Monument Assurance Belgium

Solvency and Financial Condition Report
at 31 December 2019

7 April 2020

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Samenvatting

Dit is het Solvency and Financial Condition Report (“**SFCR**”) (Rapport over de solvabiliteit en financiële positie) voor Monument Assurance Belgium (“**MAB**” of de “**Onderneming**”) voor het jaar eindigend op 31 december 2019. Het doel van het SFCR is om te voldoen aan de openbaarmakingsvereisten van de artikelen 290 tot en met 303 van de Gedelegeerde Verordening (EU) nr. 2015/35 en artikelen 95 en 96 van de wet van 13 maart 2016 op het statuut van en het toezicht op verzekerings- of herverzekeringsondernemingen (“**Solvabiliteit II-wet**”).

In dit rapport worden nominale bedragen vermeld in duizenden euro (€ '000), tenzij anders vermeld, conform artikel 2 van Uitvoeringsverordening (EU) nr. 2015/2452.

Bedrijfsinformatie

Monument Re Ltd ("**Monument Re**") rondde de acquisitie van ABN AMRO Life Capital Belgium NV ("**AALCB**") af op 28 maart 2018, toen de naam van de onderneming eveneens werd gewijzigd in Monument Assurance Belgium NV ("**MAB**").

MAB is een levensverzekeringsmaatschappij, opgericht in België onder het nummer 0478.291.162, met vergunning van de Nationale Bank van België ("**NBB**") om levenspolissen van Tak 21, Tak 23 en Tak 26 aan te bieden. MAB heeft sinds 2012 geen nieuwe bedrijfsactiviteiten onderschreven. Bijgevolg kan MAB worden beschouwd als een “gesloten boek” onderneming.

De Onderneming werd oorspronkelijk in 2002 gemachtigd om de levensverzekeringsactiviteit uit te voeren, al dan niet gekoppeld aan beleggingsfondsen, met uitzondering van uitzet- en geboorteverzekeringen (Tak 21). Daarnaast werd toestemming verleend voor het uitvoeren van de volgende activiteiten: levens-, uitzet- en geboorteverzekering in samenhang met beleggingsfondsen (Tak 23) en kapitalisatietransacties (Tak 26). De producten werden verkocht aan klanten in België via de private banking-tak van ABN AMRO Bank België of via externe makelaars en vermogensbeheerders die de producten op onafhankelijke basis verkochten.

Op 28 maart 2018 werd Monument Insurance Belgium Services Srl ("**MIBS**") opgericht om de administratie van het Belgische bedrijf te ondersteunen. Het belangrijkste doel voor de oprichting van het dienstenverleningsbedrijf was om het personeel te kunnen inzetten bij alle activiteiten en entiteiten binnen de Monument Re Group terwijl schaalvoordelen binnen de Belgische activiteiten worden gerealiseerd. Door de uitbesteding kan de Onderneming optimaal gebruik maken van middelen en operationele efficiëntie maximaliseren.

De bedrijfsstrategie van de Onderneming is om:

- te focussen op de afvloeiing van de bestaande gesloten polissenportefeuilles (c. 45,000) per 31 december 2019 (c. 2,181 per 31 december 2018), er tegelijkertijd voor zorgend dat acties en klantenservice van hoogwaardige kwaliteit een prioriteit blijven;
- Ter ondersteuning van de strategie van de Monument Re Group, die erop gericht is oplossingen te bieden voor activa-intensieve levensverzekeringsportefeuilles door middel van herverzekering of acquisitie op de Europese markt;
- te blijven zoeken naar mogelijkheden om de Onderneming te laten groeien door portefeuilles van verzekeraars te verwerven, voornamelijk die in run-off en met een vermogenswaarde tussen € 100 en 500m, en te richten op lijfrente, gegarandeerd sparen of beschermingsproductlijnen; en
- risicodiversificatie te stimuleren en kapitaalsynergieën te creëren in overeenstemming met de Monument Group-strategie.

Kortom, streeft de Onderneming er actief naar om te groeien door middel van de aankoop van in-force levensverzekeringsportefeuilles. Deze strategie is gericht op gesloten boeken of "closed books".

In overeenstemming met deze strategie:

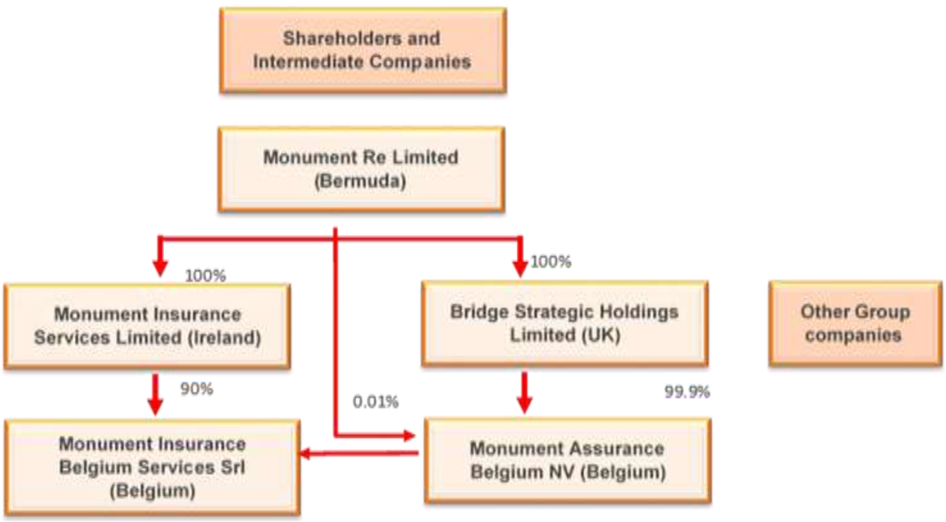
- Op 31 mei 2019 heeft MAB de overdracht uitgevoerd van een portefeuille van langetermijn-spaar- en kredietlevensverzekeringen van Alpha Insurance een Belgische verzekeringsmaatschappij en dochteronderneming van Enstar Group Limited. (de "**Alpha-portefeuille**" of "**Alpha**") (ca. 38.318 polissen per 31 december 2019).

- Op 16 december 2019 heeft MAB de overdracht uitgevoerd van een portefeuille van niet-Curanova lange-termijn-spaarcontracten van Curalia OVV ("**NCN-Portefeuille**", en "**Curalia**" respectievelijk (ca. 4.560 polissen per 31 december 2019). Het beheer van deze portefeuille blijft wel bij Curalia.

De Vennootschap blijft actief zoeken naar mogelijkheden voor verdere groei op de Belgische markt. Daarnaast wil de Monument Re Groep de samenwerking tussen de Benelux-entiteiten, namelijk MAB, Robein Leven NV (Nederland), en Monument Assurance Luxembourg SA, versterken.

Ter ondersteuning van de intentie van de Monument Re Group om het kapitaal en de liquiditeit efficiënt te beheren, maakt de Onderneming gebruik van een intra-groepsherverzekering (Intragroup reinsurance "**IGR**") om risico's af te staan die kunnen worden herverzekerd aan Monument Re, terwijl een deel van het risico wordt behouden. Dit draagt bij tot risicospreiding en kapitaal- en liquiditeitssynergieën op groepsniveau. Het IGR-verdrag werd in 2019 bijgewerkt om de dekking van de Alpha-portefeuille en de NCN-portefeuille op te nemen vanaf de effectieve datum van de overdracht van de portefeuille.

De eigendomsstructuur van MAB en MIBS is in de onderstaande grafiek weergegeven. Bridge Strategic Holdings Limited ("**Bridge**") werd in maart 2018 opgericht en MAB werd in oktober 2018 een dochteronderneming van Bridge.



Door middel van een strategie van herverzekering en/of verwerving, richt de Monumentgroep zich binnen zijn risicobereidheid op het aannemen van risico's op basis van activa en op het efficiënte beheer van deze activiteiten of portefeuilles. De twee belangrijkste gebieden waarop gericht wordt, zijn:

- verwerving van portefeuilles of verzekeraars die voornamelijk in run-off zijn en die gericht zijn op annuiteiten, gegarandeerde spaartegoeden of gekoppelde producten; en
- Herverzekering van langlopende, activa-intensieve verplichtingen, meestal met garanties.

Prestaties

De einddatum van het huidige boekjaar van de Onderneming is 31 december. Dit rapport is voor het jaar eindigend op 31 december 2019 met vergelijkingen ten opzichte van het voorgaande jaar voor de statutaire periode van 12 maanden die eindigt op 31 december 2018. Afschriften van de financiële overzichten van de Onderneming zijn verkrijgbaar via de website van de Nationale Bank van België.

In het algemeen bleef de Vennootschap presteren en afvloeien (“run-off”) in lijn met de verwachtingen. De prestatiecijfers blijven zoals verwacht rapporteren.

De belangrijkste uitdagingen voor de Onderneming vanuit een operationeel perspectief in 2019 waren de integratie van (i) de Alpha-portefeuille en (ii) de NCN-portefeuille. Beide portefeuilles zijn ingedekt via de IGR dat sinds 31 december 2018 van kracht is.

De resultaten van de Onderneming voor de periode worden hieronder weergegeven in ***Section A. Business and Performance.*** De operationele prestaties en run-off van de portefeuille bleven presteren in lijn met de vooruitzichten, en de onderneming rapporteerde een verzekeringstechnische winst voor de verslagperiode van € 5,54 miljoen (2018: een verlies van € 5,75 miljoen).

Governancesysteem

De Onderneming heeft een governancesysteem ingevoerd dat past bij de bedrijfsstrategie en -activiteiten. Er is een duidelijke delegatie van verantwoordelijkheden, rapportagelijnen en toewijzing van functies door middel van gedocumenteerde taakomschrijvingen van het comité en onafhankelijke controlecharters. Het governancesysteem omvat vereisten met betrekking tot: de geschiktheid en betrouwbaarheid van personen die verantwoordelijk zijn voor sleutelfuncties, beloningspraktijken en uitbestedingsactiviteiten. Een belangrijk deel van de bedrijfsactiviteiten en de governanceregelingen van de Onderneming is uitbesteed aan het dienstenverleningsbedrijf, Monument Insurance Belgium Services ("**MIBS**"), een (indirecte) dochteronderneming van Monument Re.

Op basis van het proportionaliteitsbeginsel en rekening houdend met de omvang van MAB (kleine entiteit), de activiteiten (gesloten boeken) en het type producten (Tak 21), is de rapportering enigszins aangepast; de Onderneming handhaaft echter de naleving van alle lokale wettelijke en reglementaire rapportagevereisten.

Er waren geen materiële wijzigingen in het governancesysteem gedurende het jaar eindigend op 31 december 2019, waarbij het dagelijks beheer van het bedrijf werd gedelegeerd aan het directiecomité (Management Committee of “**MC**”) waarvan de samenstelling werd versterkt met een nieuwe CEO. Bovendien zijn alle onafhankelijke controlefuncties, uitgezonderd de actuariële functie, ondergebracht in de Monumen Re groep. Het directiecomité heeft zich geëngageerd om het governancesysteem binnen MAB verder te versterken.

Verdere details van het governancesysteem van de Onderneming worden hieronder weergegeven in deel ***Section B. System of Governance*****.**

Risicoprofiel

Het risicobeheersysteem van de Onderneming staat in verhouding tot de aard, schaal en complexiteit van de risico's waaraan de Onderneming is blootgesteld. Het systeem omvat processen voor het identificeren, beoordelen en rapporteren van alle risicocategorieën. Het risicobeheersysteem omvat de eigen risico- en solvabiliteitsbeoordeling (Own Risk and Solvency Assessment "**ORSA**"), die de raad van bestuur van MAB (de "**Raad**") helpt bij het bepalen of er voldoende Eigen Vermogen is om de risico's van de Onderneming gedurende haar bedrijfsplanningshorizon te dekken.

De bedrijfsactiviteiten van de Onderneming geven voornamelijk aanleiding tot krediet-, markt-, verzekerings- en operationeel risico. Nadere details over het risicoprofiel van de Onderneming worden weergegeven in ***Section C. Risk Profile***.

Waardering voor solvabiliteitsdoeleinden

De balans van de Onderneming laat zien dat de meerderheid van de activa voornamelijk bestaat uit bedrijfs- en overheidsobligaties, hypotheekfondseffecten ("**Nederlands Woonhypotheken**") en kasdeposito's van korte duur, wat consistent is met de aard en de looptijd van de onderliggende verplichtingen. Alle activa en passiva zijn gewaardeerd in overeenstemming met de waarderingsbeginselen van Solvency II.

Verdere details van de waardering van de Onderneming voor Solvabiliteitsdoeleinden worden hieronder weergegeven in ***Section D. Valuation for Solvency Purposes***.

Kapitaalbeheer

De structuur van het Eigen Vermogen van de Onderneming bestaat uit aandelenkapitaal en aansluitingsreserve (inclusief ingehouden winsten). Het kapitaalmanagementbeleid is gericht op het te allen tijde voorzien van voldoende kapitaal om aan de wettelijke solvabiliteitsvereisten te voldoen. De Solvabiliteitskapitaalvereiste van de Onderneming (Solvency Capital Requirement "**SCR**") wordt berekend volgens de standaardformule die is vastgesteld door de European Insurance and Occupational Pension Authority (EIOPA - Europese Autoriteit voor verzekeringen en bedrijfspensioenen).

De volgende tabel geeft een samenvatting van het Eigen Vermogen en de solvabiliteitspositie van de Onderneming op 31 december 2019 , met vergelijkende cijfers van vorig jaar (in € '000, behalve voor percentages):

	31 december 2019	31 december 2018
In aanmerking komend Eigen Vermogen ter dekking van de Wettelijke Solvabiliteitsvereiste	14,537	7,548
Solvabiliteitskapitaalvereiste	3,032	1,132
Minimum kapitaalvereiste	3,700	3,700
Verhouding van Eigen Vermogen tot SCR	479%	667%
Verhouding van Eigen Vermogen tot MCR	393%	204%

Het in aanmerking komend Eigen Vermogen is tijdens de verslagperiode gestegen van € 7,5 miljoen naar € 14,5 miljoen. Deze stijging was voornamelijk het gevolg van de overname van de Alpha-portefeuille en de NCN-portefeuille, en de kapitaalverhoging ten bedrage van € 5 miljoen die op 25 april 2019 volledig werd onderschreven door Bridge ("**the Capital Increase**").

De SCR steeg van € 1,1 miljoen naar € 3,0 miljoen tijdens de verslagperiode. Deze verandering is hoofdzakelijk te wijten aan de eerder genoemde overnames en de daaropvolgende herverzekering die van toepassing is op de gehele balans van de Onderneming (dus ook op de Alpha- en NCN-portefeuille). De absolute Minimumkapitaalvereiste (Minimum Capital Requirement "**MCR**") van € 3,7 miljoen is tijdens de verslagperiode niet gewijzigd. Aangezien MCR de SCR overschrijdt, is de solvabiliteitsratio van de Onderneming in de verslagperiode toegenomen van 204% tot 393%.

Verdere details van het Eigen Vermogen en de SCR van de Onderneming zijn te vinden in deel ***Section E. Capital Management***.

Conclusies en aanbevelingen

In de uitvoering van haar strategie heeft de Onderneming haar solvabiliteitsratio heeft verhoogd door de overname van twee portefeuilles, namelijk de Alpha-portefeuille en de NCN-portefeuille. Bovendien blijft MAB zoeken naar synergieën met de Benelux-entiteiten van Monument.

Hoewel deze portefeuilles de aard van de prestaties wezenlijk hebben veranderd, heeft de Onderneming in de loop van 2019 haar governancesysteem verder versterkt en ervoor gezorgd dat er een passend kader voor risicomanagement aanwezig is.

Over het geheel genomen heeft de Onderneming zich ertoe verbonden de Solvabiliteit-II-principes na te leven om ervoor te zorgen dat wereldwijd aan de regels wordt voldaan.

Executive Summary

Introduction and Purpose

This is the Solvency and Financial Condition Report ("**SFCR**") for Monument Assurance Belgium ("**MAB**" or the "**Company**") for the year ended 31 December 2019. The purpose of the SFCR is to meet the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35 ("**Delegated Regulation**") and Articles 95 and 96 of the Law of 13 March 2016 on the statute and supervision of insurance or reinsurance undertakings ("**Solvency II Act**").

This report quotes all nominal amounts in thousands of euro (€ '000), unless otherwise stated, as per Article 2 of ITS 2015/2452.

Business Information

Monument Re Ltd ("**Monument Re**") completed the acquisition of ABN AMRO Life Capital Belgium NV ("**AALCB**") on 28 March 2018, at which time the Company was renamed Monument Assurance Belgium NV ("**MAB**").

MAB is a life assurance company incorporated in Belgium under registered number 0478.291.162 and is licensed by the National Bank of Belgium ("**NBB**") to offer branch 21, branch 23 and branch 26 life policies. MAB has not underwritten new business since 2012 and can thus be considered a closed book company.

The Company was originally authorised in 2002 to carry out the life insurance activity, whether or not linked to investment funds, with the exception of dowry and birth insurance (branch 21). In addition, permission was also granted to carry out the following activities: life, dowry and birth insurance in connection with investment funds (branch 23) and capitalization transactions (ranch 26). The products were sold to customers in Belgium via the Private Banking branch of ABN AMRO Bank Belgium or via external brokers and asset managers who sold the products on an independent basis.

On 28 March 2018, Monument Insurance Belgium Services Srl ("**MIBS**") was established to support the administration of the Belgian business. The main objective for establishing the service company is to enable staff to be deployed across all activities and entities within the Monument Re Group whilst achieving economies of scale within the Belgian operations. The outsourcing enables the Company to make the best use of resources and maximise operational efficiencies.

The business strategy of the Company is to:

- Focus on the administration of the existing in-force closed book of policies (c. 45,000 as at the 31 December 2019; c. 2,181 as at 31 December 2018), whilst ensuring that high quality operations and customer service remain a priority;
- To support Monument Re Group's strategy, which is to provide solutions for asset intensive life insurance portfolios through reinsurance or acquisition in the European market;
- Continue to seek opportunities to grow the Company through acquiring portfolios of insurers, primarily those in run-off and asset value between € 100m and € 500m, and targeting annuity, guaranteed savings or protection product lines; and,
- Drive risk diversification and create capital synergies in line with the Monument Group strategy.

Thus, the Company is actively seeking to grow through acquisition of in-force life insurance portfolios. This strategy is focussed on closed books.

Consistent with this strategy:

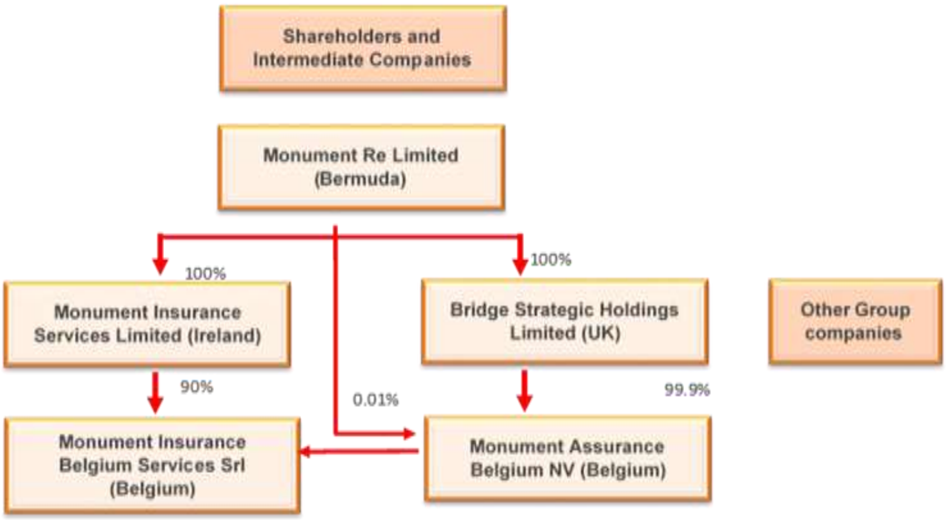
- On 31 May 2019, MAB effected the transfer of a portfolio of long-term savings and credit life insurance from Alpha Insurance SA, a Belgian composite insurance company and a wholly-owned subsidiary of Enstar Group Limited, (the "**Alpha Portfolio**", or "**Alpha**") (c. 38,318 policies as at 31 December 2019).

- On 16 December 2019, MAB effected the transfer of a portfolio of non-Curanova long term savings contracts from Curalia OVV (the "**NCN Portfolio**" and "**Curalia**", respectively) (c. 4,560 policies as at 31 December 2019). Administration of this portfolio remains with Curalia.

The Company continues to actively appraise opportunities for further growth in the Belgian market. Furthermore, Monument Re Group is looking to enhance cooperation between the Benelux-entities, *viz.* MAB, Robein Leven NV (Netherlands) ("**RL**") and Monument Assurance Luxembourg SA ("**MAL**").

In support of Monument Re Group's intention to efficiently manage capital and liquidity, the Company makes use of intra-group reinsurance ("**IGR**") to cede risks that can be reinsured to Monument Re, whilst retaining a proportion of the risk. This helps to drive risk diversification and capital and liquidity synergies at the group level. The IGR-Treaty was updated during 2019 to include coverage of the Alpha portfolio and the NCN portfolio from the effective date of the portfolio transfer.

The ownership structure of MAB and MIBS is set out in the chart below. Bridge Strategic Holdings Limited ("**Bridge**") was incorporated in March 2018 and MAB became a subsidiary of Bridge in October 2018.



Through a strategy of reinsurance and/or acquisition, the Monument Group looks to assume asset based risks within its risk appetite, and efficiently operate these businesses or portfolios. The focus includes two principal areas, namely:

- Acquisition of portfolios or insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and

- Reinsurance of long-dated, asset intensive liabilities, typically with guarantees.

Performance

The current accounting year end date of the Company is 31 December. This report is for the year ended 31 December 2019 with prior year comparatives for the 12-month statutory period ending 31 December 2018. Copies of the Company's financial statements may be obtained from the website of the National Bank of Belgium.

In general, the Company continued to perform and run-off in line with expectations. Performance metrics continue to report as anticipated.

The main challenges for the Company from an operational perspective during 2019 were the integration of (i) the Alpha Portfolio and (ii) the NCN Portfolio. Both portfolios are captured by the IGR that is in place since 31 December 2018.

The Company's results for the period are shown below in ***Section A. Business and Performance***. The operational performance and run-off of the portfolio continued to perform in line with projection, and the business reported an underwriting gain for the reporting period of € 5.54m (2018: a loss of € 5.75m).

System of Governance

The Company has established a system of governance which is appropriate for the Company's business strategy and operations. There is a clear delegation of responsibilities, reporting lines and allocation of functions prescribed by committee terms of reference and key function charters. The system of governance includes requirements relating to fitness and probity of persons responsible for key functions, remuneration practices and outsourcing activities. A significant portion of the Company's operations and governance arrangements is outsourced to the services company MIBS, which is a subsidiary of Monument Re.

Based on the proportionality principle and taking into consideration the size of MAB (small entity), activities (closed books) and type of products (branch 21), the reporting has been somewhat re-aligned; however, the Company maintains adherence to all local statutory and regulatory reporting requirements.

There were no material changes in the system of governance during the year ended 31 December 2019, with the day to day management of the business delegated to the Management Committee (the "**MC**") of which the composition has been further strengthened with the arrival of a new CEO. All independent control functions have now, aside of the actuarial function, been insourced within the Monument Re Group. The Management Committee is committed to continue to strengthen the system of governance within MAB.

Further details of the Company's system of governance are provided below in ***Section B. System of Governance***.

Risk Profile

The Company's risk management system is proportionate to the nature, scale and complexity of the risks to which the Company is exposed. The system includes processes for the identification, assessment and reporting of all categories of risk. The risk management system includes the Own Risk and Solvency Assessment ("**ORSA**") which assists MAB's board of directors ("**the Board**") in determining whether there are adequate Own Funds to cover the Company's risks over its business planning horizon.

The Company's business activities give rise primarily to credit risk, market risk, insurance risk and operational risk. Further details of the Company's risk profile are provided below in ***Section C. Risk Profile***.

Valuation for Solvency Purposes

The Company's balance sheet shows the majority of assets comprises mainly of corporate and government bonds, mortgage fund securities ("**Dutch Residential Mortgages"** or "**DRM"**) and cash deposits of short duration, which is consistent with the nature and term of the underlying liabilities.

Further details of the Company's valuation for Solvency Pruposes are provided below in ***Section D. Valuation for Solvency Purposes***.

Capital Management

The structure of the Company's Own Funds comprises of share capital and reconciliation reserve (including retained earnings). The capital management policy focuses on ensuring that there is sufficient capital at all times to meet the regulatory solvency requirements. The Company's Solvency Capital Requirement ("**SCR"**) is calculated using the Standard Formula set by the European Insurance and Occupational Pension Authority ("**EIOPA"**).

The following table summarises the Company's Own Funds and solvency position at 31 December 2019, with prior year comparatives (in € '000, except for percentages):

	31 December 2019	31 December 2018
Eligible Own Funds to cover Regulatory Solvency Requirement	14,537	7,548
Solvency Capital Requirement	3,032	1,132
Minimum Capital Requirement	3,700	3,700
Ratio of Own Funds to SCR	479%	667%
Ratio of Own Funds to MCR	393%	204%

Eligible Own funds increased over the reporting period from € 7.5m to € 14.5m. This increase was principally due to the acquisition of the Alpha Portfolio and the NCN Portfolio and the capital increase in the amount of € 5m on 25 April 2019 subscribed in full by Bridge ("**the Capital Increase"**).

The SCR increased from € 1.1m to € 3.0m over the reporting period. This change is primarily due to the aforementioned acquisitions and subsequent reinsurance applicable on the whole balance sheet of the Company (including the Alpha Portfolio and the NCN Portfolio). The absolute Minimum Capital Requirement ("**MCR"**) of € 3.7m is unchanged over the reporting period. Since MCR exceeds SCR, the solvency ratio of the Company increased from 204% to 393% over the reporting period.

Further details of the Company's Own Funds and SCR are provided in ***Section E. Capital Management***.

Conclusions and Recommendations

In execution of its strategy, the Company has increased its solvency ratio by acquiring two portfolios, *i.e.* the Alpha Portfolio and the NCNPortfolio. Moreover, MAB continues to look for synergies with Monument's Benelux-entities.

While these portfolios have materially changed the nature of performance, over the course of 2019 the Company has continued to strengthen its system of governance and ensured that an appropriate risk management framework is in place.

Overall, the Company is committed to adhere to the Solvency II principles to ensure global compliance.

A. Business and Performance

A.1 Business

A.1 (a) Name and legal form

Monument Re completed the acquisition of ABN AMRO Life Capital Belgium NV ("**AALCB**") on 28 March 2018, at which time the Company was renamed Monument Assurance Belgium ("**MAB**"). MAB is a public limited company under Belgian law, under the company number 0478.291.162 and with administrative code 1644.

As an insurance company, it is licensed and regulated in Belgium focusing on life insurance (branch 21). The Company also has a licence for branch 23 and branch 26. The Company is closed to new business.

Name and registered office of the Company is:

Monument Assurance Belgium NV|SA
Koloniënstraat|rue des Colonies 11 (1° verdieping|étage|floor)
BE-1000 Brussels

The shareholders' meeting of the Company is set for the 15th day of May. The articles of association were last coordinated on 25 April 2019, following the Capital Increase in the amount of 5,000,000 EUR, as published in the Annexes to the Belgian Official Gazette on 03 May 2019 under number 19316517.

A.1 (b) Name and contact details of supervisory authority

Local Supervisors:

Nationale Bank van België NV (NBB)
de Berlaimontlaan 14
BE-1000 Brussels

Autoritieit voor Financiële Diensten en Markten (FSMA)
Congresstraat 12-14
BE-1000 Brussels

Group supervisor of the Group to which the Company belongs:

Bermuda Monetary Authority
BMA House
43 Victoria Street
Bermuda, Hamilton

A.1 (c) Name and contact details of the external auditors

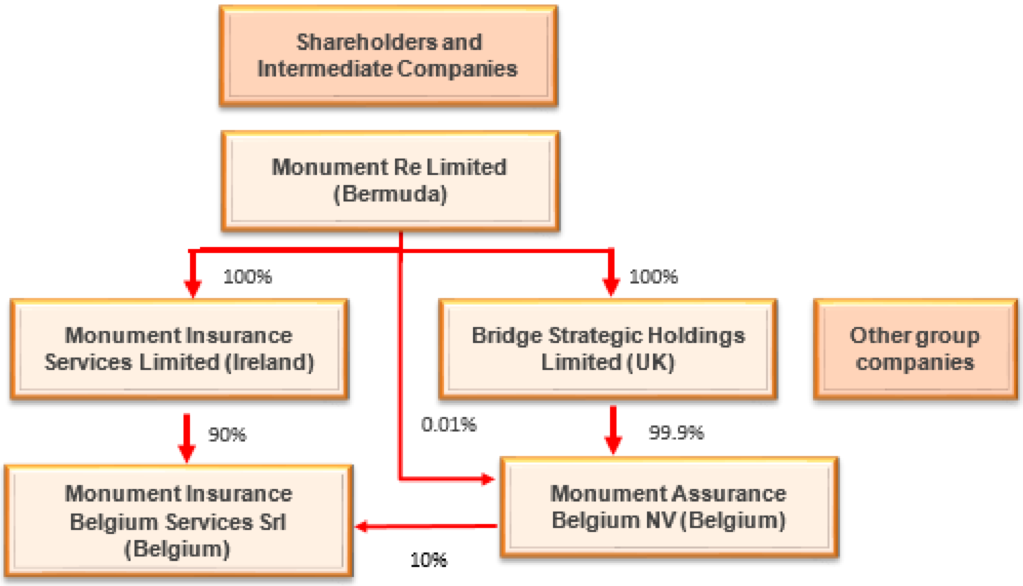
PricewaterhouseCoopers Bedrijfsrevisoren
Mr. Tom Meuleman and Ms. Dominique Van de Peer
Woluwedal 18,
BE-1932 Sint-Stevens-Woluwe

On 13 November 2019, the NBB sent a letter with their confirmation of the appointment of Ms. Dominique Van de Peer up to and including MAB's general meeting of 2021.

A.1 (d) Holders of qualifying holdings in the undertaking

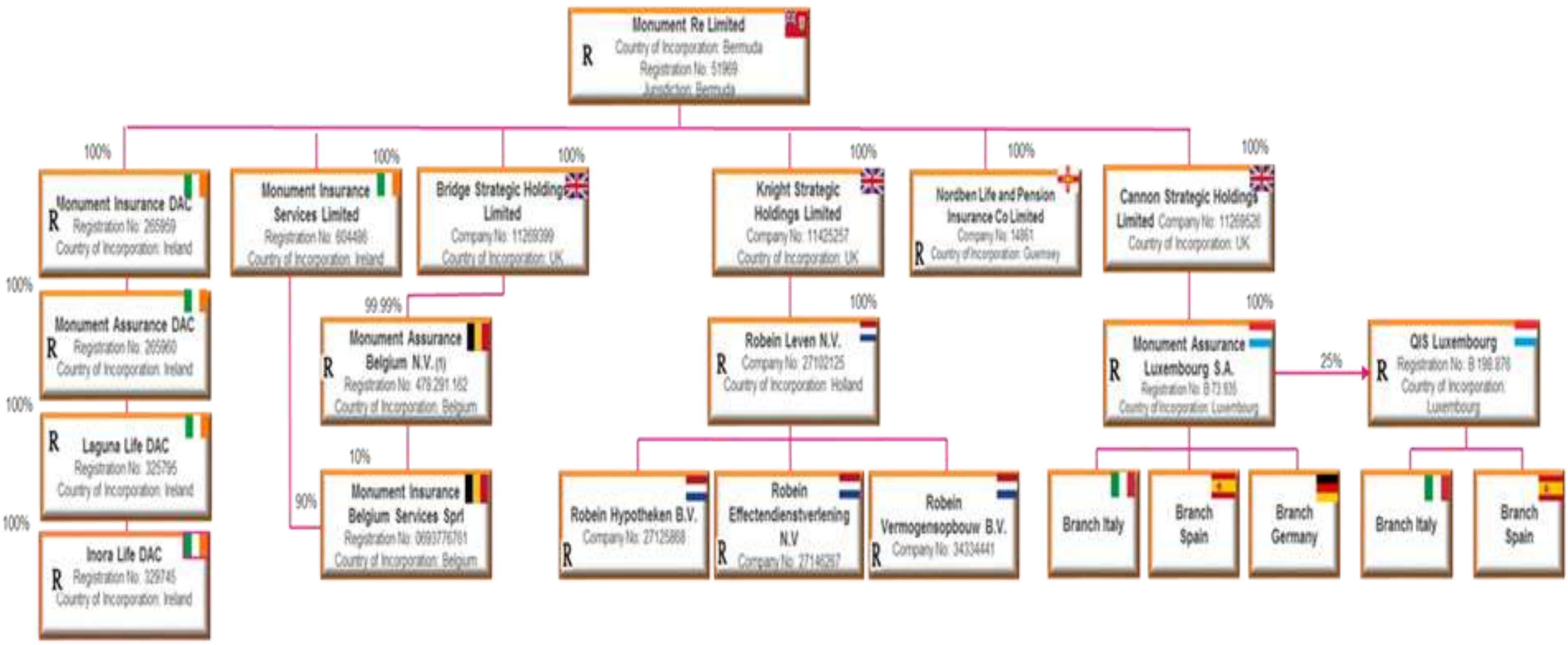
MAB is 100% (minus one share) owned by Bridge Monument Re Limited holds one share. Furthermore, MAB owns 10% of MIBS, while 90% is owned by Monument Insurance Service Limited ("**MISL**"). As a result of the implementation of the new Belgian Company Code on 1st January 2020, the closed limited liability company ("**SPRL**") has been changed into limited liability company ("**SRL**").

The ownership structure of MAB and MIBS as at 30 December 2019 is set out in the following chart:



A.1 (e) Position within the legal structure of the Group

The following chart gives an overview of the place of MAB within the Group:



Monument History

Monument Re completed the acquisition of two Irish insurance subsidiaries of Barclays on 1st March 2017. These subsidiaries were rebranded Monument Insurance Designated Activity Company ("**MIDAC**"), a non-life assurance company and Monument Assurance Designated Activity Company ("**MADAC**"), a life insurance company. These entities are both authorised in Ireland and regulated by the Central Bank of Ireland ("**CBI**"). They were established to underwrite Payment Protection Insurance ("**PPI**") and short-term income protection to Barclays customers in the UK on a freedom-of-services basis. This portfolio is closed to new business. A full mis-selling indemnity was agreed with Barclays as part of the acquisition terms.

On 29th August 2017, Monument Re completed the acquisition of Laguna Life Designated Activity Company ("**Laguna**") from Enstar Group Limited, a leading global insurance run-off consolidator and also a minority shareholder of Monument Re, which comprises a closed book of term life protection risks within the UK and Spain and voluntarily ceased to underwrite new business in 2007 and 2009 respectively. On the 2nd April 2020, by a Special Resolution of Monument Re, and with the approval of the Registrar of Companies, Laguna changed its name to Monument Life Insurance Designated Activity Company ("**MLIDAC**"). MLIDAC is authorised in Ireland and regulated by the CBI.

On 22nd May 2017, Monument Re established a Group service company, Monument Insurance Services Limited, in Ireland to provide services to the Group entities. The staff, previously employed by MIDAC, MADAC and Laguna (now: MLIDAC) transferred to MISL. MISL now acts as an outsourcer for these entities as well as supporting other Group activities.

Trading as Monument Insurance in Ireland, these entities provide a sound platform for the Group to write further transactions in Ireland and from the European Union on a cross-border basis.

On 28th March 2018, Monument Re completed the acquisition of ABN AMRO Life Capital Belgium S.A. , a Belgian Life insurance company in run-off, following receipt of regulatory approval by the National Bank of Belgium. AALCB was subsequently renamed to Monument Assurance Belgium N.V. On that same date, Monument Re established a Group service company, MIBS in Belgium, to provide services to the Group's regulated entities in the Benelux region and to also provide services to other Monument Group entities.

In 2019, Monument Re built upon the success of 2018 with the completion of six further transactions and the signing of one transaction that remained subject to regulatory approval at 31st December 2019. These are detailed below:

- On 26th March 2019, Monument Re entered into an agreement to acquire the circa € 140m portfolio of Irish annuities from Rothesay Life Plc. The acquisition has been structured initially as reinsurance to Monument Re (in place at 31st December 2019) and is expected to be followed by a Part VII transfer of the portfolio to Laguna (now: MLIDAC), subject to regulatory and court approvals.
- On 29th June 2018, Monument Re signed the acquisition of Robein Leven N.V. and its subsidiaries from Amerborgh Financial Services B.V. Robein Leven is a closed life insurer domiciled in the Netherlands with traditional and unit-linked products. This transaction received regulatory approval on 18th March 2019.
- On 10th October 2018, Monument Re signed the acquisition of a run-off portfolio of traditional life and credit life business from Alpha Insurance S.A., a Belgian composite insurance company and a wholly-owned subsidiary of Enstar Group Limited. Regulatory approval was received in May 2019 and, the portfolio transferred to Monument Assurance Belgium NV, the Belgian carrier

of the Monument Re Group.

- On 21st December 2018, Monument Re signed the acquisition of Nordben Life and Pension Insurance Co Limited (“**Nordben**”) from BenCo Insurance Holding B.V., which was owned 89.96% by Storebrand Livsforsikring AS. This transaction established Monument Re’s presence in Guernsey . Regulatory approval was received in June 2019.
- On 16th September 2019, following receipt of regulatory approvals, Monument Re completed the acquisition of Inora Life Designated Activity Company (“**Inora**”) from Société Generale S.A. Inora is a life insurer domiciled in Ireland which has ceased all new activity since 2012 but still manages a portfolio of unit-linked insurance products.
- On 21st January 2019, Monument Re signed the acquisition of a run-off portfolio of traditional business from Curalia OVV, a Belgian mutual insurance company. Following receipt of regulatory approval on 16th December 2019, the portfolio transferred into MAB.
- In addition to the above completed transactions, Monument Re has also signed two further transactions. The financial results of these transactions is not included in this report because it remained subject to regulatory approval at the reporting date.
  - On 10th December 2019, the Company signed the acquisition of Cattolia Life DAC from Società Cattolia di Assicurazione Società Cooperative. Cattolia Life is a closed Irish entity which wrote unit-linked business on a cross-border basis in Italy. This transaction remains subject to customary closing conditions, including receipt of regulatory approval.
  - On 21st March 2020, the Company signed signed an agreement to acquire GreyCastle Holdings Ltd (“**GreyCastle**”) and its subsidiaries, which include GreyCastle Life Reinsurance (SAC) Ltd and GreyCastle Services, from the shareholders of GreyCastle Holdings Ltd. The closing of the transaction is subject to regulatory approval. GreyCastle is domiciled in Bermuda and is focused on managing a portfolio of annuity and life risks

These transactions further support the Monument Re’s strategy to build and grow its Ireland and Benelux platforms as well as develop opportunities in a number of other territories i.e. Guernsey.

A.1 (f) Material lines of business and material geographical areas

General area

MAB is licensed by the NBB to offer branch 21, branch 23 and branch 26 life policies. MAB does not underwrite new business since 2012 and can thus be considered a closed book company. In addition, the material geographical area only compromises of Belgium.

MAB Portfolio

The MAB/AALCB portfolio continued to perform and run off in line with expectations. The performance metrics continue to report as anticipated with no notable exceptions to report. The MAB/AALCB portfolio consists of four products, namely:

Number of contracts	Group Pension Scheme	Individual Pension Scheme	Individual Fiscal	Individual Non-Fiscal	TOTAL
201812	2,018	65	91	7	**2,181**
201901	2,013	65	91	7	**2,176**
201902	2,012	65	91	7	**2,175**
201903	2,008	65	90	7	**2,170**
201904	2,005	64	90	7	**2,166**
201905	2,006	64	88	7	**2,165**
201906	2,002	64	84	7	**2,157**
201907	2,003	64	86	7	**2,160**
201908	2,003	64	86	7	**2,160**
201909	1,999	63	86	7	**2,155**
201910	1,994	63	86	7	**2,150**
201911	1,994	63	86	7	**2,150**
201912	1,993	63	86	7	**2,149**
Evolution (Ytd)	**-25**	**-2**	**-5**	-	**-32**

Alpha Portfolio

The Alpha portfolio was acquired on 31 May 2019. This portfolio consists out of credit life and traditional life policies:

Number of contracts	Credit Life	Traditional Life	Grand Total
201906	32,214	8,974	**41,188**
201907	31,707	8,954	**40,661**
201908	31,288	8,936	**40,224**
201909	30,969	8,906	**39,875**
201910	30,420	8,860	**39,280**
201911	30,201	8,799	**39,000**
201912	28,982	8,739	**38,318**
Evolution (Ytd)	**-3,232**	**-235**	**-2,870**

NCN Portfolio

The NCN Portfolio was acquired on 16 December 2019. This portfolio consists of a run-off portfolio of Second Pillar pension life insurance contracts that have not been converted into “Curanova” contracts. The NCN Portfolio is a book of traditional savings business sold to Belgian customers. The portfolio consists of the following Second Pillar pension saving products: Group insurances, Individual Pension saving, Individual Pension Commitments and RIZIV-INAMI insurances.

By 31 December 2019, the NCN portfolio consisted of approximately 4,600 policies.

Number of contracts	Group Pension Insurances	Individual Pension Insurances	Individual Pension Commitments	RIZIV-INAMI insurances	**TOTAL**
201912	**35**	**245**	**3,705**	**575**	**4,560**

A.1 (g) Significant business or other events which have occurred over the reporting period

The following significant events occurred during the year 2019:

- the MC has been strengthened with the arrival of a new CEO;
- The Compliance Officer's role has been inhoused;
- On 31 May 2019, MAB effected the transfer of Alpha portfolio; and,
- On 16 December 2019, MAB effected the transfer of the NCN portfolio. Administration of this portfolio remains with Curalia.

The Company continues to actively appraise opportunities for further growth in the Belgian market. Furthermore, Monument is looking to enhance cooperation between the Benelux-entities, *viz.* MAB, RL (Netherlands) and MAL.

In support of the Monument Re Group's intention to efficiently manage capital and liquidity, the Company makes use of IGR to cede risks that can be reinsured to Monument Re, whilst retaining a proportion of the risk. This helps to drive risk diversification and capital and liquidity synergies at group level. The IGR-treaty was updated during 2019 to include coverage of the Alpha portfolio, and was again updated to cover the NCN portfolio from the effective date of the portfolio transfer.

A.2 Underwriting Performance

The Company's financial statements are prepared in accordance with Generally Accepted Accounting Practice in Belgium ("**BGAAP**").

Qualitative and Quantitative nformation regarding the material line of business and material material geographical area can be found above in ***Section A.1 (f) Material lines of business and material geographical areas.***

The following tables present the balance on the technical account (underwriting performance) as reported in the Company's financial statements for the year ended 31 December 2019. Prior year comparatives are for the year ended 31 December 2018, both on an aggregate level and by Solvency ll line of business.

The following tables highlight the underwriting results for the years ended 31 December 2019, with prior year comparatives:

€ '000	2019	2018
Premium (net of reinsurance)	24,659	-52,677
Net Claims incurred	-5,078	-2,024
Changes in technical provisions	-14,041	48,948
Net underwriting performance	**5,540**	**-5,754**

€ '000	2019	2018
MAB	794	-5,754
Alpha	2,444	n/a
NCN	2,302	n/a
Net underwriting performance	**5,540**	**-5,754**

The key trends noted are:

- The negative premium amount in 2018 was caused by the reinsurance premium payable to Monument Re. In 2019 the overall premium income was positive driven by the Alpha and NCN acquisitions; and
- The negative changes in technical provisions are driven by the Alpha and NCN-portfolio acquisition / changes in transit account.

A.3 Investment Performance

A.3 (a) Income & expenses

The Company's investment income excluding expenses as reported in the Financial Statements for the year 2019 was € 4,860 (2018: € 1,243) which is analysed in the following table:

	2019 € '000	2018 € '000
Bonds	4,676	1,048
DRM	0	0
SAA	0	0
Advances on policies	169	163
Cash Deposits	14	22
Other investments	1	10
Total Gross investment income	**4,860**	**1,243**
Reinsurance	4,383	-
Total Net Investment income	**477**	**1,243**

The Company's investment expenses reported in the Financial Statements for the year 2019 were € 2,990 (2018: € 349).

The increase in bonds income is due to the acquisitions of the Alpha and NCN portfolios. During 2019, the cash positions were reduced, among other, due to ongoing low interest rates which is also reflected in the reduction in Other investments caused by the sale of the term deposits – included per 31/12/2018 – during 2019. Note that in parallel with the Alpha and NCN transfers, a 90% quota share reinsurance deal was struck with Monument Re resulting in the portion of the investment income pertaining to the reinsurer and shown in Reinsurance in the above table.

A.3 (b) Gains and losses recognised directly in equity

Not applicable.

A.3 (c) Investments in securitisation

The Company does not own any investments in securitization. At present, MAB's investment policy allows for investments in securitizations, however MAB has not allowed its outsourced investment manager, GSAMI, to invest in securitizations. Any change to allow GSAMI to invest in securitizations would need to be approved by MAB's Board of Directors.

A.4 Performance of other activities

Besides the aforementioned underwriting or investment income and expenses, there is another material income for MAB. In line with the Monument Re strategy, MAB earned a reinsurance commission for the acquisition of the Alpha and NCN portfolio. The IGR-Treaty stipulates that the reinsurance commission is 1.5 percent of the Quota Share of MAB.

A.5 Any other information

The Company benefits from the IGR-Treaty entered into between MAB and Monument Re (with effective date of 31 December 2018). Under the IGR-Treaty Monument Re reinsures all reinsured liabilities arising out of the Company's portfolio, on a quota share basis which is 90% covering market, insurance and operational (expense) risks.

The term 'reinsured liabilities' captures the reinsured payments due in the Company's Portfolio (*i.e.* any payment in respect of a liability of MAB under the policy terms of any reinsured policy and expense charges paid to its principal outsourcee, MIBS, in relation to the reinsured policies).

The risks covered are mainly demographic risks and investment risk. Demographic risk generally includes increasing life expectancy (longevity) as far as the "life" component is concerned and risk of premature death (mortality)as far as the "death" component is concerned. Investment risk on the other hand includes risk of greater than expected investment expenses, risk of interest rates (interest rates on cover assets drop below the return guaranteed to the policy holders), and investment performance more generally not performing as expected.

Thus the reinsurance includes coverage of expenses, which means that Monument Re bears the expense risk. Expense risk is important in all run-off portfolios, as decreases of scale with general expenses remaining at the same level can impact insurers negatively. Monument Re covers this risk in respect of 90% of the expenses incurred on the MAB life business portfolio. MAB covers this risk in respect of the remaining 10% of the portfolio.

There is no other material information regarding the business and performance of MAB other than what has been reported in this Section.

B. System of Governance

B.1 General information on the system of governance

B.1 (a) Structure of administrative, management or supervisory body

Board

The Board represents the administrative, management and supervisory body of the Company.

The Board is comprised of a Chairman who is a non-executive director (“**NED”**), four additional NEDs and four executive directors (“**ED”**). The Board retains primary responsibility for corporate governance within the insurance undertaking at all times, plays an important part in ensuring effective governance and is therefore responsible for operating effective oversight consistent with Board policy. The Board comes together on a quarterly basis.

It also maintains the principle of collegial decision-making, although certain individual powers are granted to the directors, namely:

- the right to receive and demand information from the person in charge of the day-to-day management;
- the right to seek information and to investigate on matters related to the corporation including day-to-day management connected to the exercise of his/her duties; and,
- the right to express his/her opposition to a decision of the Board.

The Board’s responsibilities include establishing and overseeing:

- the business strategy;
- the supervision of the activities and **MC**;
- the amount and type of capital that is adequate to cover the risks of the business; and,
- the strategy for the on-going management of material risks.

The Board has established and delegated responsibilities to its MC to set the approach to internal controls and assist in its oversight of risk management and has delegated matters for review or approval as set out in their terms of reference.

Management Committee

The MC assumes all powers which are necessary or useful for the management of the Company, while it still has a reporting duty to the Board of Directors. Furthermore, they are responsible for the oversight across the undertaking. The MC is recognised as a collegial body. It can also allocate its tasks among its members, although this division of tasks does not deprive the MC from its collegial responsibility.

The responsibilities of the MC are set out in its *Terms of Reference* but in summary the MC is responsible for:

- Key Business Priorities – Determine and agree key business priorities and monitor overall performance against agreed plans, strategies and targets;
- Financial performance – Formulate the Company’s Budget and ensure the Company’s financial business is managed correctly and appropriate influence is exerted in respect of financial risks and opportunities;

- Operational performance – Oversee and manage aggregate operational performance issues including suppliers;
- Outsourcing Policy & Strategy, including internal Monument Re Group suppliers;
- IT – Oversee and deliver the strategic agenda to ensure that the change portfolio is appropriately managed;
- Risk management – Oversee and manage aggregate financial, operational, conduct, market and reputational risk issues;
- Leadership and people development – Manage the development of key talent within the Company;
- Investment Management Performance – Implement, monitor and ensure adherence to the investment policy agreed by the Board; and,
- Compliance – monitor and manage regulatory developments and any compliance issues.

The MC meets at least once a month (with the exception of July and August). The committee evaluates on a regular basis the periodicity of its meetings. The MC invites on a regular basis expert for particular sections of their meeting and may ask other members of the Company or Group to attend the committee meetings from time to time so they are able to take proper decision after having being duly informed.

During the year 2019 and beginning of the year 2020, given the importance of the integration of the Alpha Portfolio and the migration of the Alpha Portfolio on the UL3 system, a quote and policy administration system ("**the Migration Project**"), the MC came together each time a decision was required in respect of the migration of the Alpha Portfolio to this system.

Specialised committees

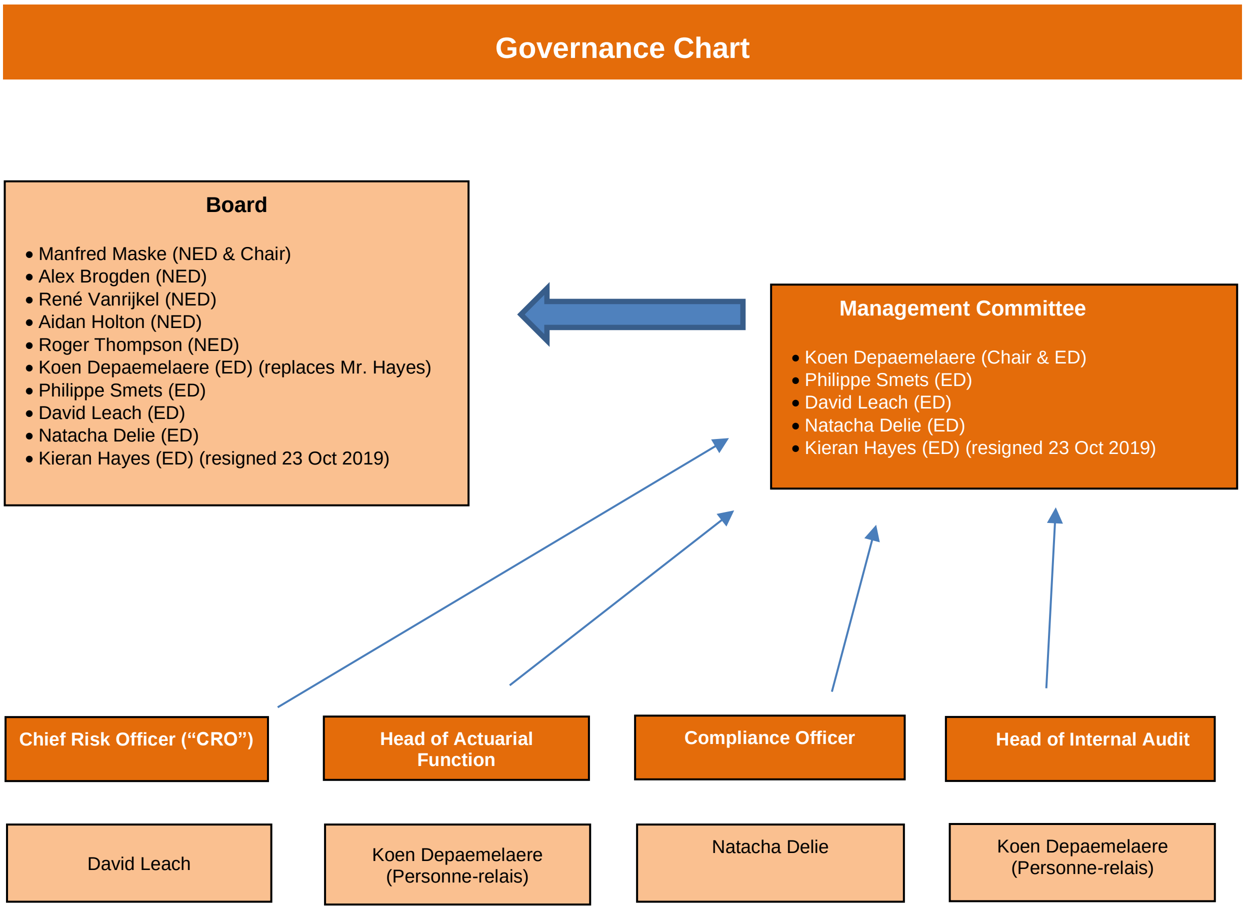
Pursuant to Article 52, §1 of the Belgian Solvency II Act, a company is not obliged to set up an audit committee, a remuneration committee, or risk committee if it meets on a consolidated basis, at least two of the following three criteria: (i) fewer than an average of 250 employees over the financial year concerned, (ii) a balance sheet total less than or equal to € 43 000 000, and (iii) an annual net turnover less than or equal to € 50 000 000.

Provided that MAB is not legally required to set-up such committees, the Board agreed during the Board meeting of 28 March 2018 that they don't have to set up an audit committee, remuneration committee, or risk committee and to perform itself the tasks normally entrusted to these committees.

Besides, these committees are present at Monument Re, the parent company of MAB. To assist in exercising these responsibilities, Monument Re's Board has established a Nominations Remuneration, and Governance Committee ("**RNGC"**), an Audit and Compliance Committee ("**ACC"**), a Risk Committee ("**RC"**) and an Investment Committee ("**IC"**).

Governance Chart

The Governance Chart below outlines the composition of: the Board of Directors, the Management Committee, the other Committees and the reporting lines of key functions.



The Board of Directors consists of a majority of NEDs. Furthermore, a majority of directors, in this case 5 including the Chairperson, are not a member of MAB's MC.

All the executive directors are members of the MC. Mr. Depaemelaere acts as the CEO and CFO of MAB, while Mr. David Leach is the CRO and Ms. Delie is the Compliance Officer. Mr. Smets fulfils the task of Operational Manager.

Key functions roles and responsibilities: Operational structure

MAB does not allocate all responsibilities within the company, since, on the one hand, MAB is a subsidiary within the Monument Re Group and, on the other hand, a comprehensive Outsourcing Policy was drafted in 2019 and updated in 2020. Therefore, several functions have been allocated to other subsidiaries or outsourced service providers.

Key functions roles and responsibilities: independent control functions

The Company has established the Solvency II independent control functions of risk management, compliance, internal audit and actuarial function, in addition to other functions required to robustly operate the business. The risk management function, actuarial function, compliance function and internal audit function together form a coherent whole of transversal control functions between which there is coordination.

The responsibility and implementation tasks for the independent control functions are as follows:

- Actuarial function:
  The actuarial function and actuarial support have been outsourced to Milliman BV, while utilising actuarial resources within the Monument Group. A designated representative from the MC has overall responsibility ("**Personne-relais**") for the outsourced activity of the actuarial function. Ultimatly, additional resource has been hired to act as Head of Actuarial who started with MAB in March 2020.

- Compliance function:
  The compliance function has been insourced since July 2019. The Compliance Officer is responsible for identifying, assessing, monitoring and reporting compliance risk exposure, focusing on compliance with applicable laws, regulatory requirements and internal policies.

- Internal audit function:
  The internal audit activities are outsourced to MISL as of Q2 2019. A designated representative from the MC has overall responsibility (Personne-relais) for the outsourced activity of the internal audit function, whilst MISL is responsible for the Internal audit services, namely developing and delivering an agreed internal audit plan and monitoring the control environment, outlined in the Master Services Agreement between MAB and MISL.

- Risk management function:
  The risk management function, led by the CRO, is responsible for supporting the Board and MC in discharging their risk management related responsibilities. The risk management function also provides challenge to the business consistent with the Three Lines of Defence risk governance model outlined in ***Section B.4 Internal Control System*** below. In addition, risk services have also been outsourced to Robein Leven NV, an intra-group subsidiary.

B.1 (b) Material changes in the system of governance

There were no other material changes in the system of governance during the year ended 31 December 2019 than those mentioned in this Section.

B.1 (c) Remuneration policy and practices

Principles of the Remuneration Policy

MAB is part of the Monument Re Group which has a Remuneration Policy in place. On 10 April 2019, the Board assessed the general principles of the Remuneration Policy as fit for MAB's business.

The Group's Remuneration Policy and practices have been developed to ensure that the Company is able to attract, develop and retain high performing employees. The Policy focuses on ensuring sound and effective risk management and recognises the long-term interests of the Company.

The Remuneration Policy has also been designed to meet the Company's regulatory requirements, especially Article 275 of the Delegated Regulation. The Company has identified and assessed the applicable regulatory principles with respect to remuneration.

In principle,

- Almost all non-executive Board members perform their mandate on a non-remunerated basis;
- All members of the MC perform their mandate on a non-remunerated basis, save for its Chairperson;
- The principles set forth in the Group's Remuneration Policy are applied on its employees (*i.e*. its Compliance Officer). MAB does not envisage to employ any operational staff in the near future as it will deliver its business strategy. MAB also continues to outsource the policy & client administration of the portfolio to its Belgian service company, MIBS and agreed third parties; and
- The various remuneration components ensure an appropriate and balanced remuneration package. Within MAB, they generally consist of a fixed pay, a bonus/ variable pay and benefit and pension schemes.

The Monument Re Group Board Remuneration Committee ("**Rem Comm"**) assists the Board in fulfilling its remuneration-related roles and responsibilities. The Rem Comm is responsible for ensuring that the Monument Re Group complies with its commitments within the Remuneration Policy and that appropriate methods are adopted within the Group's reward practices to safeguard policyholders.

Performance criteria on variable components of remuneration

Employees are eligible to participate in the Company's discretionary performance related bonus scheme. The reward is based on completion of individual objectives as well as Company performance. The discretionary performance bonus is based on performance against employee objectives and Monument Re values. The annual bonus is only in cash without options or shares. Identified staff of independent control functions are performance assessed for annual bonus against individual objectives only. So their performance assessment is entirely separate from the performance of the business units and areas on which they exercise control. The bonus schemes for the Group entities are approved annually by the Rem Comm.

Pension scheme

Employees, except the Board, are entitled to join the Pension Plan underwritten by MIBS with Vivium (Brand of P&V Verzekeringen NV). There is no supplementary pension or early retirement scheme for members of the Board and other key function holders.

B.1 (d) Material transactions executed with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

Material transactions executed with shareholders

During the reporting period, two agreements were concluded with Monument Re. Although Monument Re only holds one share in MAB and 99,99% of the shares are held by Bridge, Monument Re has a significant influence over MAB as it holds 100% of the shares in Bridge.

An outsourcing agreement was signed between MAB and Monument Re in 2019. Monument Re provides the investment management and actuarial support services for MAB.

Both parties also concluded a quota share IGR-treaty on 19 January 2019 with effective date of 31 December 2018. Additionally, three addenda were entered into in connection with this agreement during 2019 as a consequence for the addition of the Alpha and NCN Portfolios.

Finally, it is worth mentioning that MAB has entered into an intra-group outsourcing agreement with its 10% subsidiary MIBS for the delivery of the following services:

- Finance;
- Insurance Services Administration;
- Human Resources;
- IT and Change;
- Actuarial support;
- Compliance support;
- Risk Support;
- Relation Management; and
- Record Management.

Detailed information about MAB's Outsourcing Policy and practices is included in ***Section B.7 Outsourcing***.

Material transactions executed with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

MAB is committed to the importance it attaches in ensuring that conflicts of interest are managed properly. Besides a Conflict of Interest Policy, the Company has a Conflict of Interest register.

More specifically, Article 17 of MAB's Articles of Association stipulates that if a director, directly or indirectly, has an interest of financial nature that conflicts with a resolution or transaction that falls under the authority of the Board, he/she will have to comply with the provisions included in Article 523 (now: Article 7:96) of the Belgian Company Code.

On 16 April 2019, MAB provided the NBB, in accordance with Article 93 of the Belgian Solvency II Act, with the list of loans, credits, and guarantees amounting, on a consolidated basis for a particular person, company or institution, to more than € 100,000. No loans, credits or guarantees and insurance policies are still granted to managers, shareholders, related institutions and related persons.

B.2 Fit and proper requirements

B.2 (a) Specific requirements concerning skills, knowledge and expertise

The Fit and Proper Policy is outlined at Monument Re Group level, although it is applicable to all individuals identified as controllers at: Monument Re, its subsidiaries, intermediaries and third-party service providers. In particular, a director, an officer, a secretary or senior executive is considered as a controller. Hence, MAB's controllers should comply with this Policy.

Monument Re is committed to ensure that every subsidiary adheres to the local regulations regarding the Fit and Proper Framework. For MAB, this means compliance with The Belgian Solvency II Act which lays down a series of requirements on fitness and propriety for managers of insurance and reinsurance undertakings and responsible persons of independent control functions. MAB also complies with additional requirements included in:

- Commission Delegated Regulation (EU) 2015/35;

- EIOPA's Guidelines on System of Governance of 14 September 2015;
- The NBB Circular 2016_31 of 5 July 2016 revised on 13 September 2018 on the Overarching Circular concerning the Governance System ("**NBB Governance Circular**"); and
- The NBB Circular 2018_25 of 18 September 2018 on the Suitability of directors, members of the Management Committee, responsible persons of independent control functions and senior managers of financial institutions including the "Fit and Proper" handbook.

The key guidelines of the Fit and Proper Policy are to:

- Ensure that the members of the Board and each of its committees and the members of the executive team, individually and collectively, have the requisite Fit & Proper considerations;
- Ensure that the members of the Board and the executives are and continue to be Fit and Proper on an on-going basis; and
- Consider the likely and/or actual impact on the interests of policyholders of a shareholder holding a particular controller position at Monument Re, and *mutatis mutandis* MAB, to determine the application of the Fit and Proper requirements described in this Policy.

In general, the controller must have relevant experience, sufficient skills, knowledge, integrity and soundness of judgement to undertake and fulfil the particular duties and responsibilities of his or her office. These considerations are summarized in three main Fit & Proper principles, each of which has been broken down further in detail, namely:

- Competence and Capability;
- Honest, Ethical and Acts of Integrity; and
- Financial Soundness.

B.2 (b) Process for assessing fitness and propriety

The Fit and Proper Policy describes the level of due diligence required at recruitment stage. In addition, the Company completes an annual review of the fitness and propriety of each member of the Board, MC and persons responsible for independent control functions.

Subsequently, the Fit & Proper Policy formulates a three-step procedure.

The first step is the Assessment Process. This takes place before appointing a candidate to any role. His/her qualities and skills will be carefully evaluated against specified criteria. The candidate's record is also considered as an indicator of character, honesty, integrity, fairness, and ethical behaviour.

The second step is the monitoring process where the Fit and Proper system and controls are tested periodically. Accordingly, the Company completes an annual review,of the fitness and propriety of each member of the Board, MC and persons responsible for independent control functions. There is also a re-assessment against Fit and Proper requirements in case of change in role or function and risk situations.

Ultimately, there is a reporting process. On the one hand, the relevant supervisory authority will be notified about any changes to controllers, officers and shareholder controllers. On the other hand, a description of the Fit and Proper qualifications of and process assessing of board and senior executives are reported in the Financial Condition Report.

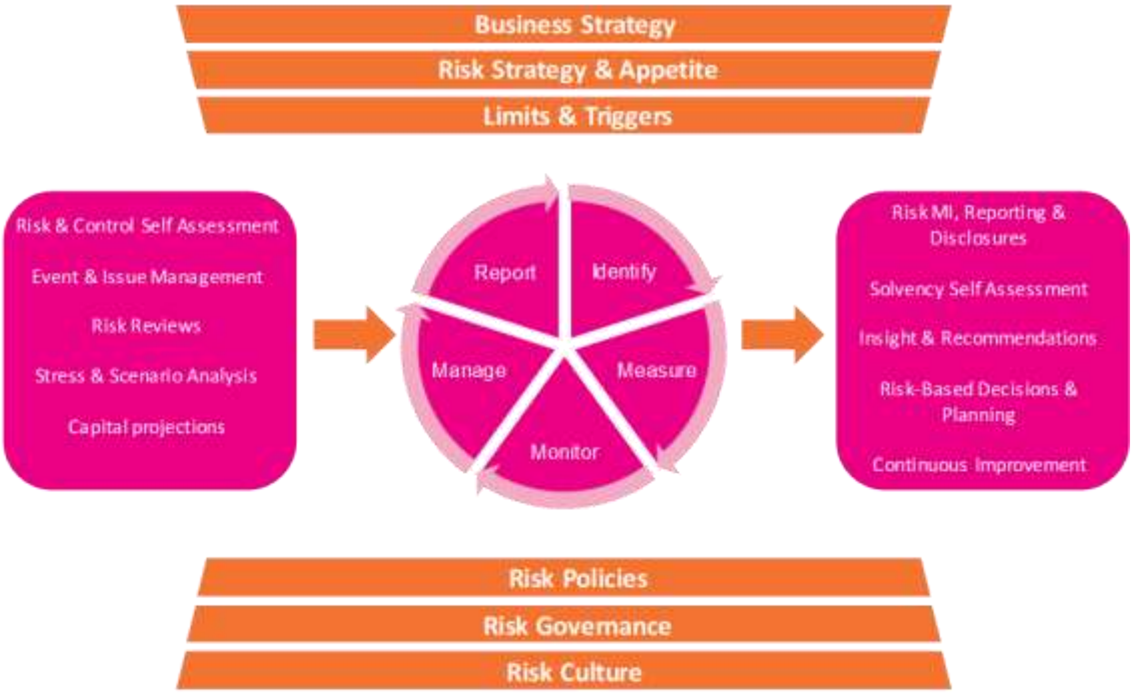
During the Board meeting on 11 December 2019, a Board effectiveness review for the collective suitability of the directors has been commissioned at the Group level and will be rolled out to the subsidiaries, including MAB. The UK Institute of Directors, liaising with the Belgian Institute of Directors “Guberna”, shall conduct this review. This way the specific Belgian requirements are taken into account in the conduct of this review.

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

B.3 (a) Description of risk management system (strategies, processes and reporting procedures)

Risk Management Framework

The Company has adopted the Group’s Risk Management Framework, depicted below:



Strategy

The Board considers the business strategy of the Company in determining the risk appetite of the Company. The risk strategy of MAB is aligned to its business strategy. Risk appetite statements express the Board’s appetite across all categories of risk facing the business, those being:

- Insurance/underwriting risk;
- Market risk;
- Credit risk;
- Liquidity risk;
- Operational risk;
- Group risk;
- Strategic risk; and
- Sustainability risk.

The Risk Management Framework covers both existing risks and emerging risks, the latter being specifically considered at regular emerging risks forums at the Group level.

At least annually, the Board reviews and approves the Company's risk appetite statement, which outlines the Company's appetite for each type of key risk and its strategy for accepting, managing and mitigating these risks. Risk appetite is articulated in qualitative terms and/or quantitative metrics across the key risk categories and written policies have been established to address these risks. The Risk Management Framework covers both existing risks and emerging risks, the latter being specifically considered at regular emerging risks forums at the Group level.

Risk management process and reporting procedures

The cycle of risk identification, measurement, management, monitoring and reporting is embedded through a set of risk management processes, in particular:

- Risk and Control Self-Assessment ("**RCSA"**);
- Solvency Self-Assessment ("**SSA**");
- event and issue management;
- risk reviews;
- stress and scenario analysis;
- capital projections; and
- risk reporting, including quarterly risk Management Information ("**MI**") and ORSA reports.

All key risks are recorded in the Company's Risk Register and ownership is assigned to each risk. All key controls are recorded in the Company's Controls Register and ownership is assigned to each control. An RCSA process is carried out on an annual basis. This involves risk owners identifying material inherent risks, identifying key controls to mitigate these risks and, in conjuntion with control owners, assessing the effectiveness of key controls, and measuring the inherent and residual risk. This process is facilitated and overseen by the risk management function, and the results are summarized and presented to MC and the Board, including actions to address themes and issues identified.

A risk event process is in place by which operational risk events are notified, recorded, escalated and reported. Root cause analysis is carried out where appropriate. Risk events may be closed only once remedial actions have been satisfactorily completed and reviewed.

Risk reviews are used to provide the Board with an impartial view from the risk management function on proposed transactions. They may also be used in other areas in accordance with the risk management plan and at the request of the Board.

The ORSA evaluates the Company's risk profile and solvency position in relation to business operations, strategy and plan. Further information on the ORSA process is provided in ***Section B.3 (c) Own Risk and Solvency Assessment.***

Furthermore, risk exposures relative to the risk limits and early warning thresholds, specified in the Company's Risk Appetite Statement, are regularly monitored and reported to the MC and the Board on at least a quarterly basis. Escalation guidelines are in place where risk exposures or risk events require urgent notification and decision-making, as outlined in the following table:

	Board	Board acting as Risk Committee	Management Committee	CRO	Risk Management Function
Expected or actual breach of Risk Tolerance	x	x	X	x	
Breach of Risk Trigger		x	X	x	
Breach of a Risk Limit		x	X	x	
Query regarding interpretation of Risk Management Policy					x

B.3 (b) Implementation and integration of the risk management system into the organisation structure and decision-making processes

The Company's Risk Management Policy sets out the roles and responsibilities, policy principles and requirements regarding risk management at Board and business levels. The risk management function supports the Board and business areas in discharging their risk management-related responsibilities.

The risk management function operates with organisational authority and operational autonomy. The Company's Chief Risk Officer, and the risk management team (see above ***Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure)*** have the status, authority and personality to challenge anyone about any action in an appropriate and balanced manner. Furthermore, they have the authority to perform monitoring reviews in all areas and attend any meetings relevant for the execution of the risk management responsibilities. They have direct access to all levels of management and the Board, and to all relevant documents. The risk management function keeps under review its level of resourcing to ensure that all requirements of the annual risk management plan are met on a timely basis and at a high level of quality.

The RCSA process ensures clear ownership of risks and controls, as described in ***Section B.3 (a) Description of risk management system (strategies, processes and reporting procedures)*** above. The ORSA provides a key link between the risk management system, capital management and decision-making processes of the Company. Further, the risk management function provides challenge to the business consistent with the Three Lines of Defence model as outlined in ***Section B.4 (a) Description of Internal Control System.***

B.3 (c) Own Risk and Solvency Assessment

Process

The ORSA process is a key element of the Company's Risk Management Framework and is embedded in the decision-making process and business planning for the Company. The ORSA evaluates the Company's risk profile and solvency position in relation to business operations, strategy and plan. It is the main link between the Company's risk management system and capital management activities.

The Board has established an ORSA Policy that sets out the roles and responsibilities for completing the ORSA, and reviews and approves the ORSA Policy annually. The Board takes an active part in the ORSA process through its review of the approach, the choice of scenarios to be included and the results of the assessment. The Board approves the ORSA report and considers the insights from the ORSA in its decision-making processes, including setting the Company's risk appetite and limits, the Company's capital policy and target capital level.

The risk management function co-ordinates the ORSA process and prepares the ORSA report with support from relevant areas. The actuarial team assists the risk function in producing various aspects of the ORSA, in particular the capital projections and stress testing.

The Head of Actuarial Function provides an opinion on the ORSA process. The scope of the opinion includes the range of risks and the adequacy of stress scenarios considered, the appropriateness of the financial projections and whether the Company is continuously complying with the requirements regarding the calculation of technical provisions and potential risks arising from the uncertainties connected to the calculation.

The ORSA includes an assessment of the Company's view of the capital required for the business, the own solvency needs, as distinct from the capital which is required under regulation.

The ORSA includes an assessment of the appropriateness of the Standard Formula taking into account the risk profile of the Company. The Company considers whether there are any significant risks that are not captured within the Standard Formula and whether there are any stressed scenarios by which the Standard Formula may not adequately capture the Company's own solvency needs.

The results of the ORSA are made available to the NBB.

Frequency

The regular ORSA is performed annually and is reviewed by the MC and approved by the Board. A non-routine ORSA is performed following any significant change in the Company's risk profile. The NBB is informed of the results of this process by online submission via the NBB's document portal within two weeks of completion of the ORSA process.

Determination of own solvency needs

The ORSA includes an assessment of the Company's view of the capital required for the business, the own solvency needs, as distinct from the capital which is required under regulation.

The Company examines the appropriateness of the standard formula with reference to its own risk profile. It considers whether there are any significant risks that are not captured within the standard formula and whether there are any stress scenarios by which the standard formula may not adequately capture the Company's own solvency needs. At 31 December 2019, the Company concluded that the standard formula is an appropriate basis for the assessment of its own solvency needs.

B.4 Internal Control System

B.4 (a) Description of Internal Control System

The internal control system encompasses the policies, processes and activities that contribute to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with laws and regulations.

The MC and Board, including senior executives, are responsible for adopting an effective internal controls framework.

The Board has established an Internal Control Policy that outlines the processes by which the internal control system is implemented to provide for and maintain the suitability and effectiveness of internal control. The policy outlines the roles and responsibilities, procedures and reporting requirements to be applied.

The internal control system combines the following components:

- Internal control environment;
- Risk assessment;
- Internal control activities;
- Information and Communication; and
- Monitoring.

The Company applies a “Three Lines of Defence” model for Enterprise Risk Management:

Such a model is widely adopted across the financial services industry and allows for appropriate segregation of risk ownership, oversight and assurance responsibilities. In particular:

- First line of defence:

  MAB’s first line of defence is operations, where the operational manager, who is a permanent member of the MC, fulfils a key role. Management controls and internal control measures are in place and are reported in case of breaches.

  The first line:

  - undertakes risk assessments to identify all material risks and key controls;
  - owns and maintains risk and control assessments to ensure they remain fit for purpose; and

  - ensures risk assessments conform to procedures and policy requirements.

- Second line of defence:

  The organizational structure of MAB ensures appropriate independent oversight by establishing a second line of defence which is composed of the risk function, the compliance function, and the actuarial function with a responsibility for the design, coordination, oversight of the effectiveness and integrity of the Company's risk management and internal control framework. These functions report directly to the MC.

  The second line:

  - sets and communicates the risk and control assessment framework and procedures; and
  - provides independent oversight and challenge to risk and control assessments.

- Third line of defence:

  MAB's third line of defence is comprised of MAB's internal audit activities. The internal audit team is responsible for the periodic evaluation of the effective implementation of the Risk Management Framework with the Compliance Risk Management Framework across the organization, and of MAB's control environment. The Internal audit has also the co-responsibility of the Whistleblowing Policy.

  The third line:

- provides independent assurance; and
- challenges in respect of the effectiveness and integrity of the Risk Management Framework.

The people working in the support functions of the Group are not part of the first line of defence but remain vigilant in their day to day job. Both MAB's first and second lines of defence are supported by these shared support functions.

The Company has also defined high-level principles and standards to ensure that situations, which could lead to potential conflicts of interest, are appropriately managed. These are formally described in the Company's Conflicts of Interest Policy.

The risk register records owners for each risk, who are responsible for ensuring that the risks are identified and that controls remain appropriate on an ongoing basis. The risk register is periodically reviewed by the CRO and is subject to formal review across the business at least annually. This process requires business functions to update the risk register, including the mapping of controls to risks and implementation of new controls.

The RCSA process requires business functions to review and self-assess the effectiveness of controls mitigating the key risks identified. The control owner is encouraged to make any relevant comments about the control and may record its operation as 'effective', 'partially effective' or 'ineffective'. Any record of the control not being effective requires a narrative explanation as well as the assessment. This process is facilitated and overseen by the risk management function, and the results are summarized and presented to Risk Committee, including actions to address themes and issues identified.

The internal audit function assesses the operating effectiveness of controls on a periodic basis.

B.4 (b) Implementation of the compliance function

The Board retains ultimate responsibility for compliance within the Company, and has delegated the day-to-day responsibility to the compliance function to ensure that the operations are carried out in accordance with all legal and regulatory requirements, especially the rules pertaining to integrity and conduct that apply to that activity.

The compliance function has been insourced since July 2019, after being outsourced to Pideeco BVBA (Mr. Piet De Vreese). ***Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure*** provides the structure and staff of MAB, including the compliance function.

The compliance function has been established in proportion to the nature, scale and complexity of the business carried on by the Company, and to assist with the monitoring and evaluation of compliance with laws, regulations, internal controls, policies and procedures. The compliance function is responsible for testing the soudness of the measures the Company has taken to prevent non-compliance.

The compliance function reports to the MC to provide assurance in regard to the Company’s adherence to laws, regulations, guidelines and specifications relevant to its business. This is provided through an annual compliance plan which is approved by the MC and the Board and through the on-going reporting against that plan. At all times, the compliance function acts within the second line of defence and independently to the business. It provides the framework to allow the business to operate in a compliant manner with regards to all relevant regulatory, statutory and corporate governance obligations.

In addition, the compliance function is part of the transversal control functions and collaborates with the other transversal functions: risk, actuarial and the internal audit function. Furthermore, the Compliance Officer will be in contact with the different Supervisors and Competent authorities such as NBB, FSMA, Police, Justice, Financial Intelligence Units, the Data Protection Authority or any other competent authorities.

B.5 Internal audit function

B.5 (a) Implementation of the internal audit function

The internal audit function was previously outsourced to Deloitte Belgium until 31 March 2019, before an outsourcing agreement was signed between MAB and MISL. The internal audit function is outsourced as an independent control function.

A designated representative from the MC has overall responsibility (Personne-relais) for the outsourced activity of the internal audit function. The Head of Internal audit (“**HoIA**”) is invited to attend each Management Committee meeting and report on the status of the audit plan and results of individual audit reviews. The internal audit function is also required to attend all board meetings.

MAB concluded an outsourcing agreement with MISL in regard to the Internal audit function and services. In general, the internal audit function is responsible for developing and delivering an agreed internal audit plan and monitoring the control environment. Furthermore, the internal audit function reports to the personne-relais for internal audit on a monthly basis, and to the Board at each meeting. The annual audit plan is also reported to the personne-relais for internal audit and the Board in the fourth quarter. ***Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure*** provides the structure and staff of MAB, including the internal audit function.

The internal audit function shall exhibit objectivity, integrity and confidentiality in conducting audit work and consistent with the Standards for Professional Practice of Internal auditing.

An outsourcing organigram is provided below in ***Section B.7 Outsourcing.***

B.5 (b) Independence and objectivity

The internal audit function is independent of the Company's business management activities. It is not involved directly in revenue generation, nor in the management and financial performance of the Company.

The internal audit function does not have direct responsibility for, or authority over, any of the activities they review. Nor does their review and appraisal relieve others of their responsibilities. Moreover, the internal audit function shall disclose any impairments to the objectivity or independence to the Board as soon as identified. It shall also put procedures in place for oversight by a party outside Internal audit in relation to any function for which the Head of Internal audit has direct responsibility.

An outsourcing organigram is provided below in ***Section B.7 Outsourcing*****.**

B.6 Actuarial Function

Implementation of the actuarial function

The actuarial function and actuarial support have been outsourced to Milliman BV ("**Milliman**"), while utilising actuarial resources within the Monument Re Group. A designated representative from the MC has overall responsibility (Personne-relais) for the outsourced activity of the actuarial function. A senior manager of Milliman provides this function. The Head of Actuarial Function ("**HoAF**") is responsible for providing an Actuarial Opinion on Technical Provisions to the NBB in respect of the technical provisions reported as part of the Annual QRTs. MAB hired a Benelux Actuarial Director 2019. He started on the 1st March of 2020. ***Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure*** provides the structure and staff of MAB, including the actuarial function.

Although the actuarial function and actuarial support are outsourced to Milliman, there are two separate agreements signed.

Firstly, MAB signed an Engagement Letter with Milliman on the 9th of May 2019 regarding the actuarial function. Subsequently, the services were outlined in the scope of the Outsourcing Addendum which provides additional terms for the outsourcing of the actuarial function. A senior manager at Milliman is responsible for the actuarial activities set out in Article 48 of the Solvency II Directive, which are performed partly in MAB's offices and partly in Milliman's offices. The actuarial function reports, on the one hand, on a minimum monthly basis to MAB's Personne relais for actuarial, and to the Group Chief Actuary. On the other hand, he reports on a quarterly basis to the Board. Moreover, the outsourced actuarial function forms an Independent Control Function.

Secondly, a Consulting Agreement between MAB and Milliman was signed on 2 October 2019 to outline the actuarial support. Contrary to the actuarial function, the actuarial support forms part of the external outsourcing arrangements. In addition, the services are provided by several consultants.

Ultimately, an outsourcing agreement is also concluded with Monument Re for actuarial support services.

An outsourcing organigram is provided below in ***Section B.7 Outsourcing***.

The Board receives an annual report from the actuarial function which includes the results of the tasks undertaken, clearly identifying any deficiencies and giving any recommendations as to how such deficiencies could be remedied. The actuarial function operates under the ultimate responsibility of, and reports to the Board and, where appropriate, cooperates with the other key functions in carrying out its role. It is objective and free from the influence of other functions or the Board. It provides its opinions in an independent fashion and can communicate on its own initiative with any staff member, or Board member, and obtains access to any records necessary to carry out its responsibilities.

B.7 Outsourcing

Description of Outsourcing Policy

In February 2019, MAB drafted an Outsourcing Policy and an Outsourced Service Provider ("**OSP"**) Framework. Both documents were approved by MAB's Board in April 2019.

In addition and in order to align with the Monument Re Group, MAB:
- Updated its OSP Framework and Outsourcing Policy;
- Drafted an Outsourcing Strategy; and
- Adapted its OSP Procedure.

These documents were approved by the Board on 25 March 2020.

The Outsourcing strategy gives a global overview why MAB decided, in line with the Group's strategy, to outsource certain functions. The purpose of the Outsourcing Policy is to outline the approach that has been developed and agreed by the Board for managing outsourcing arrangements of MAB. So, the principles set out in the Outsourcing Policy are intended to establish the governance over the initiation and management of outsourcing relationships across the Company. On the other hand, the OSP Framework provides guidance in relation to the outsourcing governance process and on-going management of OSP arrangements and it should be viewed in conjunction with the Outsourcing Policy. Ultimately, the OSP Procedure provides how the outsourcing process is conducted.

The OSP framework, the Outsourcing Policy and the OSP Procedure put an emphasis on the assessment of critical or important functions. According to the Outsourcing Policy, the Board of Directors is responsible for reviewing and approving outsourced functions. Furthermore, the OSP Policy states that MAB must define a Criticality Assessment process to determine if an outsourced function is critical or important.

The Company ensues strict adherence to all applicable rules and regulations (including the NBB Governance Circular). Where deemed appropriate the Company will outsource specific business functions to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available to us. However, the Company's outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to unduly increase the Company's exposure to Operational Risk. Furthermore, Monument Re Group is looking to enhance cooperation between the Benelux-entities, viz. MAB, Robein Leven NV (Netherlands) and MAL That's why these companies provide important or crucial activities for MAB.

An appropriate level of due diligence shall be conducted prior to completing the selection process. The Company must notify the relevant regulatory authority in writing of any outsourcing of a critical or important function.

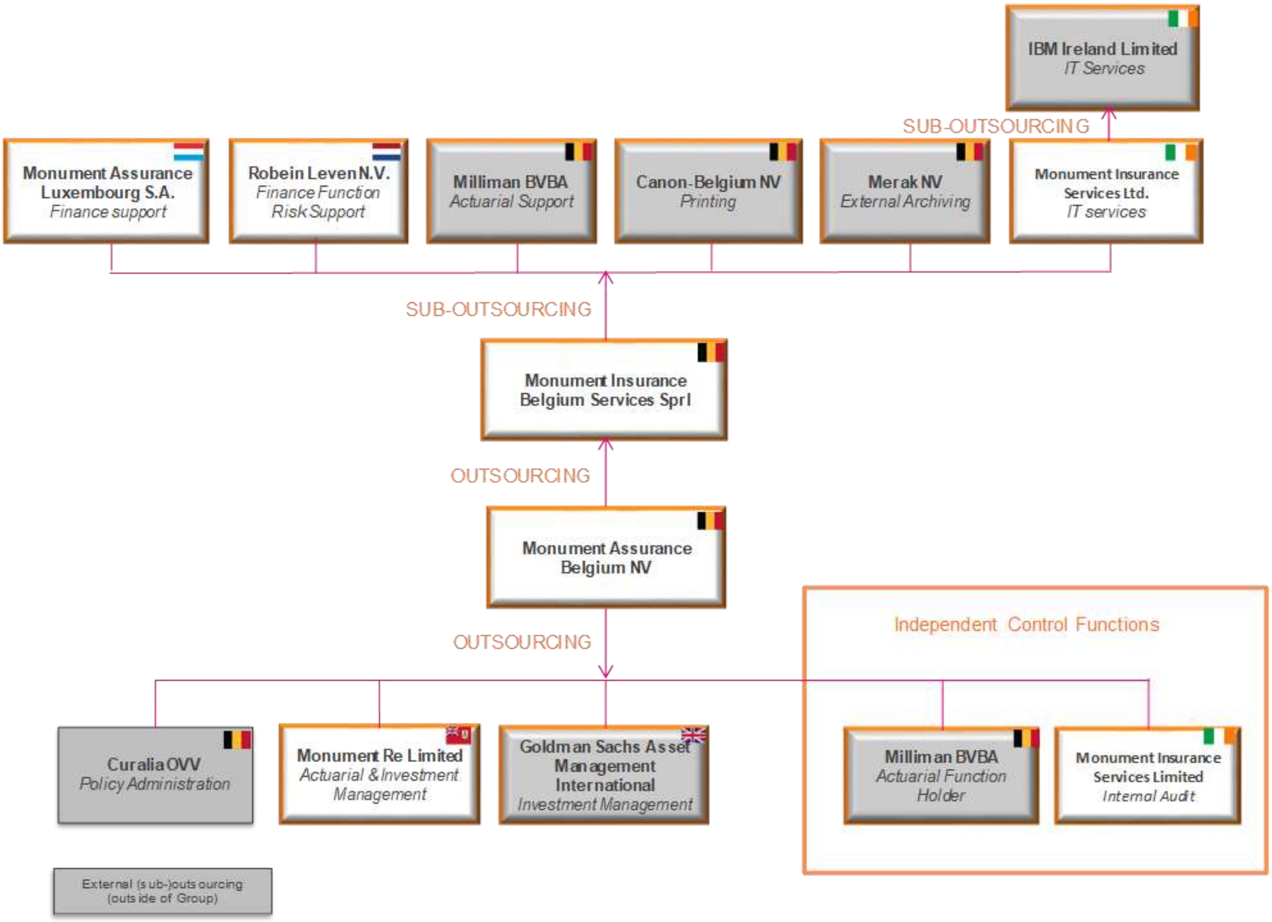
All outsourcing agreements shall be monitored by the MC and reviewed to ensure that outsourced activities are conducted in adherence with the outsourcing service provider framework, the Outsourcing Policy, the terms set out in outsourcing agreements and with applicable regulatory requirements. Reporting processes shall be in place to ensure outsourcing performance is managed in line with the Outsourcing Policy, outsourcing agreements and the Company's strategy.

Outsourcing and jurisdiction of critical or important operational functions or activities

MAB outsourced services to eleven service providers, divided in five intra-group service providers and six extra-group service providers. MAB outsourced critical and/or important functions to ten service providers. Furthermore, there are two independent control functions. So, there are in total thirteen different outsourcing agreements.

In 2019, MAB filled all independent control functions in October, all intra-group outsourcing arrangements in November and all extra-group outsourcing arrangements except IBM in December to the NBB in conformity with Section 7 ("Outsourcing") of the NBB Governance Circular.

A clear overview is given in the chart below:



The table below provides details of the outsourced critical or important operational functions or activities and the jurisdiction in which the service providers of such functions or activities are located.

Service provider	Activity	Jurisdiction
Monument Insurance Services Limited (“**MISL**”)	Sub-outsourcing of IT services	Ireland
Monument Insurance Belgium Services (“**MIBS**”)	Finance support, Insurance Services Administration, Human Resources, IT and Change, Actuarial support, Compliance Support, Risk Support, Relationship Management and Record Management	Belgium
Robein Leven NV (“**RL**”)	Finance and Risk Function	The Netherlands
Monument Assurance Luxembourg S.A. (“**MAL**”)	Finance (only regulatory reporting through one-gate)	Luxembourg
Monument Re Limited (“**Monument Re**”)	Investment Management and Actuarial	Bermuda
Curalia	Policy Administration	Belgium
Milliman BV	Actuarial Support	Belgium
Goldman Sachs Asset Management International (“**GSAMI**”)	Investment & Asset Management	UK
IBM Ireland Limited	IT Services	Ireland
Merak NV	External Archiving	Belgium

B.8 Any other information

The system of governance is considered appropriate for the Company. There is no other material information regarding the system of governance of the Company other than what has been reported in this section.

B.9 Assessment of the adequacy of the system of the governance

Based on the proportionality principle and taking into consideration the size of MAB (small entity), activities (closed books) and type of products (branch 21) the Company maintains adherence to all local statutory and regulatory reporting requirements.

In general, MAB’s system of governance is well-defined and fully in line with what is set forth in the relevant legal and regulatory requirements, i.e the Belgian Company’s Code, the Delegated Regulation, the Belgian Solvency II Act, the NBB Governance Circular and MAB’s Articles of Association.

C. Risk Profile

Sections C.1 to C.6 contain a description of the Company's risks whereby risks are assigned to risk categories prescribed by the regulator. Risks are quantified with reference to the Solvency II Standard Formula unless otherwise indicated.

The Company uses a series of techniques to assess risks qualitatively and quantitatively, as set out in ***Sections B.3 Risk Management system including the own risk and solvency assessment and B.4 Internal Control system***.

No material changes to the measures used to assess risks have been made in the period.

C.1 Underwriting risk

General

Underwriting risk (insurance risk) means the risk of loss or other adverse impact on the Company arising from unexpected fluctuations in the timing, frequency or severity of insured events, or timing and amount of claim settlements and expenses.

The Company's portfolio comprises of Group and Individual pension and long-terms savings products previously sold on the Belgian market. The insurance risks involved with administering this run-off business include mortality risks, morbidity risks, lapse risks and expense risks.

Mitigating Actions and Controls

Intra-group reinsurance substantially mitigates underwriting risks.

Furthermore, the Company monitors and controls insurance risk using the following methods:

- Regular monitoring of actual versus expected claims and expenses;
- Regular review of actuarial assumptions;
- Management of persistency through high quality customer service;
- External reinsurance to mitigate mortality and morbidity risks;
- Risk is measured principally in terms of Solvency Capital Requirement ("**SCR**"), supplemented by sensitivity tests to key assumptions, and stress and scenario testing; and
- Lapse management/ monitoring.

Material risk concentrations

The following table shows the analysis of insurance contracts on a gross and net of reinsurance basis as of 31 December 2019, with prior year comparatives:

	31 December 2019		31 December 2018	
Country	Gross policy reserves € '000	Net policy reserves € '000	Gross policy reserves € '000	Net policy reserves € '000
Belgium	307,290	31,032	57,057	6,036

Risk sensitivity

Underwriting risk consists (gross and net of reinsurance) of the following risks:

Risk	Gross SCR € '000	Net SCR € '000
Mortality	1,430	143
Longevity	368	37
Disability-morbidity	0	0
Lapse	2,609	261
Life expense	7,267	727
Revision	0	0
Life catastrophe	1,411	141
Diversification	-3,212	-321
SCR Underwriting risk	**9,873**	**987**

Expense and lapse risks remain the most significant. The inclusion of the NCN portfolio and the Alpha portfolio resulted in significant increases in all underwriting risks.

C.2 Market risk

General

Market risk means the risk of loss or other adverse financial impact on the Company arising from movements in markets. This risk category comprises equity risk, interest rate risk and currency risk, which are material for the Company. The Solvency II Standard Formula also assigns credit spread risk (including an allowance for ratings migrations and cost of defaults on corporate bonds) to market risk.

The Company has low appetite for market risk and accepts credit spread risk given the long-term nature of its assets and liabilities. The Company is willing to take on some risk, through an allocation to non-government credit investments with a view to generating additional returns, subject to specific limits in its Investment Policy as set by the Board. These limits are designed to keep the Company's market risk within the risk tolerances set out in the Risk Management Framework.

The Company's objective in managing its market risk, is to ensure risk is managed in a sound and prudent manner in line with the Company's risk profile and risk appetite.

Mitigating Actions and Controls

Intra-group reinsurance substantially mitigates market risk.

Additionally, the Company monitors and controls financial market risks using the following methods:

- Investment Policy imposing close matching of assets to insurance liabilities and imposing credit ratings limits for investment counterparties and concentration limits to avoid excessive risk concentrations.
- Hedging of residual interest rate exposure using interest rate derivatives, managed according to the requirements of the Company's Derivatives and Hedging Policy.

- Regular monitoring of exposures relative to market risk limits, supplemented by stress and scenario testing.
- Risk is measured using standard metrics such as "DV01", the sensitivity of asset and liability values to small changes in market variables.

The Company adheres to the prudent person principle in the implementation of its investment strategy. This is accomplished through an investment framework focused on governance, risk assessment and portfolio diversification. A key part of the implementation is the use of third party investment service providers who can provide expertise for their appointed mandates.

The Company governance structure is outlined in ***Section B.1 General information on the system of governance*** of this report. The Company continually assesses the risks associated with its business objectives, particularly those related to the investment portfolio, and determines which risks to accept and which to mitigate. This is encompassed within the Risk Management Framework, as outlined in ***Section B.3 Risk Management System including the own risk and solvency assessment***, and is manifested in the Company's risk policies. This risk assessment has led the Company to structure the investment portfolios primarily in investment grade, fixed income assets with a closely matched duration and cash flow profile to the liabilities that they support.

One of the key risk mitigants is to diversify the investment portfolios. This is achieved through documentation of guideline limits in the investment policies and ensuring that third party investment service providers adhere to these limits. Specific exposure limits are established for investment sector, issuer and credit ratings. For each mandate, the Company oversees compliance of the service providers against the limits through a regular review of each portfolio. As noted above, the governance framework establishes reporting protocols for policy compliance.

Material risk concentrations

Market risk concentrations are limited, as illustrated by concentration risk risk capital in the table below.

Sensitivity

The assets in the portfolio consists of government bonds, corporate bonds, investment in mortgage loans via a fund structure, bank deposits, advances on pensions and cash. The SCR for market risk (gross and net of reinsurance) consist of the following components. Note that the inclusion of the NCN portfolio and the Alpha portfolio resulted in significant increases in the market risks:

Risk	Gross SCR € '000	Net SCR € '000
Interest rate	1,902	664
Equity	0	0
Property	0	0
Spread	10,773	1,077
Concentration	0	0
Currency	0	0
Diversification	-1,736	-476
SCR Market risk	**10,939**	**1,265**

C.3 Credit risk

General

Credit risk means the risk of loss or other adverse impact on the Company arising from one party to a financial instrument failing to discharge an obligation.

The Company's exposure to credit risk is derived from assets such as debt securities and from cash and reinsurance counterparties. The Company has low credit exposure with respect to receivables due from other counterparties.

Mitigating Actions and Controls

In order to mitigate its counterparty exposure towards banks, the Company has defined minimum standards for creditworthiness and has set banking counterparty exposure limits. Credit ratings for the relevant financial institutions are regularly monitored.

The credit risk resulting from the investment in residential mortgage loans is largely mitigated by collateral. Where material, credit risk arising from reinsurance arrangements is mitigated by collateral. In particular, the IGR with Monument Re is collateralised to the level of technical provisions, with MAB retaining legal title to these assets. This collateral is shown on the balance sheet of MAB and substantially mitigates counterparty default risk towards Monument Re, as MAB retains the collateral assets in event of Monument Re's default. MAB is required to hold counterparty default risk capital towards Monument Re in accordance with the Standard Formula SCR. MAB has adopted Monument Re's Intra-Group Reinsurance Framework, which requires that MAB's counterparty default SCR towards Monument Re cannot exceed 10% of MAB's total undiversified capital requirements. If this is the case, Monument Re will be required to pay additional collateral into MAB's collateral account such that MAB's counterparty default risk capital towards MAB is reduced to no more than 10%.

In addition to collateral and capital requirements, MAB also monitors the financial strength of Monument Re on at least a quarterly basis. Monument Re provides MAB with information on its solvency and liquidity position. This includes Monument Re's solvency ratio based on the Bermudian Enhanced Capital Requirement, and Monument Re's liquidity relative to its Liquidity Policy, which requires Monument Re to hold sufficient assets to top-up collateral accounts in the most onerous of a range of severe economic and non-economic stresses.

Further, MAB regularly considers an extreme scenario in which Monument Re defaults and assesses the impact of this scenario. The IGR-Framework requires MAB to ensure that failure of Monument Re would not cause MAB to breach its MCR, and plausible management actions must be available to restore the solvency position to 100% of SCR within 3 months. If either of these conditions is not met, then a capital injection into MAB will be made.

Counterparty risk on external reinsurance is limited as this reinsurance is typical unprofitable for MAB but is used to mitigate volatility.
Mitigation of credit risk arising from investments is further promulgated through adherence to the concentration limits set out in the Investment Risk Policy (see above ***Section C.2 Market risk, mitigating actions and control***)

Material risk concentrations

Exposure in respect of single term deposits can be materially concentrated. Monitoring of counterparty credit ratings is in place as described above.

Exposure towards Monument Re in respect of the Company's intra-group reinsurance represents a material concentration of risk, that is mitigated as described above.

Sensitivity

As measured using the Standard Formula SCR, counterparty default risk capital is € 1,036. This amount is sensitive to the credit rating of the Company's counterparties. The level of collateralization on the reinsurance arrangement with Monument Re is sufficient to fully mitigate counterparty default risk on this basis.

C.4 Liquidity risk

Liquidity risk means the risk of loss or other adverse impact on the Company arising from insufficient liquidity resources being available to meet obligations as they fall due. Sources of liquidity risk include:

- Higher than expected claims or expenses;
- Future acquisitions; and
- An inability to sell investments within the required timescale.

Mitigating Actions and Controls

The Company monitors operational risks using the following methods:

- Liquidity Policy imposing close matching of asset and liability cash flows and prudent restrictions on investment in illiquid assets; and
- Liquidity Framework requiring forward-looking assessment of liquidity requirements, including those arising from derivatives, and maintenance of a liquidity buffer to cover severe market and demographic stress.

Material risk concentrations

The Company has a € 25.1m investment via a Qualifying Irish Alternative Fund **("QIAF")** in a DRM fund, which has monthly liquidity subject to discretion on the part of the asset manager.

Sensitivity

The Company projects its liquidity position over short, medium and long time horizons and considers a range of stress scenarios to determine an appropriate liquidity buffer. This liquidity planning process takes into account expected future acquisitions, which can be a key driver of future liquidity needs.

Expected profit included in future premiums

Expected profit in future premiums ("**EPIFP**") is potentially an illiquid asset. Due to the nature of the Company's products, EPIFP differs depending which portfolio we are considering:

EPIFP	LOB1 € '000	LOB2 € '000	LOB3 € '000	Total € '000
Interest rate	263	6,605	0	6,868

The first Line of Business, "LOB1", represents the MAB legacy portfolio, while "LOB2" and "LOB3" represent relatively Alpha and Curalia portofolio. The total amount of EPIFP, as of year-end 2019, is € 6.9 million.

C.5 Operational risk

General

Operational risk means the risk of loss or other adverse impact on the Company arising from inadequate or failed internal processes, personnel or systems or external events. Operational risk is measured principally through scenario analysis.

Mitigating Actions and Controls

The Company monitors and controls operational risks using the following methods:

- Regular Risk and Control Self-Assessment process;
- Outsourcing risk is monitored in accordance with the Company's Outsourcing Framework and Outsourcing Policy. This includes monitoring outsourcer performance, carrying out oversight and reporting to the Management Committee and the Board of Directors;
- Event and issue management process, root cause analysis and learning from adverse experience;
- Oversight exercised by Internal audit, Risk Management and Compliance functions; and,
- Key person risk is mitigated by succession planning and notice periods in employment contracts.

Material risk concentrations

The Company's operating model involves the outsourcing of various functions as described in ***Section B.7 Outsourcing***. This represents a concentration of risk and oversight measures are in place as set out above. Exit plans are required for each critical or important outsourcer/outsourcee.

Key person risk owing to the relatively small size of the Company is mitigated as described above.

Sensitivity

Size and complexity of the business are drivers of risk. As a run-off business, sensitivity is somewhat limited. Operational risk capital on the Solvency II Standard Formula basis is € 700.

C.6 Other material risks

Group risk

Group risk means the risk of loss or other adverse impact on the Company arising from financial or non-financial relationships between entities within the Monument Group. This includes reputational, contagion, accumulation, concentration and intra-group transactions risk.

Mitigating Actions and Controls

- Group Risk Policy imposing requirements for the management of Group risk management;
- Significant commonality of Board composition across the Group and its subsidiaries;
- Close scrutiny of intra-group transactions including external specialist input where appropriate;
- Reputational Risk policy and escalation process;
- Risk is measured qualitatively and quantitatively *e.g.* via stress and scenario testing of adverse scenarios across the Monument Group and Company as part of the solvency self-assessment process; and,
- Collateral and monitoring arrangements to mitigate credit risk towards Monument Re in respect of intra-group reinsurance and intra-group outsourcing (see ***Sections C.3 Credit Risk and C.5 Operational Risk****)*

Material risk concentrations

The intra-group reinsurance with Monument Re represents a material concentration of risk. Within the Solvency II Standard Formula, reinsurance counterparty risk is included within credit risk (see ***Section C.3 Credit risk***). Concentration risk arising from intra-group outsourcing arrangements is addressed within ***Section C.5 Operational Risk*****.**

Strategic risk

Strategic risk means the risk of loss or other adverse impact on the Company arising from failing to identify and react appropriately to opportunities and/or threats arising from changes in the market, some of which may emerge over a number of years.

The Monument Group's strategy is to acquire and consolidate books of life assurance operations in the European market and the Company plays an active role in this. Risks associated with acquisitions are mitigated by due diligence, capitalisation and change management.

Mitigating Actions and Controls

- Strategic Risk Policy imposing requirements for strategic risk management.
- Board members and MC members with broad experience and deep industry knowledge.
- Rigorous due diligence process led by internal experts with support from external specialists as required.
- Tried-and-tested integration approach and experienced, skilled integration team.
- Emerging risk analysis and reporting.
- Strategic risks are measured qualitatively.

Material risk concentrations

Given the Company's focus on life insurance consolidation, a lack of opportunity for further market consolidation would be detrimental from a strategic growth perspective. This is not expected to impact the run-off of the existing in-force business.

Sustainability risk

Sustainability risk means the risk of loss or other adverse impact on the Company arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from the activities of the Company.

Mitigating Actions and Controls

- Maintenance of a well-diversified investment portfolio;
- Monitoring of concentration risks in the DRM fund to which the Company is exposed through a QIAF, with detailed stratifications of the portfolio provided on a quarterly basis by DRM manager;
- Promoting low carbon practices e.g. video-conferencing in preference to business travel; and,
- Providing opportunities for and promoting community investment.

Material risk concentrations

The Company has an investment in DRM loans via a QIAF. These DRMs are secured against Dutch residential property collateral. Climate change could result in a rise in sea-levels that could result in a devaluation of properties in higher risk areas. The Dutch government has invested heavily in flood management, and has committed to taking further measures as appropriate over the coming years. The existing measures are expected to remain effective over the duration of the DRM investments.

Emerging Risk

Emerging risk refers to an issue that is perceived to be potentially significant but which may not be fully understood or allowed for in insurance terms and conditions, pricing, reserving or capital setting.

Mitigating Actions and Controls

- On a biannual basis, the Company takes part in an emerging risks forum, facilitated by the risk management function. The profile of emerging risks is reviewed and updated as necessary. Matters arising from previous forums, which may include research on specific risks. Focus areas for further analysis are agreed;
- The profile of emerging risks is reported to MC and the Board on a quarterly basis; and
- Where emerging risks threaten business continuity, these are dealt with in accordance with the Company's Business Continuity Plan.

Material risk concentrations

Unexpected regulatory, legal or fiscal change could adversely the Company. It would generally be anticipated that widescale, material change of this nature would be managed over a period of time and include industry consultation, in order for insurers to respond and plan appropriately.

C.7 Other Relevant Information

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections reported across a wide range of countries and regions. At the date of this report the ultimate economic and social consequences of the novel coronavirus (COVID-19) outbreak are uncertain, it being understood that this is considered a non-adjusting event for the 2019 closing. A pandemic may increase insurance claims, cause investment losses and disrupt business operations. Measures taken by various governments to contain the virus have also affected economic activity. Counterparty credit risk and liquidity risk may also increase.

The Company has a number of risk mitigations, as part of the general management of the business, which can be utilized to mitigate the potential impact of COVID-19. The Company is resilient to stress across each of these areas of risk, having regard to the risk mitigations.

While it is not possible to identify the financial impact of COVID-19 on the Company's financial statements, the Company maintains excess capital above its regulatory capital requirements, which are calibrated to a one in 200 year stress event.

The financial statements have been prepared on a going concern basis. At the date of signing this report:

- Business continuity plans are in place with employees engaged in home working, collaborating via videoconference and other electronic means
- Whilst uncertain, we do not believe that COVID-19 results in a materially adverse effect on our ability to maintain operations and meet obligations as they fall due.

There is no other relevant information regarding the risk profile of the Company other than what has been reported in this Section.

D. Valuation for Solvency Purposes

The following table summarises the valuation of the Company's assets for Solvency II purposes and the valuation used in the Company's financial statements ("Statutory Basis") at the reporting date. All amounts are presented in the reporting currency of the Company, which is euro (€) as at 31 December 2019.

	31 December 2019			
Balance sheet	BGAAP € '000	Reclassification Differences € '000	Valuation Differences € '000	Solvency II € '000
Assets				
Investments - Bonds	143,552	-	12,459	156,011
Other investments	152,602	-	-10,494	142,108
Reinsurance recoverable	264,931	-	11,327	276,258
Reinsurance receivables	3,125	-	-24	3,101
Cash and cash equivalents	27,916	-	570	28,486
Any other assets	2	-	-	2
Total	**592,128**	**-**	**13,838**	**605,965**
Liabilities				
Technical Provisions	294,366	-	13,786	308,152
Reinsurance payables	2,240	-	-2,240	-
Deposit to reinsurance	277,260	-	4,825	282,085
Other payables	3,478	-	-2,287	1,191
Total	**577,344**	**-**	**14,084**	**591,428**
Excess of assets over liabilities	**14,784**	**-**	**-247**	**14,537**

D.1 Assets

D.1 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

Investments and Cash and Cash Equivalents

The basis for determining the market value balance, is the Solvency II Directive and the Delegated Regulation. The Solvency II Directive (Article 75) and the Delegated Regulation (Articles 9 to 16) provide guidance for the valuation of the Solvency II balance sheet. Assets are valued at the amount for which they can be traded between knowledgeable, independent parties who are willing to trade. Liabilities are valued at the amount for which they can be transferred or settled between knowledgeable, willing and independent parties.

Consistent with the principles of the Delegated Regulation, the following valuation hierarchy is applied:

- Market prices quoted on the basis of active markets;
- Quoted market prices for comparable items, adjusted for any differences;
- Market approach based on comparable market transactions;
- Valuation method based on the present value of the cash flows; and
- Current replacement value.

Bonds: bonds are in the form of corporate and government bonds and investment funds. In the BGAAP balance sheet they are valued at amortized cost and the Solvency II balance sheet at market value (quoted clean price – bid prices).

Cash and cash equivalents: cash and cash equivalents are valued at their nominal value in both the BGAAP and Solvency II balance sheet.

Other investments include:

- Advances: the advances on pension consist of loans to policyholders. Advances are only permitted to enable the transferee to acquire, renovate, or repair real estate. The market value is determined by discounting the cash flows against the risk-free swap interest rate without volatility adjustment. In the BGAAP balance sheet, the advances are valued at amortized cost.
- Mortgage Funds: in the form of investment funds, in the BGAAP balance sheet valued at amortized cost and the Solvency II balance sheet at market value.
- Deposits: are valued in the BGAAP balance sheet at amortized cost. There is no observed market price for the term deposits. The market value has been determined based on discounted cash flows at the risk-free swap interest rate without volatility adjustment.

Reinsurance recoverable

This includes the best estimate of the recoverable amount from reinsurance contracts minus the reinsurance premium to be paid. A reinsurance recoverable is held in respect of two reinsurance arrangements:

- A reinsurance treaty in place with SCOR, which reinsures 100% of the mortality and rider benefit risks. SCOR is AA- rated by Standard & Poor's with a stable outlook; and
- An intragroup reinsurance arrangement with Monument Re, on a 90% quota share basis, reinsuring market, insurance and operational (expense) risks. Monument Re, as the ultimate parent company of MAB, based in Bermuda operates in a Solvency II equivalent regime.

Reinsurance receivable

Reinsurance receivable includes amounts due from reinsureds. Reinsurance receivables are valued at their nominal value in both the BGAAP and Solvency II balance sheet.

Other Assets

Other assets include accrued charges and deferred income. The accrued charges and deferred income consist mainly of accrued interest that is not yet due and which is equal to the nominal value of the interest on bonds and deposits since the last payment.

D.1 (b) Material differences between the bases, methods and assumptions used for the valuation for solvency purposes and those used in financial statements

Valuation differences between BGAAP and Solvency II are in section above.

D.2 Technical provisions

D.2 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

The following table contains the technical provisions for the Company as of 31 December 2019:

	31 December 2019		
	Solvency II € '000	GAAP € '000	Difference € '000
Best Estimate Liabilities	307,290	294,366	-12,923
Risk Margin	863	-	-863
Total	**308,152**	**294,366**	**-13,786**

The following table contains the technical provisions for the Company by material line of business as of 31 December 2019:

	31 December 2019			
	Material LOB1 € '000	Material LOB 2 € '000	Material LOB 3 € '000	Total € '000
Best Estimate Liabilities	62,854	85,056	159,380	307,290
Risk Margin	320	409	134	863
Total	**63,174**	**85,465**	**159,514**	**308,152**

For the categorisation in business lines in the table a distinction is made between Monument Legacy ("Material LOB 1"), Alpha ("Material LOB 2") and Curalia ("Material LOB 3") insurance policies.

D.2 (b) Uncertainty associated with the value of technical provisions

The Solvency II technical provisions are determined as the sum of the best estimate liabilities (BEL) and the risk margin.

The BEL is determined as the present value of future best estimate cash flows, including:

- Premiums;
- Death benefit;
- Payment upon surrender;
- Expiration benefit (maturity); and
- Expenses (maintenance expenses, commissions and taxes).

Assumptions required to determine the cash flows include mortality, surrender rates, expenses, inflation and interest rates.

Key assumptions are derived with reference to the Company's past experience, layering in expert judgement where applicable. This includes surrender rates and expenses. Mortality is not material since this risk is reinsured.

The interest rate curve used to discount the best estimate cash flows, is the interest rate term structure published by EIOPA. This curve is composed of the swap curve adjusted for credit risk ("**CRA**"), volatility adjustment ("**VA**") and an Ultimate Forward Rate ("**UFR**"). Inflation rates are required to determine future expense levels and are aligned to market prevailing rates provided by Bloomberg.

The risk margin is such that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations. The risk margin is calculated in accordance with the relevant Solvency II standards and is based on the cost of capital method.

The risk margin is determined by projecting the non-hedgeable SCRs using appropriate risk drivers. The use of risk drivers is an approximation method about the future development of the SCR over time. The future SCRs are then multiplied with the cost-of-capital percentage and discounted at the interest rate term structure provided by EIOPA. The cost-of-capital percentage is 6% and the interest rate term structure that must be discounted is the risk-free interest rate term structure excluding VA, but including CRA and UFR.

D.2 (c) Material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used in financial statements

The technical provision, as determined in the BGAAP financial statements (including a "flashing light reserve") is equal to the accumulated savings value with a guaranteed return applicable. The assumptions used in this valuation are based on tariff actuarial parameters, which contain a level of prudence versus the best estimate assumptions used in the Solvency II BEL. A flashing light reserves is an extra provisions that the National Bank of Belgium requires life insurers in Belgium to set up in order to assure that sufficient funds are available at all times to fulfill guarantees given to clients within their contracts.

D.2 (d) Matching adjustment and volatility adjustment

The Company makes use of volatility adjustment. Removal of the VA has the effect of increasing the Technical Provisions by € 2.1m and reducing Own Funds by € 0.2m, after an allowance for reinsurance. Given that the absolute minimum is the binding constraint on the Solvency II balance sheet, the SCR has not been revalued. The Solvency position of MAB would reduce from 393% to 385% as a result of removing the VA.

D.2 (e) Transitional risk-free rate and transitional deduction

Not applicable.

D.2 (f) Recoverables from reinsurance contracts and special purpose vehicles

See ***Section D.1(a)***, ***reinsurance recoverable.***

D.2 (g) Material changes to assumptions made in calculating technical provisions compared to previous reporting period

No material changes were made in the assumptions calculating technical provisions compared to previous reporting period.

D.3 Other liabilities

D.3 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

Other liabilities consist of short-term liabilities that are valued at nominal value in both the BGAAP and Solvency II balance sheet.

D.3 (b) Material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and those used in financial statements

There are no differences between the BGAAP and Solvency II valuation of other liabilities.

D.4 Alternative methods for valuation

No alternative valuation methods were applied.

D.5 Any other material information

No future management actions nor dynamic policybehaviour are taken into account in the valuation. More specifically, lapse rates are determined based on past observations.

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

Capital management and allocation is a key driver of the Company's success. Capital is a resource that supports the risk bearing capacity of the Company, forming a foundation for the Company's long-term viability and the trust of its customers.

E.1 Own funds

'Own Funds' refers to the excess of the value of the Company's assets over the value of its liabilities, where the value of its liabilities includes technical provisions and other liabilities. Own Funds are divided into three tiers based on their permanence, and how well they can absorb losses. Tier 1 are of the highest quality.

E.1 (a) Objectives, policies and processes for managing Own Funds

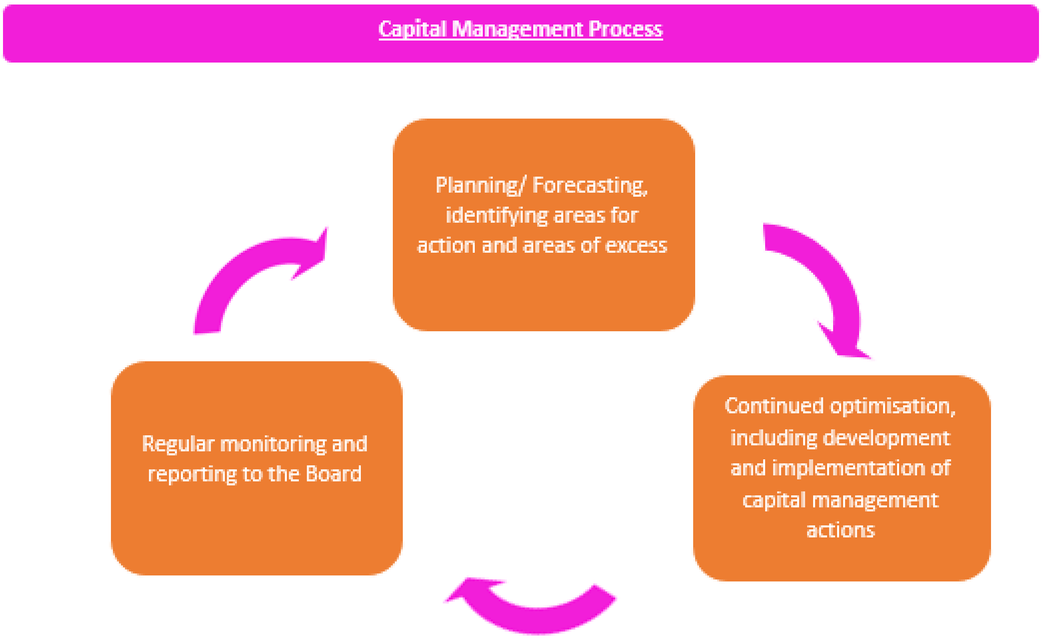
The primary objective of the Company is to ensure compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders, including cedants and policyholders, while maintaining value. The capital management policy sets out the objectives of the Company. The key objective of this policy is to ensure that the regulatory requirement for the Solvency Coverage is met on an ongoing basis. Processes and reporting are in place to meet this objective. The capital management policy outlines the actions available to the management and the Board at different levels of the reporting solvency ratio.

The Company adopted Monument Re's key principles of capital management which are:

Monument Re Capital Management Principles

1) Target Setting	2) Monitoring	3) Management Actions
• Sufficient capital levels set by the Board so that the Group is able to withstand appropriate stress scenarios, as approved by the Board • The current Target Capital level for Monument Re is to maintain Available Capital equivalent to 150% of the SCR • The Target Capital level for each subsidiary is approved by the relevant Board, taking into account local requirements	• Capital levels shall be assessed regularly to ensure that they remain appropriate to support the Group's operations • Appropriate processes maintained to enable effective monitoring and reporting of capital positions across the Group including the impact of new transactions	• Activities undertaken to optimise the capital position of the company (and/ or subsidiaries) • Actions continuously identified and executed, in order to optimize capital and remedy breaches of capital levels should a breach occur

The process followed for capital management is depicted below:



A capital management plan is prepared annually with the business planning period covering five years. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management and the firm's risk profile. This plan is reviewed and updated on a regular basis to reflect the actual performance of the business. The policy is reviewed annually with the results of the annual ORSA process taken into consideration.

Own Funds for the Company are calculated quarterly through the production of the technical provisions and a valuation of the Company's balance sheet. The value of the Own Funds is approved by the MC on a quarterly basis, whilst annually, it is approved by the Board.

There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds.

Summary of the Own Funds and solvency position at 31 December 2019, with prior year comparatives (in € '000, except for percentages):

	31 December 2019	31 December 2018
Own Funds	14,537	7,548
Solvency Capital Requirement (SCR)	3,032	1,132
Minimum Capital Requirement (MCR)	3,700	3,700
Absolute Floor of Minimum Capital Requirement	3,700	3,700
Relevant Solvency Ratio	**393%**	**204%**

The Company has an internal target to maintain a Solvency Ratio above 150%.

E.1 (b) Information on Own Funds by Tier and the amount eligible to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The Eligible Own Funds value to meet the SCR is obtained from Basic Own Funds, to which Ancillary Own Funds that are recognised and approved by the regulator and subject to eligibility constraints are added. Solvency II defines Basic Own Funds as the sum of

- The excess of assets over liabilities as defined in ***Section D Valuation for Solvency Purposes***;
- Less deduction for foreseeable dividends and distributions.

The following table shows the composition of the Solvency II Basic Owns Funds and what is eligible to cover the SCR and MCR:

	Total Own funds 31 December 2019 € '000	Total Own funds 31 December 2018 € '000	Eligible Own Funds to cover SCR 31 December 2019 € '000	Eligible Own Funds to cover SCR 31 December 2018 € '000	Eligible Own Funds to cover MCR 31 December 2019 € '000	Eligible Own Funds to cover MCR 31 December 2018 € '000
Ordinary Share Capital	14,784	7,011	14,784	7,011	14,784	7,011
Reconciliation reserve	-247	537	-247	537	-247	537
Other Own Funds	-	-	-	-	-	-
Total Basic Own Funds	**14,537**	**7,548**	**14,537**	**7,548**	**14,537**	**7,548**

In 2018, an IGR-treaty with Monument Re based on a 90% quota share basis was implemented. In 2019, a Capital Increase occurred.

E.1 (c) Material differences between equity in the financial statements and the excess of assets over liabilities for solvency purposes

The following table summarises the differences between shareholders equity reported in the Company's financial statements and the excess of assets over liabilities for solvency purposes:

	31 December 2019 € '000	**31 December 2018 € '000**
Shareholder Equity per financial statements	**14,784**	**7,011**
Difference in the valuation of assets	13,838	3,954
Difference in the valuation of technical provisions	-14,084	-3,418
Solvency II Excess of Assets over Liabilities	**14,537**	**7,548**

E.1 (d) Basic own fund item subject to the transitional arrangements

Not applicable.

E.1 (e) Ancillary Own Funds

The Company did not have any ancillary own fund items at 31 December 2019.

E.1 (f) Material items deducted from Own Funds

There are no material items deducted from Own Funds at 31 December 2019.

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

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

The following table shows the Company's SCR and MCR requirements as of 31 December 2019, with prior year comparatives:

	31 December 2019 € '000	31 December 2018 € '000
SCR	3,032	1,132
MCR	3,700	3,700

E.2 (b) The amount of the SCR split by risk module

The Basic Solvency Capital Requirement is calculated using a set of EIOPA defined stresses given by the Standard Formula approach. The SCR is calculated separately for each of the following risk modules:

- Market risk
- Counterparty default risk
- Life underwriting risk
- Non-life underwriting
- Health underwriting

These modules are then combined using correlation factors as defined by EIOPA, with an allowance for operational risk. The following table shows the split of the SCR as of 31 December 2019, with prior year comparatives:

	31 December 2019 € '000	31 December 2018 € '000
Market risk	1,265	507
Counterparty default risk	1,036	430
Life underwriting risk	987	282
Basic Solvency Capital Requirement	2,332	874
Operational Risk	700	258
Solvency Capital Requirement (before minimum)	**3,032**	**1,132**

The Non-life and Health modules do not apply to the Company, as its balance sheet is not exposed to these risks.

E.2 (c) Use of simplified calculations

The Company did not use any simplified calculations or undertaking-specific parameters to arrive at its SCR as of 31 December 2019 or 31 December 2018.

E.2 (d) Undertaking specific parameters and capital add-ons

The undertaking specific parameters referred to in Article 104(7) of Directive 2009/138/EC are not used by the Company.

The capital add-on as per sub paragraph of Article 51(2) of Directive 2009/138/EC does not apply.

E.2 (e) Information on inputs used to calculate the MCR

MCR is calculated according to the requirements of the Delegated Regulation whereby the MCR is dependent on the level of the best estimate, the risk capital, the SCR and an absolute minimum of € 3.7m. The calculation results in the absolute minimum of € 3.7m.

E.2 (f) Material changes to SCR and MCR over the reporting period

The SCR has increased significantly compared to 31 December 2018 following the acquisition of the Alpha and NCN portfolios.

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

Not applicable.

E.4 Differences between the Standard Formula and any internal model used

Not applicable.

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

The Company remained compliant with the MCR and the SCR throughout the reporting period.

E.6 Any other information

There is no other material information regarding the capital management of the Company other than what has been reported in this section.

Appendix 1 – List of public QRT to be disclosed

Article 4 - Templates for the solvency and financial condition report of individual undertakings.

- Template S.02.01.02 of Annex I, specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC, following the instructions set out in section S.02.01 of Annex II to this Regulation;

- Template S.05.01.02 of Annex I, specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, following the instructions set out in section S.05.01 of Annex II to this Regulation, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35;

- Template S.05.02.01 of Annex I, specifying information on premiums, claims and expenses by country using the valuation and recognition principles used in the undertaking's financial statements, following the instructions set out in section S.05.02 of Annex II;

- Template S.12.01.02 of Annex I, specifying information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business as defined in Annex I to Delegated Regulation (EU) 2015/35, following the instructions set out in section S.12.01 of Annex II to this Regulation;

- Template S.23.01.01 of Annex I, specifying information on own funds, including basic own funds and ancillary own funds, following the instructions set out in section S.23.01 of Annex II;

- Template S.25.01.21 of Annex I, specifying information on the Solvency Capital Requirement calculated using the Standard Formula, following the instructions set out in section S.25.01 of Annex II;

- Template S.28.01.01 of Annex I, specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity, following the instructions set out in section S.28.01 of Annex II;

Appendix 2 - Glossary

AALCB	ABN AMRO Life Capital Belgium NV
ACC	Audit and Compliance Committee
Alpha or Alpha Portfolio	Portfolio of long-term savings and credit life insurance from Alpha Insurance in Belgium
BGAAP	Generally Accepted Accounting Practice in Belgium
Bridge	Bridge Strategic Holdings Limited
Capital Increase	Increase that was principally due to the acquisition of the Alpha Portfolio and the NCN Portfolio and the capital increase in the amount of € 5m on 25 April 2019 subscribed in full by Bridge
CBI	Central Bank of Ireland
CRA	Credit Risk Adjustment
CRO	Chief Risk Officer
DRM	Dutch Residential Mortgages
ED	Executive Director
EIOPA	European Insurance and Occupational Pension Authority
EPIFP	Expected profit included in future premiums
FSMA	Financial Services and Markets Authority
Group	Monument Re Group presented in Section A.1(e) Position within the legal structure of the Group
GSAMI	Goldman Sachs Asses Management International
Governance Circular	NBB Governance Circular
GreyCastle	GreyCastle Holdings Ltd
HoAF	Head of Actuarial Function
HoIA	Head of Internal Audit
IC	Investment Committee
IGR	Intra-group reinsurance
Inora	Inora Life Designated Activity Company
Laguna	Laguna Life Designated Activity Company
MAB	Monument Assurance Belgium NV
MADAC	Monument Assurance Designated Activity Company
MC	MAB's Management Committee
MCR	Minimum Capital Requirement
MI	Management Information
MIBS	Monument Insurance Belgium Services Srl
MIDAC	Monument Insurance Designated Activity Company
Migration Project	The migration of the Alpha Portfolio on the UL3 systems
MISL	Monument Insurance Service Limited
MLIDAC	Monument Life Insurance Designated Activity Company

Monument Re	Monument Re Limited
NBB	National Bank of Belgium
NBB Governance Circular	Circular NBB_2018_23 of the Overarching circular on the system of governance
NCN Portfolio	A portfolio of non-Curanova long term savings contracts from Curalia
NED	Non-Executive Director
Nordben	Nordben Life and Pension Insurance CO Limited
ORSA	Own Risk and Solvency Assessment
OSP	Outsourced Service Provider
Own Funds	According to art. 87 of Solvency II Directive 2009/138/EU, Own Funds are defined as the sum of basic Own Funds and ancillary Own Funds.
Personne-relais	A designated representative from the MC has overall responsibility for the outsourced activity
PPI	Payment Protection Insurance
Private credit	Debt issued by companies/entities privately to banks or other investors. It is generally unrated, and it is considered for SII-purposes between a BBB and B
QIAF	Qualifying Irish Alternative Fund is a regulated collective investment scheme designed for professional investors
RC	Risk Committee
RCSA	Risk and Control Self-Assessment
Rem Comm	The Monument Re Group Board Remuneration Committee
Reinsurance recoverables	Reinsurance recoverables represent the amount of best estimate liability expected to be recovered via reinsurance treaties or special purpose reinsurance vehicles and correspond to the expected present value of the future cash flows referring to the in-force reinsurance agreements.
Risk Management Framework	The Risk Management Framework is the structured process used to identify potential threats to an organisation and to define the strategy for removing or minimising the impact of these risks as well as the mechanisms to effectively control and evaluate actions.
RNGC	Group Nominations Remuneration, and Governance Committee
RSR	Regular Supervisory Report
SCR	See: Solvency Capital Requirement
Solvency II Act	Law of 13 March 2016 on the statute and supervision of insurance or reinsurance undertakings.
Solvency Capital Requirement	The Solvency Capital Requirement is determined as the economic capital to be held by insurance and reinsurance undertakings in order to ensure that ruin occurs no more often than once in every 200 cases or, alternatively, that those undertakings will still be in a position, with a probability of at least 99.5%, to meet their obligations to policyholders and beneficiaries over the following 12 months (Solvency II Directive 2009/138/EU).
SSA	Private and Public Sovereign and Agency debt

Statutory Basis	the valuation of the Company's assets for Solvency II purposes and the valuation used in the Company's financial statements at the reporting date.
The Board	MAB's board of directors
The Company	Monument Assurance Belgium NV
Three Lines of Defence	In the Three Lines of Defence model, management control is the first line of defence in risk management, the various risk control and compliance over-sight functions established by management are the second line of defence, and internal auditor is the third.
UFR	Ultimate Forward Rate
VA	Volatility Adjustment

General information

		C0010
Undertaking name	R0010	Monument Assurance Belgium
Undertaking identification code and type of code	R0020	LEI/213800MJ23NBMAXX2M80
Type of undertaking	R0040	Life undertakings
Country of authorisation	R0050	BELGIUM
Language of reporting	R0070	Dutch
Reporting submission date	R0080	07/04/2020
Financial year end	R0081	31/12/2019
Reporting reference date	R0090	31/12/2019
Regular/Ad-hoc submission	R0100	Regular reporting
Currency used for reporting	R0110	EUR
Accounting standards	R0120	Local GAAP
Method of Calculation of the SCR	R0130	Standard formula
Use of undertaking specific parameters	R0140	Don’t use undertaking specific parameters
Ring-fenced funds	R0150	Not reporting activity by RFF
Matching adjustment	R0170	No use of matching adjustment
Volatility adjustment	R0180	Use of volatility adjustment
Transitional measure on the risk-free interest rate	R0190	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	R0200	No use of transitional measure on technical provisions
Initial submission or re-submission	R0210	Initial submission
Exemption of reporting ECAI information	R0250	Not exempted
Ad hoc XBRL technical field 1	R0990	
Ad hoc XBRL technical field 2	R0991	
Ad hoc XBRL technical field 3	R0992	

Balance sheet

Balance sheet

S.02.01.02

		Solvency II value	Statutory accounts value
		C0010	C0020
Rows			
Assets			
Goodwill	R0010		
Deferred acquisition costs	R0020		
Intangible assets	R0030		
Deferred tax assets	R0040		
Pension benefit surplus	R0050		
Property, plant & equipment held for own use	R0060		
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	282,020,971	281,385,094
Property (other than for own use)	R0080		
Holdings in related undertakings, including participations	R0090	1,860	1,860
Equities	R0100		
Equities - listed	R0110		
Equities - unlisted	R0120		
Bonds	R0130	156,010,753	143,551,068
Government Bonds	R0140	68,341,290	45,112,559
Corporate Bonds	R0150	87,669,462	98,438,509
Structured notes	R0160		
Collateralised securities	R0170		
Collective Investments Undertakings	R0180	128,330,713	137,832,166
Derivatives	R0190		
Deposits other than cash equivalents	R0200		
Other investments	R0210	-2,322,355	
Assets held for index-linked and unit-linked contracts	R0220		
Loans and mortgages	R0230	12,038,253	10,444,137
Loans on policies	R0240	12,038,253	10,444,137
Loans and mortgages to individuals	R0250		
Other loans and mortgages	R0260		
Reinsurance recoverables from:	R0270	276,257,693	264,930,573
Non-life and health similar to non-life	R0280		
Non-life excluding health	R0290		
Health similar to non-life	R0300		
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	276,257,693	264,930,573
Health similar to life	R0320		
Life excluding health and index-linked and unit-linked	R0330	276,257,693	264,930,573
Life index-linked and unit-linked	R0340		
Deposits to cedants	R0350		
Insurance and intermediaries receivables	R0360		
Reinsurance receivables	R0370	2,902,784	3,125,084
Receivables (trade, not insurance)	R0380	198,199	
Own shares (held directly)	R0390		
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400		
Cash and cash equivalents	R0410	28,485,832	27,915,530
Any other assets, not elsewhere shown	R0420	4,060,966	4,326,616
Total assets	R0500	605,964,697	592,127,034

Balance sheet

Balance sheet

S.02.01.02

		Solvency II value	Statutory accounts value
		C0010	C0020
Rows			
Liabilities			
Technical provisions – non-life	R0510		
Technical provisions – non-life (excluding health)	R0520		
Technical provisions calculated as a whole	R0530		
Best Estimate	R0540		
Risk margin	R0550		
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	308,152,218	294,366,147
Technical provisions - health (similar to life)	R0610		
Technical provisions calculated as a whole	R0620		
Best Estimate	R0630		
Risk margin	R0640		
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	308,152,218	294,366,147
Technical provisions calculated as a whole	R0660		
Best Estimate	R0670	307,289,541	
Risk margin	R0680	862,677	
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	282,084,852	279,499,314
Deferred tax liabilities	R0780		
Derivatives	R0790		
Debts owed to credit institutions	R0800		
Financial liabilities other than debts owed to credit institutions	R0810		
Insurance & intermediaries payables	R0820		
Reinsurance payables	R0830		
Payables (trade, not insurance)	R0840		
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	1,190,663	3,476,874
Total liabilities	R0900	591,427,732	577,342,335
Excess of assets over liabilities	R1000	14,536,965	14,784,699

Premiums, claims and expenses by line of business

Life

S.05.01.02

		Columns								
		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked	Other life insurance	Annuities stemming from	Annuities stemming from	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Rows										
Premiums written										
Gross	R1410		246,612,791							246,612,791
Reinsurers' share	R1420		221,954,422							221,954,422
Net	R1500		24,658,369							24,658,369
Premiums earned										
Gross	R1510		249,938,631							249,938,631
Reinsurers' share	R1520		221,954,422							221,954,422
Net	R1600		27,984,209							27,984,209
Claims incurred										
Gross	R1610		5,079,921							5,079,921
Reinsurers' share	R1620		4,580,157							4,580,157
Net	R1700		499,764							499,764
Changes in other technical provisions										
Gross	R1710		100,817,792							100,817,792
Reinsurers' share	R1720		135,830,217							135,830,217
Net	R1800		-35,012,424							-35,012,424
Expenses incurred	R1900		1,172,729							1,172,729
Administrative expenses										
Gross	R1910		1,672,597							1,672,597
Reinsurers' share	R1920		2,535,478							2,535,478
Net	R2000		-862,880							-862,880
Investment management expenses										
Gross	R2010		2,989,563							2,989,563
Reinsurers' share	R2020		-							-
Net	R2100		2,989,563							2,989,563
Claims management expenses										
Gross	R2110									-
Reinsurers' share	R2120									-
Net	R2200									-
Acquisition expenses										
Gross	R2210		967,651							967,651
Reinsurers' share	R2220		1,416,456							1,416,456
Net	R2300		-448,805							-448,805
Overhead expenses										
Gross	R2310		979,174							979,174
Reinsurers' share	R2320		1,484,323							1,484,323
Net	R2400		-505,148							-505,148
Other expenses	R2500									96,090
Total expenses	R2600									1,268,819
Total amount of surrenders	R2700		77							77

Life and Health SLT Technical Provisions

Life and Health SLT Technical Provisions

S.12.01.02

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance		
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Rows								
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	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030	307,289,541						
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040	276,257,693						
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050	276,257,693						
Recoverables from SPV before adjustment for expected losses	R0060							
Recoverables from Finite Re before adjustment for expected losses	R0070							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	276,257,693						
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	31,031,848						
Risk Margin	R0100	862,677						
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110							
Best estimate	R0120							
Risk margin	R0130							
Technical provisions - total	R0200	308,152,218						
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	31,894,526						
Best Estimate of products with a surrender option	R0220	307,289,541						
Gross BE for Cash flow								
Cash out-flows								
Future guaranteed and discretionary benefits	R0230							
Future guaranteed benefits	R0240	288,613,940						
Future discretionary benefits	R0250							
Future expenses and other cash out-flows	R0260	36,426,415						
Cash in-flows								
Future premiums	R0270	17,750,813						
Other cash in-flows	R0280							
Percentage of gross Best Estimate calculated using approximations	R0290							
Surrender value	R0300	223,089,755						
Best estimate subject to transitional of the interest rate	R0310							
Technical provisions without transitional on interest rate	R0320							
Best estimate subject to volatility adjustment	R0330	307,289,541						
Technical provisions without volatility adjustment and without others transitional measures	R0340	311,134,066						
Best estimate subject to matching adjustment	R0350							
Technical provisions without matching adjustment and without all the others	R0360							

Life and Health SLT Technical Provisions

Life and Health SLT Technical Provisions

S.12.01.02

Rows		Annuities stemming from non-life insurance contracts and	Accepted reinsurance	Accepted reinsurance: Insurance with profit participation	Accepted reinsurance: Index-linked and unit-linked insurance	Accepted reinsurance: Other life insurance	Accepted reinsurance: Annuities stemming from non-life accepted	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	C0100	C0110	C0120	C0130	C0140	C0150
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	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030							307,289,541
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040							276,257,693
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050							276,257,693
Recoverables from SPV before adjustment for expected losses	R0060							
Recoverables from Finite Re before adjustment for expected losses	R0070							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080							276,257,693
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090							31,031,848
Risk Margin	R0100							862,677
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110							
Best estimate	R0120							
Risk margin	R0130							
Technical provisions - total	R0200							308,152,218
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210							31,894,526
Best Estimate of products with a surrender option	R0220							307,289,541
Gross BE for Cash flow								
Cash out-flows								
Future guaranteed and discretionary benefits	R0230							288,613,940
Future guaranteed benefits	R0240							288,613,940
Future discretionary benefits	R0250							
Future expenses and other cash out-flows	R0260							36,426,415
Cash in-flows								
Future premiums	R0270							17,750,813
Other cash in-flows	R0280							
Percentage of gross Best Estimate calculated using approximations	R0290							
Surrender value	R0300							223,089,755
Best estimate subject to transitional of the interest rate	R0310							
Technical provisions without transitional on interest rate	R0320							
Best estimate subject to volatility adjustment	R0330							307,289,541
Technical provisions without volatility adjustment and without others transitional measures	R0340							311,134,066
Best estimate subject to matching adjustment	R0350							
Technical provisions without matching adjustment and without all the others	R0360							

Life and Health SLT Technical Provisions

Life and Health SLT Technical Provisions

S.12.01.02

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Rows							
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	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030						
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040						
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050						
Recoverables from SPV before adjustment for expected losses	R0060						
Recoverables from Finite Re before adjustment for expected losses	R0070						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080						
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090						
Risk Margin	R0100						
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200						
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210						
Best Estimate of products with a surrender option	R0220						
Gross BE for Cash flow							
Cash out-flows							
Future guaranteed and discretionary benefits	R0230						
Future guaranteed benefits	R0240						
Future discretionary benefits	R0250						
Future expenses and other cash out-flows	R0260						
Cash in-flows							
Future premiums	R0270						
Other cash in-flows	R0280						
Percentage of gross Best Estimate calculated using approximations	R0290						
Surrender value	R0300						
Best estimate subject to transitional of the interest rate	R0310						
Technical provisions without transitional on interest rate	R0320						
Best estimate subject to volatility adjustment	R0330						
Technical provisions without volatility adjustment and without others transitional measures	R0340						
Best estimate subject to matching adjustment	R0350						
Technical provisions without matching adjustment and without all the others	R0360						

Own funds

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Rows						
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	17,245,392	17,245,392			
Share premium account related to ordinary share capital	R0030					
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	-2,708,426	-2,708,426			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
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	14,536,965	14,536,965			
Ancillary own funds						
Ancillary own funds	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	14,536,965	14,536,965			
Total available own funds to meet the MCR	R0510	14,536,965	14,536,965			
Total eligible own funds to meet the SCR	R0540	14,536,965	14,536,965			
Total eligible own funds to meet the MCR	R0550	14,536,965	14,536,965			
SCR	R0580	3,700,000				
MCR	R0600	3,700,000				
Ratio of Eligible own funds to SCR	R0620	393%				
Ratio of Eligible own funds to MCR	R0640	393%				

Reconciliation reserve

		Columns
		C0060
Rows		
Reconciliation reserve		
Excess of assets over liabilities	R0700	14,536,965.1407
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	17,245,392
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-2,708,426
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	6,869,816
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	6,869,816

Solvency Capital Requirement - for undertakings on Standard Formula

S25.01.21

Basic Solvency Capital Requirement

Sheets

Z Axis:

Article 112	Z0010	No

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Rows				
Market risk	R0010	1,265,448	1,265,448	
Counterparty default risk	R0020	1,035,575	1,035,575	
Life underwriting risk	R0030	987,314	987,314	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-956,018	-956,018	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	2,332,319.77	2,332,320	

Calculation of Solvency Capital Requirement

Sheets

Z Axis:

Article 112	Z0010	No

		Value
		C0100
Rows		
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	699,696
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	3,032,016
Capital add-on already set	R0210	667,984
Solvency capital requirement	R0220	3,700,000
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	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	

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

S.28.01.01

Linear formula component for non-life insurance and reinsurance obligations

		Columns
		MCR components
		C0010
Rows		
MCRNL Result	R0010	

Background information

		Columns	
		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Rows			
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
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

		Columns
		C0040
Rows		
MCRL Result	R0200	1,870,018

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

S.28.01.01

Total capital at risk for all life (re)insurance obligations

		Columns	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Rows			
Obligations with profit participation - guaranteed benefits	R0210	31,031,848	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		1,031,199,595

Overall MCR calculation

		Columns
		C0070
Rows		
Linear MCR	R0300	1,870,018
SCR	R0310	3,700,000
MCR cap	R0320	1,665,000
MCR floor	R0330	925,000
Combined MCR	R0340	1,665,000
Absolute floor of the MCR	R0350	3,700,000
Minimum Capital Requirement	R0400	3,700,000