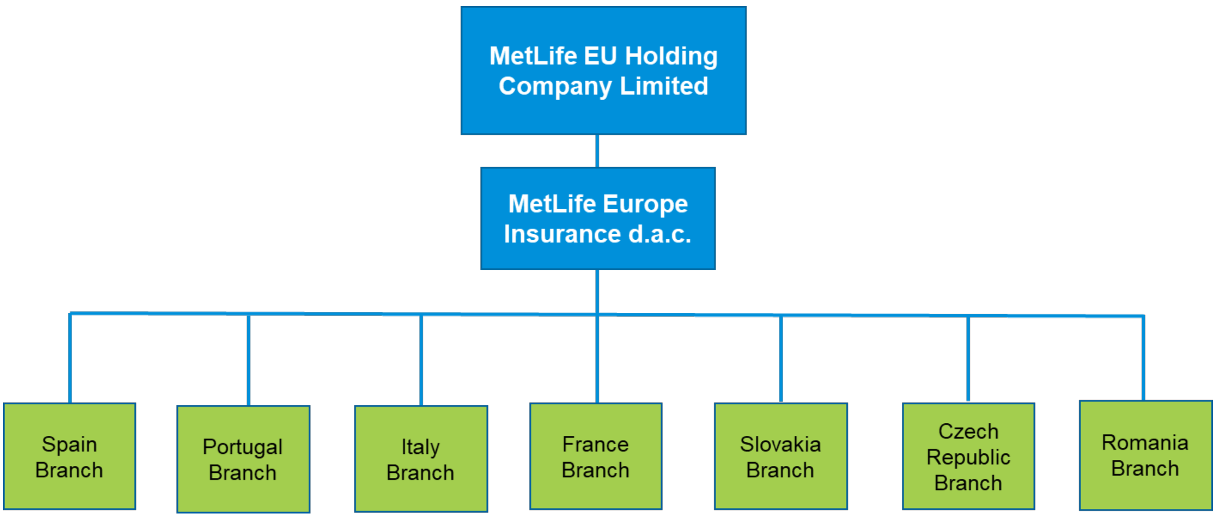
The MetLife, Inc. strategy referred to as the 'Next Horizon' strategy was launched in January 2020. In February 2025, MetLife, Inc. launched its refreshed Enterprise Strategy, referred to as the 'New Frontier' strategy. 'New Frontier' is a bold evolution of MetLife's strategy and is anchored in discipline built over time.

In March 2025 the board of directors of the Undertaking will review, consider and if appropriate approve, the 'New Frontier' strategy as it applies to the Undertaking.

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's structure is depicted in the simplified chart below.



The Undertaking has authorised share capital of 100,000,000 shares of €1 each. At 31 December 2024, the Undertaking had issued €2,048,388 (2023: €2,048,388) in share capital. The qualifying holdings, number of shares and voting rights of the issued shares as at 31 December 2024 and as at 31 December 2023 are:

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

A.1.4 Total performance

Total performance	Section reference	**2024 €'000**	2023 €'000
Operating			
Underwriting result	A2.1	**5,234**	8,554
Investment income	A3.1	**1,330**	850
Other income	A4.1	**10**	9
Expenses	A4.1	**(5,325)**	(9,661)
Tax	A4.1	**(77)**	(511)
Total operating		**1,172**	(759)
Non-operating			
Investment income	A3.1	**—**	—
Foreign exchange gains/(losses)	A4.1	**(32)**	415
Expenses	A4.1	**—**	10
Tax	A4.1	**(75)**	203
Total non-operating		**(107)**	628
Profit for the financial year		**1,065**	(131)

The financial values are per the Undertaking's 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 2024 underwriting performance against the prior year.

	Miscellaneous financial loss		Assistance		Credit and suretyship insurance		Health insurance		Fire and other damage to property insurance		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Net earned premium	**6,867**	8,475	**2,473**	2,097	**1,319**	195	**—**	2,117	**355**	300	**11,014**	13,184
Reinsurance commission income	**6,232**	5,121	**—**	—	**—**	—	**—**	—	**—**	—	**6,232**	5,121
Total premium and commission income	**13,100**	13,596	**2,473**	2,097	**1,319**	195	**—**	2,117	**355**	300	**17,247**	18,305
Claims incurred	**(833)**	(421)	**(197)**	4	**—**	—	**—**	(858)	**—**	—	**(1,030)**	(1,275)
Change in technical provisions	**(86)**	(25)	**(23)**	15	**—**	—	**—**	293	**—**	—	**(109)**	283
Total policyholder benefits	**(919)**	(446)	**(220)**	18	**—**	—	**—**	(566)	**—**	—	**(1,139)**	(994)
Commission	**(9,609)**	(8,742)	**(1,754)**	(1,402)	**(39)**	—	**—**	(290)	**(140)**	(69)	**(11,542)**	(10,503)
Other variable expenses	**(1,034)**	(521)	**(13)**	(28)	**—**	—	**—**	(685)	**—**	—	**(1,047)**	(1,234)
Total variable expenses	**(10,643)**	(9,263)	**(1,767)**	(1,430)	**(39)**	—	**—**	(974)	**(140)**	(69)	**(12,589)**	(11,736)
Deferred acquisition costs	**1,715**	2,927	**—**	—	**—**	—	**—**	52	**—**	—	**1,715**	2,979
					0							
Underwriting result	**3,253**	6,814	**486**	685	**1,280**	195	**—**	629	**215**	231	**5,234**	8,554

The underwriting profit decreased by €3.4m from €8.6m in 2023 to €5.2m in 2024.

The decrease is mainly driven by the miscellaneous financial loss line of business and offset by the credit and suretyship line of business. This decrease in the miscellaneous financial loss line of business is mainly due to an increase in commissions and variable expenses and a decrease in deferred acquisition costs (DAC).

The health line of business shows a decrease from the prior year. This is the result of the sale of Poland DTC business in 2023 leading to lower premiums, claims and commissions. This Poland DTC business was FOS business written through an Irish branch.

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

Credit and suretyship line of business result is showing growth of new business.

Fire and other damage to property insurance line of business result is broadly consistent with prior year.

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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Premium and commission income	**567**	2,937	**10,228**	9,536	**6,452**	5,832	**17,247**	18,305
Policyholder benefits	**(44)**	(531)	**(646)**	(270)	**(449)**	(193)	**(1,139)**	(994)
Variable expenses	**(372)**	(1,488)	**(7,617)**	(6,400)	**(4,600)**	(3,848)	**(12,589)**	(11,736)
Deferred acquisition costs	**(1)**	39	**1,545**	2,567	**171**	373	**1,715**	2,979
Underwriting result	**150**	957	**3,510**	5,433	**1,574**	2,164	**5,234**	8,554

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

	2024 €'000	2023 €'000
Operating investment income		
Interest bearing securities		
Net interest income	**1,373**	905
Investment management expenses	**(43)**	(55)
Total operating investment income	**1,330**	850
Non-operating investment income		
Interest bearing securities		
Realised (losses)	**—**	—
Total non-operating investment income	**—**	—
Total investment return	**1,330**	850

Total investment return increased by €0.48m from €0.85m in 2023 to €1.33m in 2024. This is primarily driven by net interest income which increased in 2024 due to an increase in yields available on reinvested assets.

A.3.2 Gains/losses recognised directly in equity

	2024 €'000	2023 €'000
Investment gains/losses recognised directly in equity	**542**	(1,114)

Investment gains have increased by €1.64m from €(1.1)m in 2023 to €0.54m in 2024. This improved performance over 2024 is a result of central banks slowing down increases to interest rates to combat inflation, leading to an increase in market value of available for sale assets.

Note: Investment gains/losses disclosed in equity in the Irish GAAP financial statements represent the difference between market value and book value on available for sale financial assets.

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:

	2024	2023
	€'000	€'000
Performance of other activities		
Operating		
Other income	**10**	9
Expenses	**(5,325)**	(9,661)
Tax	**(77)**	(511)
	0	
Total operating	**(5,392)**	(10,163)
Non-operating		
Expenses	**—**	10
Foreign exchange gains/(losses)	**(32)**	415
Tax	**(75)**	203
Total non-operating	**(107)**	628
Net results from other activities	**(5,499)**	(9,535)

Net results from other activities have increased by €4m from €(9.5)m in 2023 to €(5.5)m in 2024. This is mainly due to the loss on sale of the Poland DTC business in 2023.

A.4.2 Leases

The Undertaking uses IFRS 16 to measure leases.

In 2024 there was a right-of-use asset on the Solvency II balance sheet of €22k (2023: €4k) and a corresponding liability representing the obligation to make lease payments of €22k (2023: €5k).

Expenses of €6k (2023: €6k) 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.:

	2024	2023
	€'000	€'000
Alico US	**9,505**	9,506
MetLife International Holdings LLC	**(1)**	(1)
MetLife Investments Limited	**(2)**	1
MetLife Services EEIG	**(141)**	(154)
MetLife Europe d.a.c.	**(1,405)**	(1,182)

A.5.2 Material transactions during the year

The Undertaking paid a dividend of €4.8m to its immediate parent, MetLife EU, in December 2024.

A.5.3 Events after the year end

There are no events subsequent to the year end which require amendment to the disclosures in this report.

B System of governance

B.1 General information on the system of governance

B.1.1 Governance structure

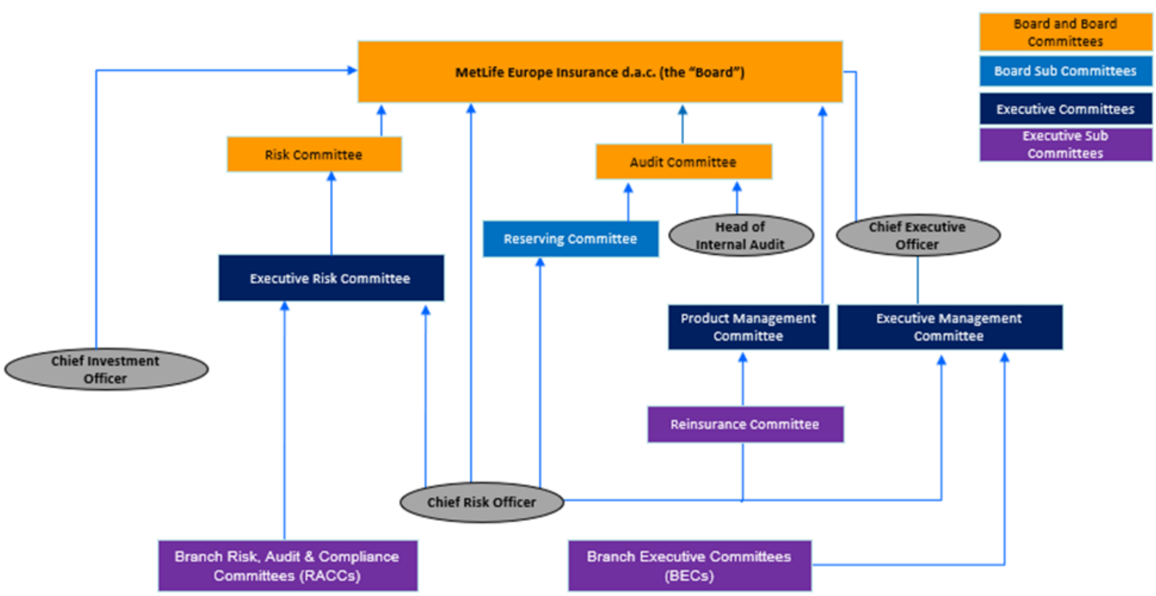
A consistent governance structure is in place across MetLife's European Economic Area (EEA) group of entities, supporting clear decision making, roles and responsibilities. The Corporate Governance Framework (the "Framework") describes corporate governance within the Undertaking. The Framework ensures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

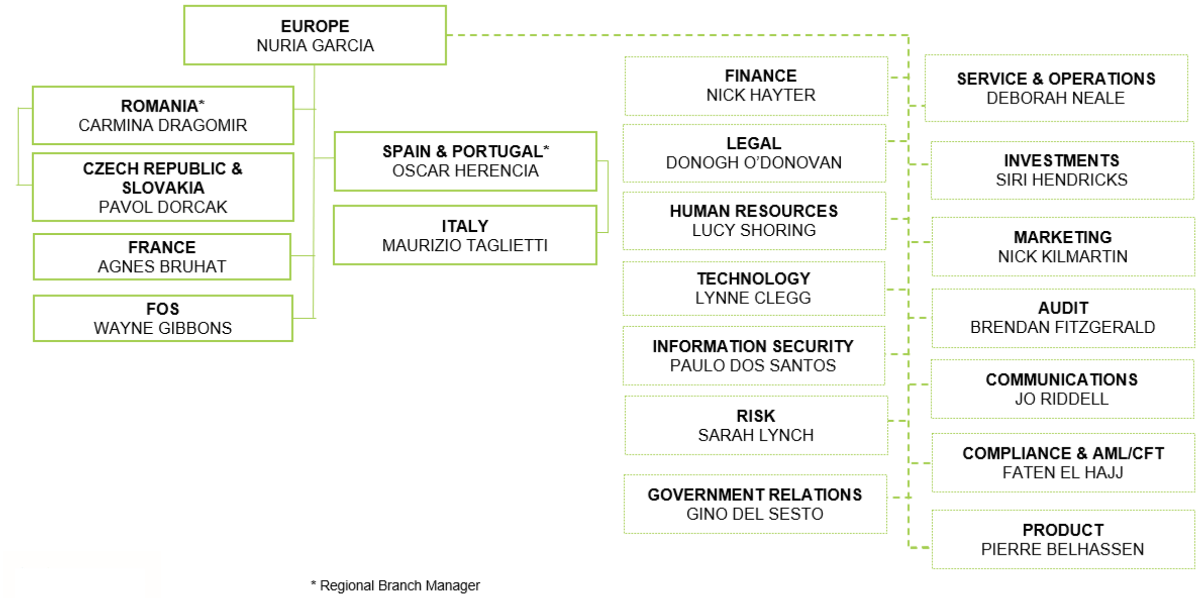
Figure: Undertaking's Corporate Governance Structure



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 following chart indicates the positions of key function holders within the Executive Management team 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, non-financial, 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.
- Approval of the Pre-Emptive Recovery Plan

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 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, non-financial, 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 by establishing the Undertaking's Compliance Policies, Procedures, Programmes and Compliance plan. The Head of Compliance is responsible for periodic assessment of the adequacy of the measures adopted by the Undertaking to prevent non-compliance.

The role of Head of Legal

The Head of Legal is a member of the Undertaking's Executive Management and reports to the CEO. The Head of Legal (in collaboration with other functions) plays a key role in identifying and managing any relevant legal and regulatory risk. The role holder also provides legal advice and strategic guidance to the Undertaking on a broad range of topics, such as general corporate activity, litigation, new laws and regulations, re-structuring and corporate governance.

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'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 €4.8m to its immediate parent, MetLife EU, in December 2024.

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 performing a Pre-Approval Control function (PCF) or a Control Function (CF), referred to here 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.

The Policy also covers the requirements for MetLife Europe to certify annually that each PCF and CF role holder meets the applicable Fitness and probity Standards. The MetLife Europe Chief Operating Officer oversees the completions of the Certificate of compliance process by review and sign off where the Fitness and probity requirements are satisfied.

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): A person who holds or performs the duties as set out in the Fitness and Probity Standards 2023 and the Central Bank Regulations. Persons appointed to a PCF must be approved in writing by the CBI, prior to their appointment.
- Control Functions (CFs): Specific functions as set out in the Fitness and Probity Standards 2023 and the Central Bank 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.
- Responsible Person: Any person performing one or more PCF or CF role.

Assessment of fit and proper

The Undertaking does not permit a person to perform a control function 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 PCF role holder.

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 PCF/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 PCF/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 Risk 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.

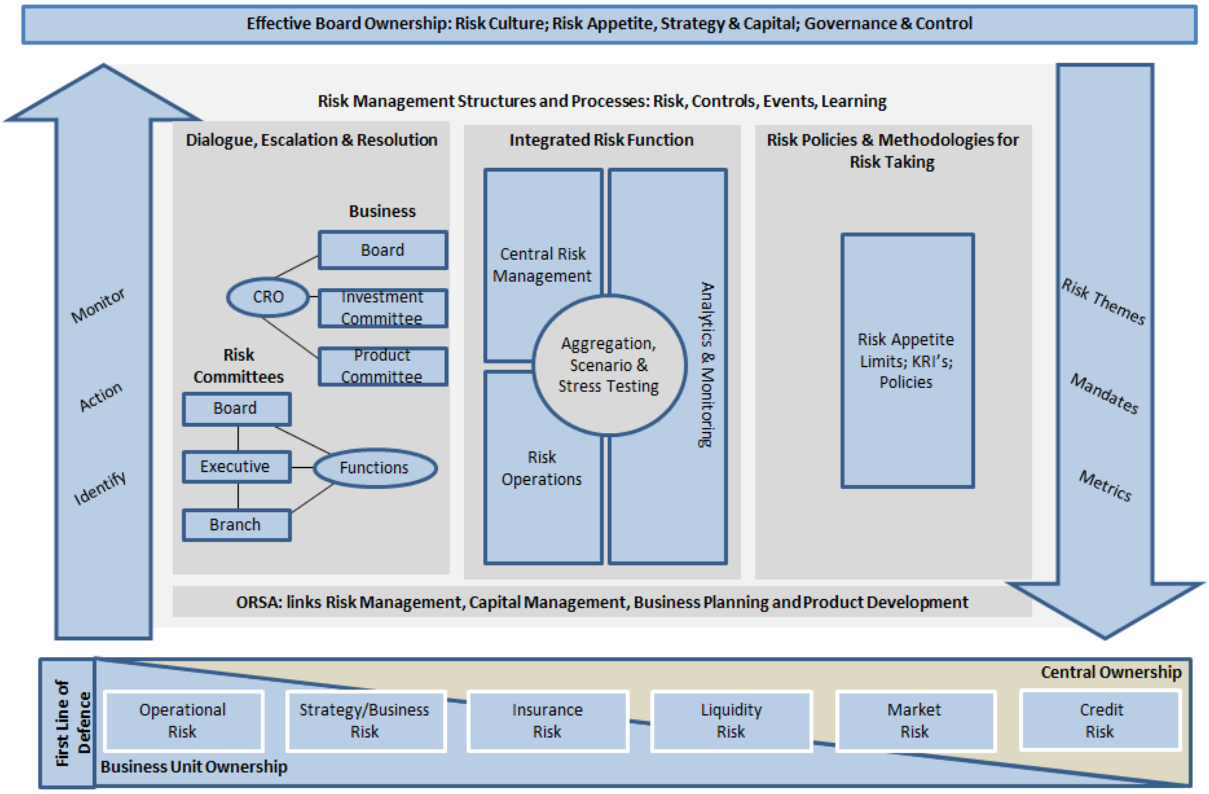
Scope and application

All business activity and decisions are made in the context of, and in compliance with, the Risk 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 Risk Framework as is relevant to their role, and exercises sound judgement to act within the Risk 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 Risk 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 Risk 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 Risk 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 Risk 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 and Compliance 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.

Effective management of our business resilience is critical to ensuring the Undertaking remains operational through a period of disruption. Appropriate management information relating to resilience activity, trends and weaknesses and remediation efforts is collated on a regular basis. This provides assurance to the Board that the Undertaking has the ability to react accordingly where disruption occurs.

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 is also a RACC specifically for the FOS Business (FOS 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 and the FOS business. 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 Non-Financial 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 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.

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).
- Non-Financial risk management processes, e.g. management of the risk register.

- Leading the ORSA process, analysis and reporting.
- Co-ordinate the annual review and update of the Recovery Plan.

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.

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 non-financial 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 Non-Financial).

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, non-financial 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.

Non-financial and business risk

Non-financial 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.

While non-financial risk management focuses on preventing risks from materialising or minimising the impacts where they do, business resilience, a subset of non-financial risk, focuses on strengthening our ability to deal with risk events when they occur.

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.

Non-financial and business risk is intricately tied to the overall management of a business and is therefore the responsibility of each business unit. Non-financial risk also arises in the Undertaking's HO functions, such as Finance, Actuarial, etc. Each function is responsible for the management of non-financial 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 non-financial risk, sustainability risk is intricately tied to the overall management of the business and is therefore the responsibility of each business unit. The Undertaking's Sustainability Statement includes an assessment of its material impacts, risks and opportunities as they relate to sustainability matters, for which the Undertaking has considered how its activities across the entire value chain impact people and the environment (the 'inside-out' view), and how sustainability issues and the environment can affect the Undertaking financially (the 'outside-in' view). Identified material impacts, risks and opportunities cover Climate Change, Own Workforce, Consumers and end-users, Business Conduct and Digital / Artificial Intelligence.

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 organisation 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.3.4 Pre-Emptive Recovery Plan

During 2021, regulations were issued for pre-emptive recovery planning for (re)insurers, requiring insurers to have a Recovery Plan in place by 31 March 2022. The CBI also issued Guidelines as to what the (re)insurers' plans need to address. The rationale underpinning the requirements is to encourage companies to future-proof their businesses against a range of potential adverse scenarios. The Undertaking has developed a Recovery Plan which is owned and approved by the Board. The Recovery Plan defines recovery indicators with defined limits and thresholds that would prompt the Undertaking to take specific action and sets out the options available to restore its financial position in the event of the Undertaking coming under stress.

MetLife

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 Function is an integral part of an effective internal control system and the three lines of defence model. The Compliance Function is responsible for delivering a compliance risk framework that enables the Undertaking's lines of business and corporate functions to comply with applicable laws, rules, regulations, and policies, maintain risk levels within MetLife's risk appetite, and integrating compliance principles across the Undertaking's lines of business and corporate functions. The Compliance Function provides constructive challenge to the lines of business and corporate functions, partnering with them to implement processes and controls, as well as to foster a culture of compliance. It conducts risk-based, second line monitoring activities (including NFRA risks and controls) to identify compliance risk and escalates key matters to Management and the appropriate governance bodies.

The compliance risk management framework consists of the following key elements:

- Compliance risk Identification and prioritisation;
- Compliance risk and Control Assessments;
- Laws and Regulations;
- Monitoring and Testing Programme;
- Metrics and Reporting;
- Escalation and Issue Management;
- Training; 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 compliance risk management 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 compliance risk management framework, identification and assessment of compliance risk, including but not limited to, the completion of compliance monitoring and testing activities to ensure independent oversight.
- 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

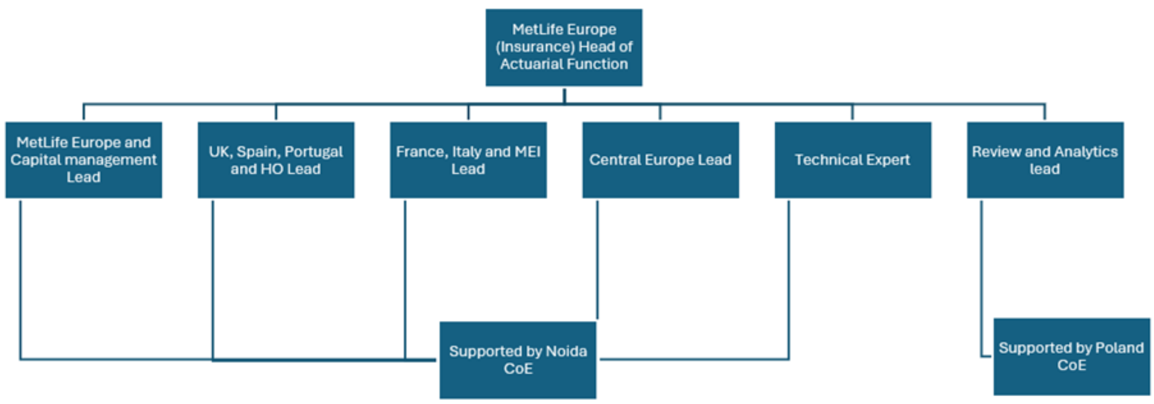
g. Updating the Audit Committee on key audit initiatives, adequacy of resource levels, providing regular updates on the progress of completion of the audit plan, including any changes, and the status of management action plans.

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, in line with relevant legislation, 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); 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

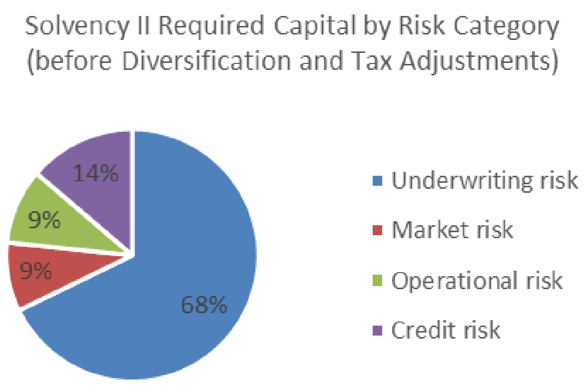
The information provided in the sections above provide a comprehensive and complete description of the Undertaking's system of governance and its continuing adequacy for the Undertaking.

C Risk profile

This section describes the main risks to which the Undertaking is exposed through its business operations.

The Undertaking has a well-diversified risk profile in terms of product mix, distribution channel and location and is monitored on an on-going basis via the risk reporting to the ERC, BRC and the Board. The material aspects of the risk profile that have been brought to the attention of these committees and the Board during the course of the year are outlined in further detail in the below sections.

At 31 December 2024, the breakdown of the Solvency II required capital by risk category was: 68% in Underwriting risk, 14% in Credit risk, 9% in Operational risk, and 9% in Market risk before diversification and tax adjustments.



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.

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 increased over the period mainly due to higher sales of business in Italy and Portugal.

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 be 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.

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-24 €'000
Premium and Reserve risk	**10,676**
Lapse risk	**3,754**
Non-Life CAT risk	**3,332**

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 increased over the period mainly due to higher sales of business in Italy and Portugal.

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.

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 has been broadly stable over the period.

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-24 €'000
Interest rate risk	**807**
Property risk	**5**
Currency risk	**649**
Concentration risk	**516**

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 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 Irish GAAP Statement of Comprehensive Income of a one percentage point increase/decrease in yield curves is a decrease/increase of €0.8m (2023: €1.2m).

The Undertaking's concentration risk arises mainly from exposure to Societe Generale, ING Group and Swedbank.

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 been broadly stable over the reporting period.

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-24 €'000
Spread risk	**878**
Counterparty default risk	**2,535**

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 €6.6m as at 31 December 2024.

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.

MetLife

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.

Operational resilience is an Undertaking's ability to identify and prepare for, respond to, and recover and learn from an operational disruption that impacts the delivery of Critical or Important Business Services. The Operational Resilience Framework ensures that the Undertaking can recover its critical or important business services from a significant unplanned disruption, while minimizing impact and protecting its customers and the integrity of the financial system.The core principles of the Operational Resilience Framework are:

- Board and senior management ownership of the Operational Resilience Framework.
- The identification of critical or important business services and all activities, people, process, information, technologies and third parties involved in the delivery of these services.
- The setting of impact tolerances for each of these identified services, and the testing of the Undertaking's abilities to stay within those impact tolerances during a severe but plausible operational disruption scenario.
- The continuous review of how the Undertaking responded and adapted to disruptive or potentiality disruptive events so that lessons learned can be incorporated into the operational improvements to continually enhance the operational resilience of the Undertaking.

Business continuity and disaster recovery plans are in place to ensure that employees are aware of the steps they would be required to take in the event of a business disruption or disaster affecting the business processes and technology supporting them. The Undertaking continues to enhance its operational and digital resilience framework, in line with the overall Governance and Risk Management Framework.

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:** Emerging risk concerns relate to geopolitical instability due to conflicts such as war in Ukraine and Middle East, the rise of nationalism across Europe (e.g., Brexit) threatening the stability of the European Single Market (ESM). The broader possibility of a deterioration in relations between major global powers, such as the US and the China could put further pressure on global political and economic stability. The direct impacts of the conflicts in Ukraine and Middle East are limited to date, however, the indirect impacts such as increased market volatility, inflation and cyber risk threats continue to evolve and are being closely monitored. These conflicts also have the potential to further worsen the refugee crisis and cause further migration away from conflict zones. The actions of the new US Administration in relation to trade policy and tariffs could drive further instability and result in deterioration of relationships between the US and global trading partners, such as China, the EU, Canada and Mexico.
- **Economic risk:** Emerging risk concerns relate to the ability of Central Banks to manage the balance between containing inflation and maintaining growth. The rise in protectionism across the globe, which has the potential to be compounded by the results of various country level elections, can lead to secondary impacts for the Undertaking in the form of increased volatility in the market. The key drivers of uncertainty in this area include the war in Ukraine and the conflict in the Middle East and ongoing monetary and fiscal policy actions being taken to combat macroeconomic uncertainty. Inflation appears to have stabilised, however shocks or sudden disruptions, driven by political, geopolitical, cyber risk or other factors could still drive short term spikes in inflation. In particular, the policy initiatives (trade policy, taxes, immigration and industrial spending) being implemented or threatened by the new US Administration have the potential to change the status quo, leading to increased economic uncertainty and slower global growth. This uncertainty and the associated actions of central banks can drive market volatility, including widening credit spreads and increased default risks, all of which are concerns monitored by the Undertaking.
- **Social risk:** Key risks of note include key skills shortage and lack of reskilling and failure to attract and retain key staff with required skills. Increased risk of insider threats, that is bad actors successfully being hired into the organisation and either not having the required skill set or having malicious intent toward the Undertaking such as infiltrating with the aim to steal confidential data. Other risks relate to changing customer and partner behaviour and the Undertaking's failure to meet their expectations with the rise of digitalisation, and also the rise in social inequality leading to instability in the economic system..
- **Technological risk:** The key risk being the increase in sophistication and proliferation of AI. This risk has many components such as AI enhanced malicious attacks, immature governance and regulation in the industry around AI and the rapid maturity of AI with increased deployment of AI tools and technology. These risks have many effects such as impacts on GDPR, negative impact amplification (factual inaccuracies, hallucinations, biases) and potential copyright infringements, potential for unemployment levels to rise, loss of expertise and the risk of over reliance on AI threatening business continuity.
- **Legal and Regulatory risk:** The main risks here relate to the uncertainty about the regulatory focus and interpretation of value for money reviews of unit linked products and concerns over mortgage life and credit protection insurance. The large volume of regulatory change in the pipeline and the potential the risks and costs associated with this, including potential impacts on future business performance, product offerings and solvency. New regulation to note would be the increasing sustainability regulation, DORA, the IAF, the EU AI Act and the next round of the Solvency II review with recently released draft standards and guidelines. There is also the risk that with operations spanning multiple countries that there is an added complexity of divergence in regulation between different jurisdictions and regulators.
- **Environmental risk:** Climate change risk is one of the key areas of focus here, with this being considered a key risk with both emerged and emerging elements (the potential impact of this is considered low in the short term but medium to longer term impacts are more uncertain).

In addition to the risks outlined above, sustainability remains one of the focal points for the insurance and pension industry, with Environmental, Social and Governance (ESG) factors increasingly shaping decisions of insurers. Specifically in relation to climate risks, over the past year, MetLife Group has continued to strengthen its efforts to understand the impact that climate risk, both physical and transition, may have on our business. The Undertaking continues to make progress on building on its scenario analysis capabilities and understanding of the potential impact of physical and transition risks on our assets through a combination of qualitative and quantitative analysis.

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 Irish GAAP.

Assets of the Undertaking as at 31 December 2024

Assets	Solvency II value	Reclassification adjustments	Valuation adjustments	Irish GAAP value
	€'000	€'000	€'000	€'000
Deferred acquisition costs	—	—	13,432	13,432
Intangible assets	—	—	6,115	6,115
Deferred tax assets	1,447	—	130	1,577
Property, plant and equipment held for own use	22	—	(22)	—
Government Bonds	12,839	(41)	—	12,798
Corporate Bonds	30,808	(211)	—	30,597
Deposits other than cash equivalents	1,185	—	—	1,185
Reinsurance recoverables	8,548	—	60,642	69,190
Insurance and intermediaries receivables	7,493	—	(13)	7,480
Reinsurance receivables	831	—	—	831
Receivables (trade, not insurance)	3,629	252	53	3,934
Cash and cash equivalents	7,774	—	(12)	7,763
Total Assets	**74,576**	**—**	**80,325**	**154,901**

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

The items on the Solvency II and Irish GAAP 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 Irish GAAP. 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 Irish GAAP, 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 Irish GAAP. 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 Irish GAAP, 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 Irish GAAP.

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 Irish GAAP 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 Irish GAAP:

	Solvency II 2024 €'000	Irish GAAP 2024 €'000
Other local deferred items	**272**	272
Losses carried forward	**192**	192
Differences between Solvency II and Irish GAAP balance sheet	**(779)**	—
Net deferred tax balance	**(315)**	464

DTAs:

As shown above, the Undertaking is in a net DTL as at 31 December 2024 of €315k. However, this position is arrived at after taking into account the following notable DTAs.

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

	Solvency II 2024 €'000
Ireland	**35**
France	**96**
Spain	**1,313**
Czech	**3**
Total	**1,447**

With the exception of Spain, the amount of the above DTAs are not considered material as at 31 December 2024. The Head Office, France and Czech branch were profitable in 2024 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 2024 and is expected to continue as such in 2025 and future years. 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. 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 2024:

	2024 €'m	2023 €'m
Ireland	**5**	5
Italy	**5**	5
Total	**10**	10

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 Losses and Commissions of €5.3m. Such losses have no expiry date, however there is currently no evidence to support recoverability.

These items are disclosed in the Irish GAAP 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 Irish GAAP, bonds are stated at fair value. Accordingly, there are no differences between Solvency II and Irish GAAP.

D.1.4.2 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 Irish GAAP, 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 Irish GAAP, reinsurance recoverables are valued using the same methods used to calculate technical provisions and, accordingly, there are differences between the value of reinsurance credit on the SII and Irish GAAP 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 Irish GAAP, receivables and other assets are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets.

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 Irish GAAP, receivables and other assets are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets.

D.1.8 Receivables (trade, not insurance)

Under Solvency II, these are stated at fair value.

Under Irish GAAP, trade receivables are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets.

See section D.1.1 for details of gross UCA which is disclosed in other assets in Irish GAAP 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 Irish GAAP, cash and cash equivalents and bank overdrafts are stated at carrying value which approximates to fair value.

Bank overdrafts are disclosed in debts owed to credit institutions in Irish GAAP 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
	2024	2024	2024	2024	2024
	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	7,774	—	—	—	7,774
Corporate Bonds	—	30,808	—	—	30,808
Deposits other than cash equivalents	—	—	—	1,185	1,185
Government Bonds	—	12,839	—	—	12,839
Property, plant & equipment held for own use	—	—	—	22	22
Grand Total	7,774	43,647	—	1,207	52,628

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
- Assistance
- Credit and Suretyship Insurance
- Fire and other damage to property insurance

Miscellaneous Financial Loss includes ILOE and MPI. Assistance includes Travel Insurance. Credit and Suretyship includes LoE. Fire and other damage to property insurance includes Pet and Home Insurance.

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**	**Reinsurance Relief**	**Net of Reinsurance**	Gross of Reinsurance	Reinsurance Relief	Net of Reinsurance
	2024	**2024**	**2024**	2023	2023	2023
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Fire and other damage to property insurance	**(63)**	**46**	**(17)**	(37)	25	(12)
Credit and suretyship insurance	**735**	**(620)**	**115**	173	(143)	30
Assistance	**(336)**	**215**	**(121)**	42	(56)	(14)
Miscellaneous financial loss	**11,879**	**(8,190)**	**3,689**	14,604	(9,975)	4,629
Total Technical Provisions	**12,215**	**(8,549)**	**3,666**	14,782	(10,149)	4,633

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
	2024	**2024**	**2024**	2023	2023	2023
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Fire and other damage to property insurance	**(96)**	**33**	**(63)**	(49)	12	(37)
Credit and suretyship insurance	**689**	**46**	**735**	162	11	173
Assistance	**(754)**	**418**	**(336)**	(45)	87	42
Miscellaneous financial loss	**10,551**	**1,328**	**11,879**	12,998	1,606	14,604
Total Gross Technical Provisions	**10,390**	**1,825**	**12,215**	13,066	1,716	14,782

Gross technical provisions decreased by €2.6m from €14.8m in 2023 to €12.2m in 2024. Net technical provisions decreased by €0.96m from €4.63m in 2023 to €3.67m in 2024. The change in net technical provisions is driven principally by the following items:

- Modelling refinements reduced the technical provisions by €1.4m, with the most significant impact being a refinement to the premium projections for a subset of products in Italy.
- Assumption updates decreased the net technical provisions by €0.6m which was mainly driven by expense and mortality assumption updates in Italy and Portugal.
- The remaining movements in net technical provisions are driven by new business, experience and market movements which in aggregate led to an increase in the technical provisions.

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 Irish GAAP 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 Irish GAAP

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	Fire and other damage to property insurance 2024 €'000	Credit and suretyship insurance 2024 €'000	Assistance 2024 €'000	Miscellaneous financial loss 2024 €'000	Total 2024 €'000
Technical Provisions under Irish GAAP	13	4,504	262	86,547	91,326
Assumption & Methodology Differences	(109)	(3,815)	(1,016)	(75,996)	(80,936)
Items in Solvency II not in Irish GAAP (Risk Margin)	34	46	418	1,328	1,825
Gross Technical Provisions under Solvency II	**(63)**	**735**	**(336)**	**11,879**	**12,215**

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

Assumption and Methodology Differences

Solvency II and Irish GAAP 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 Irish GAAP generally does not. Irish GAAP valuation adopts a net premium valuation methodology on regular premium business.

Items in Solvency II but not in Irish GAAP

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 Irish GAAP.

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 life 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 2024

Liabilities	Solvency II value €'000	Reclassification adjustments €'000	Valuation adjustments €'000	Irish GAAP value €'000
Technical Provisions - Non-life	12,215	—	79,111	91,326
Deferred tax liabilities	1,761	—	(790)	971
Insurance and intermediaries payable	9,304	—	—	9,304
Reinsurance payables	4,496	—	5,944	10,440
Payables (trade, not insurance)	3,840	—	1	3,841
Financial liabilities	22	—	(22)	—
Total Liabilities	**31,638**	**—**	**84,244**	**115,882**
Excess of assets over liabilities	**42,938**	**—**	**(3,919)**	**39,019**

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

D.3.1 Deferred tax liabilities

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

D.3.2 Insurance and intermediaries payables

This relates to amounts due to policyholders, insurers and other business linked to insurance.

Under Solvency II, these are stated at fair value.

Under Irish GAAP, such short-term payables are recorded at cost which is an approximation of the fair value of these liabilities.

D.3.3 Reinsurance payables

Reinsurance payables relates to amounts payable to reinsurers on claims and commissions settled to policyholders.

Under Solvency II, these are stated at fair value.

Under Irish GAAP, such short-term payables are recorded at cost which is an approximation of the fair value of these liabilities.

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

D.3.4 Payables (trade, not insurance)

Under Solvency II, these are stated at fair value.

Under Irish GAAP, trade payables are recorded at cost and are an approximation of the fair value of these liabilities.

D.3.5 Other financial liabilities

D.3.5.1 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, lease liabilities 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.

Under Irish GAAP, there is a distinction between finance leases and operating leases. Only finance leases are recognised as lease liabilities while payments on operating leases are recognised as an expense in the Statement of Comprehensive Income.

Accordingly, lease liabilities differ between Solvency II and Irish GAAP due to the different accounting policies applied.

D.3.5.2 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.3.6 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.3.7 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.

MetLife

E.1.2 Reconciliation of equity under Irish GAAP 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 Irish GAAP. The table summarises the differences at 31 December 2024:

	Section	31-Dec-24 €'000	31-Dec-24 €'000
Assets under Irish GAAP valuation	D.1	**154,901**	
Liabilities under Irish GAAP valuation	D.3	**(115,882)**	
Equity per the Irish GAAP financial statements			**39,019**
· Valuation differences on technical provisions (net)	D.2	**18,469**	
· Write off of deferred acquisition costs	D.1.1	**(13,432)**	
· Write off of intangible assets	D.1.2	**(6,115)**	
· Net unearned commission	D.1.1	**5,884**	
· Increase in deferred tax liability	D.1.3	**(920)**	
· Other adjustments		**33**	
			3,919
Assets under Solvency II valuation	D.1	**74,576**	
Liabilities under Solvency II valuation	D.3	**(31,638)**	
Excess of assets over liabilities under Solvency II			**42,938**

Valuation differences occur due to different basis used for Solvency II reporting compared with Irish GAAP. 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 €1.4m (2023: €1m) 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-24	31-Dec-23	Movement
	€'000	€'000	€'000
Basic own funds			
Tier One	**41,491**	43,430	(1,939)
Tier Two	**—**	—	—
Tier Three	**1,447**	939	508
Total basic own funds	**42,938**	44,369	(1,431)

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 2024, partially offset by the positive impact of new business written, increased market value of assets due to interest rate reductions, lower expense assumptions and the impact of model developments during the year.

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

	31-Dec-24	31-Dec-23	Movement
	€'000	€'000	€'000
Total own funds	**42,938**	44,369	(1,431)
Less:			
Restrictions	**—**	—	—
Deductions	**—**	—	—
Total eligible own funds for SCR	**42,938**	44,369	(1,431)
SCR	**16,275**	14,309	1,966
Solvency Ratio	**264%**	310%	(46)%
Total eligible own funds for MCR	**41,491**	43,430	(1,939)
MCR	**4,069**	3,577	492

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-24 €'000	Amount 31-Dec-23 €'000
Excess of assets over liabilities	**42,938**	44,369
Own shares (included as assets on the balance sheet)	**—**	
Foreseeable dividends, distributions and charges	**—**	
Other basic own funds items	**(15,082)**	(14,575)
Adjustment for restricted own fund items of Matching Adjustment Portfolios (MAPs) and Ring Fenced Funds (RFFs)	**—**	
Reconciliation reserve before deduction for participations	**27,856**	29,794

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.

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-24	31-Dec-23
	€'000	€'000
SCR market risk	**1,632**	1,703
SCR counterparty default risk	**2,535**	2,530
SCR non-life underwriting risk	**12,528**	10,469
Aggregation (diversification effect)	**(2,201)**	(2,194)
Basic SCR	**14,494**	12,508
Operational risk SCR	**1,780**	1,801
Diversified SCR, excluding capital add-on	**16,274**	14,309
Capital add-on	—	—
SCR	**16,274**	14,309

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 increased over the year by €2m from €14.3m in 2023 to €16.3m in 2024.This change is driven by an increase in the Non-Life Underwriting Risk. In particular, the SCR for the Premium and Reserve Risk and Lapse Risk have increased due to modelling refinements, with the most significant impact being a refinement to the premium projections for a subset of products in Italy.

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

The MCR is a less onerous capital requirement than the SCR. It represents a minimum level below which the amount of financial resources should not fall. The MCR is based on a linear function of net technical provisions and capital-at-risk. It is subject to a floor of 25% of SCR and a ceiling of 45% of SCR.

	31-Dec-24	31-Dec-23
	€'000	€'000
MCR	**4,069**	3,577

The MCR floor (25% of SCR) bites for MetLife Europe Insurance. The movement in the MCR of €0.5m is being driven by the movement in the SCR and the resulting impact on the MCR floor.

Capital Add-Ons

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

E.2.4 Treatment of participating business

This is not applicable to the Undertaking.

E.2.5 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
BEC	Branch Executive Committee
BEL	Best Estimate Liability
BRC	Board Risk Committee
BSCR	Basic Solvency Capital Requirement
CASSA	Cassa Integrazione Guadagni
CBI	Central Bank of Ireland (the Irish Regulatory Authority)
CEO	Chief Executive Officer
CF	Controlled Function
CFO	Chief Finance Officer
CPD	Counterparty Default
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
d.a.c.	Designated Activity Company
DORA	Digital Operational Resilience Act
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
ESG	Environment, Social and Governance
ESM	European Single Market
EU	European Union
EUC	End User Computing
FOS	Freedom of Service
FRS	Financial Reporting Standard
FTC	Foreign Tax Credits
GAAP	Generally Accepted Accounting Principles
HO	Head Office
HR	Human Resources
HRG	Homogeneous Risk Group
IBNR	Incurred But Not Reported

IDD	Insurance Distribution Directive
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
NAV	Net Asset Value
NFRA	Non-Financial Risk Assessment
ORSA	Own Risk and Solvency Assessment
PAD	Provision for Adverse Deviations
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
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
UCA	Unearned Commission Asset
UK	United Kingdom
ULR	Ultimate Loss Ratio
USA	United States of America
USPs	Undertaking Specific Parameters

METLIFE EUROPE INSURANCE D.A.C. PUBLIC DISCLOSURE

MetLife

Year: 2024
Currency: Euro
MetLife Europe Insurance d.a.c.

S.02.01 Balance Sheet

		Solvency II value
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	1,446,681
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	21,629
contracts)	**R0070**	**44,831,042**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	*43,646,397*
Government Bonds	R0140	12,838,769
Corporate Bonds	R0150	30,807,628
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	1,184,645
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**	**8,549,310**
Non-life and health similar to non-life	R0280	8,549,310
Non-life excluding health	R0290	8,549,310
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	7,492,731
Reinsurance receivables	R0370	830,691
Receivables (trade, not insurance)	R0380	3,628,900
Own shares (held directly)	R0390	
paid in	R0400	
Cash and cash equivalents	R0410	7,774,833
Any other assets, not elsewhere shown	R0420	
Total assets	**R0500**	**74,575,816**

Liabilities

Technical provisions - non-life	**R0510**	**12,215,500**
Technical provisions - non-life (excluding health)	**R0520**	**12,215,500**
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	10,390,069
Risk margin	R0550	1,825,431
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
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	1,761,213
Derivatives	R0790	
Debts owed to credit institutions	R0800	3
Financial liabilities other than debts owed to credit institutions	R0810	22,480
Insurance & intermediaries payables	R0820	9,303,856
Reinsurance payables	R0830	4,495,564
Payables (trade, not insurance)	R0840	3,839,525
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**	**31,638,142**

Excess of assets over liabilities	**R1000**	**42,937,675**

MetLife

Year: 2024
Currency: Euro
MetLife Europe Insurance d.a.c.

S.04.05 Premiums, claims and expenses by country

Non-life insurance and reinsurance obligations

		Home country	Top 5 countries: non-life				
		C0010	C0020	C0020	C0020	C0020	C0020
R0010		Ireland (IE)	Italy (IT)	Spain (ES)	Romania (RO)	Portugal (PT)	Slovakia (SK)
Premiums written (gross)							
Gross Written Premium (direct)	R0020	-	18,648,717	13,478,120	14,900,600	11,239,575	2,975,326
Gross Written Premium (proportional reinsurance)	R0021	-	-	207,528	-	-	-
Gross Written Premium (non-proportional reinsurance)	R0022	-	-	-	-	-	-
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	-	17,019,929	13,293,719	12,668,034	11,167,970	2,919,840
Gross Earned Premium (proportional reinsurance)	R0031	-	-	207,528	-	-	-
Gross Earned Premium (non-proportional reinsurance)	R0032	-	-	-	-	-	-
Claims incurred (gross)							
Claims incurred (direct)	R0040	-	2,231,179	238,827	432,677	386,141	135,490
Claims incurred (proportional reinsurance)	R0041	-	-	51,280	-	-	-
Claims incurred (non-proportional reinsurance)	R0042	-	-	-	-	-	-
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	-	11,082,246	11,705,492	10,236,091	9,261,220	2,109,714
Gross Expenses Incurred (proportional reinsurance)	R0051	-	-	99,674	-	-	-
Gross Expenses Incurred (non-proportional reinsurance)	R0052	-	-	-	-	-	-

Life insurance and reinsurance obligations

		Home country	Top 5 countries: life and health SLT				
		C0030	C0040	C0040	C0040	C0040	C0040
R1010		Ireland (IE)					
Gross Written Premium	R1020	-	-	-	-	-	-
Gross Earned Premium	R1030	-	-	-	-	-	-
Claims incurred	R1040	-	-	-	-	-	-
Gross Expenses Incurred	R1050	-	-	-	-	-	-

MetLife

Year: 2024
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							553,572		1,318,805		2,764,586	58,221,190					62,858,154
Gross - Proportional reinsurance accepted	R0120												207,528					207,528
Gross - Non-proportional reinsurance accepted	R0130																	0
Reinsurers' share	R0140							198,515				329,599	48,898,296					49,426,410
Net	**R0200**							**355,056**		**1,318,805**		**2,434,988**	**9,530,422**					**13,639,272**
Premiums earned																		
Gross - Direct Business	R0210							553,572		1,318,805		2,802,557	54,017,474					58,692,408
Gross - Proportional reinsurance accepted	R0220												207,528					207,528
Gross - Non-proportional reinsurance accepted	R0230																	0
Reinsurers' share	R0240							198,515				329,599	47,357,404					47,885,518
Net	**R0300**							**355,056**		**1,318,805**		**2,472,959**	**6,867,598**					**11,014,418**
Claims incurred																		
Gross - Direct Business	R0310											130,031	3,428,954					3,558,985
Gross - Proportional reinsurance accepted	R0320												51,280					51,280
Gross - Non-proportional reinsurance accepted	R0330																	0
Reinsurers' share	R0340											-88,702	2,426,132					2,337,430
Net	**R0400**											**218,734**	**1,054,102**					**1,272,836**
Expenses incurred	R0550							131,917		38,732		1,814,053	14,180,513					16,165,216
Balance - other technical expenses/income	R1210																	-6,242,371
Total technical expenses	**R1300**																	9,922,845

		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									
Reinsurers' share	R1420									
Net	**R1500**									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	**R1600**									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	**R1700**									
Expenses incurred	**R1900**									
Balance - other technical expenses/income	**R2510**									
Total technical expenses	**R2600**									
Total amount of surrenders	R2700									

MetLife

Year: 2024
Currency: Euro
MetLife Europe Insurance d.a.c.

S.17.01 Non - Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance:☐				Total Non-Life obligations
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
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							**(96,228)**		**689,344**		**(946,728)**	**7,456,611**					**7,102,999**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140							(45,590)		619,847		(321,172)	5,950,774					**6,203,860**
Net Best Estimate of Premium Provisions	R0150							**(50,638)**		**69,497**		**(625,556)**	**1,505,836**					**899,139**
Claims provisions																		
Gross	R0160											**192,987**	**3,094,083**					**3,287,070**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240											106,502	2,238,948					**2,345,450**
Net Best Estimate of Claims Provisions	R0250											**86,485**	**855,134**					**941,620**
Total Best estimate - gross	**R0260**							**(96,228)**		**689,344**		**(753,740)**	**10,550,694**					**10,390,069**
Total Best estimate - net	**R0270**							**(50,638)**		**69,497**		**(539,071)**	**2,360,971**					**1,840,759**
Risk margin	**R0280**							33,611		45,528		418,054	1,328,237					**1,825,431**
Technical provisions - total																		
Technical provisions - total	**R0320**							(62,616)		734,871		(335,686)	11,878,931					**12,215,500**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**							(45,590)		619,847		(214,670)	8,189,723					**8,549,310**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**							(17,027)		115,024		(121,016)	3,689,208					**3,666,189**

MetLife

Year: 2024
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 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											1,903	R0100	1,903.20	1,903.20
2015	R0160	3,453,423	4,615,020	704,175	69,634	24,280	5,250	14,390	4,730	0	7,107		R0160	7,106.66	8,898,009.01
2016	R0170	2,661,062	3,509,674	576,379	74,553	31,119	17,941	6,446	3,172	0			R0170	0.00	6,880,346.52
2017	R0180	2,170,185	3,090,917	435,022	58,337	10,512	13,009	2,220	2,271				R0180	2,271.15	5,782,472.85
2018	R0190	2,400,249	2,484,198	501,085	46,412	17,816	12,659	11,379					R0190	11,378.80	5,473,797.36
2019	R0200	2,423,065	2,600,863	375,353	82,009	6,472	5,004						R0200	5,004.18	5,492,765.76
2020	R0210	2,174,323	1,680,243	257,453	18,214	2,796							R0210	2,796.00	4,133,028.87
2021	R0220	1,290,793	1,434,929	235,278	7,419								R0220	7,418.60	2,968,418.18
2022	R0230	1,209,936	1,508,159	219,581									R0230	219,580.52	2,937,675.03
2023	R0240	1,054,205	1,620,324										R0240	1,620,323.91	2,674,529.21
2024	R0250	964,098											R0250	964,098.48	964,098.48
												Total	R0260	**2,841,881.50**	**46,207,044.47**

Gross undiscounted Best Estimate Claims Provisions

		Development year 0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											10,804	R0100	10,804
2015	R0160	0	908,961	205,598	77,402	46,459	19,314	11,880	11,407	11,407	3,253		R0160	3,253
2016	R0170	5,355,745	991,184	201,780	59,817	35,531	33,285	33,182	30,770	30,770			R0170	30,770
2017	R0180	4,517,388	804,677	70,721	32,149	26,599	16,637	14,269	20,243				R0180	20,243
2018	R0190	4,089,322	693,312	94,495	38,716	15,272	13,072	12,948					R0190	12,948
2019	R0200	3,770,410	694,736	130,164	30,647	7,893	12,254						R0200	12,254
2020	R0210	3,223,258	393,461	46,494	5,117	2,151							R0210	2,151
2021	R0220	2,205,697	337,932	34,978	-10,651								R0220	-10,651
2022	R0230	2,790,091	376,871	41,413									R0230	41,413
2023	R0240	2,112,058	404,631										R0240	404,631
2024	R0250	2,759,247											R0250	2,759,247
												Total	R0260	**3,287,063**

MetLife

Year: 2024
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	27,855,994	27,855,994			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	1,446,681				1,446,681
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**	**42,937,675**	**41,490,994**			**1,446,681**
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**	**42,937,675**	**41,490,994**			**1,446,681**
Total available own funds to meet the MCR	**R0510**	**41,490,994**	**41,490,994**			
Total eligible own funds to meet the SCR	**R0540**	**42,937,675**	**41,490,994**			**1,446,681**
Total eligible own funds to meet the MCR	**R0550**	**41,490,994**	**41,490,994**			
SCR	**R0580**	**16,275,337**				
MCR	**R0600**	**4,068,834**				
Ratio of Eligible own funds to SCR	**R0620**	**263.82%**				
Ratio of Eligible own funds to MCR	**R0640**	**1019.73%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	42,937,675
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	15,081,681
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	
Reconciliation reserve	**R0760**	**27,855,994**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	6,572,934
Total Expected profits included in future premiums (EPIFP)	**R0790**	**6,572,934**

MetLife

Year: 2024
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	1,632,425		
Counterparty default risk	R0020	2,534,941		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	12,528,464		
Diversification	R0060	-2,200,762		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**14,495,069**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	1,780,268
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	16,275,337
Capital add-ons already set	**R0210**	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	16,275,337
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
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: 2024
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		354,975
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100	69,497	1,318,805
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		2,433,830
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,360,971	10,423,076
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		
Total capital at risk for all life (re)insurance obligations	R0250		

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	2,105,580	
MCRL Result	R0200		

Overall MCR calculation

		C0070
Linear MCR	R0300	2,105,580
SCR	R0310	16,275,337
MCR cap	R0320	7,323,902
MCR floor	R0330	4,068,834
Combined MCR	R0340	4,068,834
Absolute floor of the MCR	R0350	2,700,000
Minimum Capital Requirement	**R0400**	**4,068,834**