Monument Assurance Luxembourg S.A.

Solvency and Financial Condition Report
at 31 December 2022

Table of Contents

Executive Summary

Introduction and Purpose

This is the Solvency and Financial Condition Report (“SFCR”) for Monument Assurance Luxembourg S.A. (“MAL” or “the Company”) for the year ended 31 December 2022. 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.

This public report contains quantitative and qualitative information about the solvency position and the financial condition of the Company. Its objective is to increase transparency for consumers.

This report quotes all figures in 000’s as per Article 2 of ITS 2015/2452. All nominal amounts are presented in Euro 000’s.

Business Information

MAL is a life insurance company based in Luxembourg that has been closed to new business. Most of its operations are outsourced to the service provider Monument Assurance Luxembourg S.à r.l. ("MASL") and Monument Insurance Europe services SRL ("MIES"). MAL is the sole shareholder of MASL.

The business strategy of the Company is focused on running off the existing closed book of policies and ensuring that high quality customer service remains a priority while seeking opportunities to grow the Company through acquisition of books of business in line with Monument Re group strategy.

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

- acquiring portfolios or direct insurers, primarily those in run-off and targeting annuity, guaranteed savings or protection product lines, to drive risk diversification and create capital synergies; and
- reinsuring long-dated guaranteed life insurance liabilities.

Consistent with its strategy, MAL acquired AME Life Lux S.A. ("AMELL") a life insurance company from Mutual Insurance Group Covéa Coopérations S.A. on 18 February 2022, following the CAA approval on 3 February 2022. This was followed by the merger of AMELL into MAL as at 30 September 2022 with retroactive effect as at 1 January 2022 (CAA's merger approval was granted on 29 September 2022). AMELL portfolio comprises AMELL's guaranteed (traditional life), unit-linked and individual protection and savings portfolio marketed in Luxembourg and Belgium.

Performance

The current accounting year end date of the Company is 31 December. This report is for the year ended 31 December 2022 with prior year comparatives for the 12-month statutory period ending 31 December 2021.

MAL’s premium income for the year 2022 amounted to EUR 23,174 thousand gross written premiums. Most of these premiums relate to unit-linked business. The overall result under Luxembourg GAAP was EUR -16,375 thousand. Net premiums and net results reflect the intra-group reinsurance contracts. The increase of gross written premiums is attributable to AMELL merger into MAL.

Further details on the Company’s business and performance are shown below in ***Section A. Business and Performance***.

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 a regulated PSA (Professionnel du Secteur des Assurances) service company, MASL. There were no material changes in the system of governance during the year ended 31 December 2022.

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 MAL'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 underwriting, market, credit and operational risks. Outsourcing significantly contributes to mitigate risks on a long term basis.

Further details of the Company's risk profile are provided below in ***Section C. Risk Profile*****.**

Valuation for Solvency Purposes

All assets and liabilities have been valued in accordance with Solvency II valuation principles. For the valuation for solvency purposes, MAL applies the volatility adjustment for the traditional (non-linked) AMELL portfolio. MAL does not apply any transitional measures or other adjustments. During the reporting period, best estimate assumptions were updated.

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

Capital Management

The structure of the Company's Own Funds comprises of ordinary share capital and the reconciliation reserve (including retained earnings). The capital management policy focuses on ensuring compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders while maintaining shareholder value.

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 2022, with prior year comparatives (in € ‘000, except for percentages):

	31 December 2022	31 December 2021
Eligible Own Funds to cover Regulatory Solvency	21,357	18,246
Solvency Capital Requirement	8,184	5,780
Minimum Capital Requirement	4,000	3,700
Ratio of Own Funds to SCR	**261%**	**316%**
Ratio of Own Funds to MCR	534%	493%

At the year end 2022 basic own funds amount to EUR 21,357 thousand of the highest classification Tier 1. MAL’s total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR). The corresponding SCR ratio is 261% and the MCR ratio is 534%. The Solvency ratios are significantly above 100%. These solvency ratios exceed the Company’s target. Without application of the volatility adjustment, the SCR ratio is slightly lower at 259%.

Compared to the previous year, own funds increased by EUR 3,110 thousand. The SCR also increased resulting in a reduced SCR ratio. As in the previous years, the MCR is equal to the absolute floor of EUR 4,000 thousand (previous year: 3,700 thousand).

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

A. Business and Performance

A.1 Business

A.1 (a) Name and legal form

Name and registered office of the Company is:

Monument Assurance Luxembourg S.A

29, rue du Puits Romain, Bourmicht

L-8070 Bertrange
GD de Luxembourg

(hereafter: "MAL" or "the Company")

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

Local Supervisor:

Commissariat aux Assurances

7, Boulevard Joseph II

L-1840 Luxembourg
GD de Luxembourg

Tel: (+352) 22 69 11 - 1

Fax: (+352) 22 69 10
Email: caa@caa.lu

Group supervisor of the group to which the Company belongs:

Bermuda Monetary Authority

BMA House

43 Victoria Street
Hamilton
Bermuda

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

PwC Luxembourg

2, rue Gerhard Mercator

L-2182 Luxembourg
GD de Luxembourg

Tel: (+352) 49 48 48 - 1

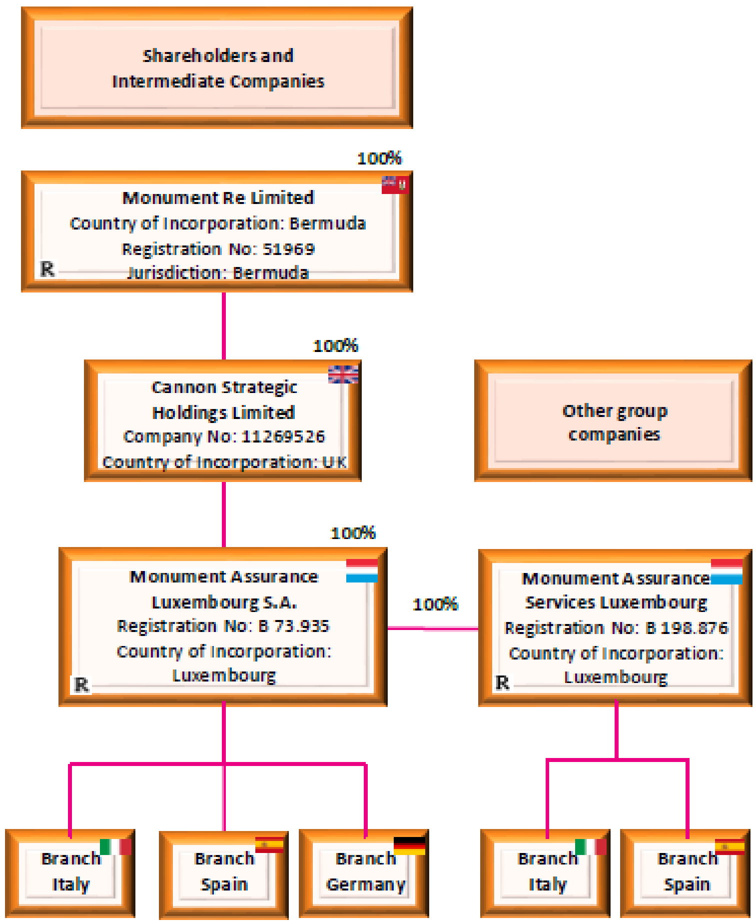
Fax: (+352) 49 48 48 - 2900
Email: info@lu.pwc.com

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

Monument Assurance Luxembourg S.A. (formerly: Aspecta Assurance International Luxembourg S.A.) was incorporated in Luxembourg in 2000 as a 100% subsidiary of Talanx Group. In 2018, Aspecta was acquired by Monument Re Limited based in Bermuda and renamed as Monument Assurance Luxembourg ("MAL").

MAL owns 3 branches (Italy, Spain and Germany). MASL is a PSA (Professionnel du Secteur des Assurances), registered and regulated by the Commissariat aux Assurances (CAA), the supervisory authority for the insurance industry in Luxembourg. MAL is the sole shareholder of MASL.

The ownership structure of MAL as at 31 December 2022 is set out in the following chart ("R" stands for regulated entity):



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

MAL is a life insurance company based in Luxembourg that has been closed to new business. The in-force business is composed of unit-linked and traditional products. The business was principally sold via the Company's branches in Italy, Spain and Germany and via Freedom of Services ('FOS'). MAL now comprises three run-off insurance portfolios:

- The remaining in-force policies of Aspecta Assurance International Luxembourg S.A., which became part of Monument Re Group on 2 October 2018. The Aspecta portfolio is closed to new business since 2011.

- A portfolio of closed unit-linked business underwritten in Italy and acquired from Omega Life DAC (formerly Cattolica Life DAC) on 31 December 2020.
- AMELL's guaranteed (traditional life), unit-linked and individual protection and savings portfolio marketed in Luxembourg and Belgium, and closed to new business since January 2021.

The following table provides the details of gross written premiums by geographical area for the year ended 31 December 2022, with prior year comparatives:

Country	2022 €'000	2021 €'000
Belgium	8,120	0
France	240	270
Germany	1,843	1,925
Italy	7,433	8,486
Luxembourg	3,331	0
Spain	2,209	2,462
Total	**23,174**	**13,143**

The Company's total premium income for the year 2022 amounted to EUR 23,174 thousand gross written premiums (premiums before reinsurance) and EUR -270,397 thousand net written premiums (premiums net of reinsurance). Net written premiums were significantly negative due to the implementation of intra-group reinsurance for the AMELL portfolio. As in the previous reporting period, the larger part of these premiums relates to unit-linked business, which is assigned to the line of business "Index-linked and unit-linked" for Solvency II purposes (hereafter: "unit-linked business"). A smaller part of the premiums relates to traditional business, which is assigned to "Life excluding health and index-linked and unit-linked" (hereafter: "traditional business"). For Solvency II purposes, the traditional business is split further into the two lines of business "Insurance with profit participation" and "Other life insurance".

The following table summarises how the benefits provided under policies issued by the Company are classified under Solvency II Lines of Business.

SII Line of Business	Benefits Provided
D: Life Insurance Obligations	
(30) Insurance with profit participation	traditional life insurance business (endowments, deferred capital, capitalisation business, annuities)
(31) Index-linked and unit-linked insurance	unit-linked business
(32) Other life insurance	traditional life insurance business (term life insurance)

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

A sale and purchase agreement was signed in 2021 with Covéa Coopérations S.A., a french mutual insurance Group, to acquire AMELL. AMELL is an insurance company established in Luxembourg since 1987, regulated by the Commissariat aux Assurances, and with a market presence in Luxembourg and Belgium. The in-force business is composed of unit-linked products, capitalization products and traditional life products including endowments, term life and annuities. AMELL ceased to underwrite new business from 1 January 2021 (closing its traditional business line from 1 September 2020).

MAL completed the acquisition of AMELL the 18 February 2022, following the receipt of regulatory approval from the Commissariat aux Assurances on 1 February 2022. A merger between MAL and AMELL by absorption took place on 30 September 2022 with retroactive effect as at 1 January 2022.

In accordance with Monument Re group strategy, the AMELL portfolios were included in the intra-group reinsurance framework. The existing quota share reinsurance treaty with Monument Re Limited for unit-linked contracts covers AMELL unit-linked contracts. A new reinsurance treaty was implemented to cover AMELL traditional (non-linked) contracts.

A.2 Underwriting Performance

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

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

The following tables highlight the underwriting results for the year ended 31 December 2022, with prior year comparatives:

	2022						
	Belgium €'000	France €'000	Germany €'000	Italy €'000	Luxem-bourg €'000	Spain €'000	Total €'000
Net premiums written	-183,684	6	325	601	-87,923	278	**-270,397**
Net premiums earned	-183,684	6	325	601	-87,923	278	**-270,397**
Net claims incurred	8,336	19	424	4,965	3,076	411	**17,231**
Changes in other technical provisions	202,671	69	1,123	8,366	93,311	1,173	**306,713**
Expenses incurred	600	89	184	797	375	157	**2,203**

	2021						
	Belgium €'000	France €'000	Germany €'000	Italy €'000	Luxem-bourg €'000	Spain €'000	Total €'000
Net premiums written	0	7	329	671	0	312	**1,319**
Net premiums earned	0	7	329	671	0	312	**1,319**
Net claims incurred	0	46	713	9,881	0	631	**11,272**
Changes in other technical provisions	0	9	-1,126	6,423	0	-656	**4,650**
Expenses incurred	0	136	159	594	0	38	**927**

Net written premiums were significantly negative in Belgium and Luxembourg due to the new intra-group reinsurance for the AMELL portfolios. Any new premiums received from policyholders during the year only relate to regular premiums on existing regular premium policies (85.3%) and a small amount of top-up premiums (0.3%). Furthermore, switches from traditional to unit-linked business and vice versa are recorded as premiums (14.4%). The largest share of such new premiums stems from the Belgian and Italian business; other significant contributions come from the Luxembourg, Spanish and German markets.

Together with the investment performance (cf. A.3), the underwriting performance contributes to the overall result of EUR -16,375 thousand under Luxembourg GAAP. The overall result is significantly lower compared to the previous reporting period (EUR 923 thousand). This decrease mainly reflects the initial payments for the intra-group reinsurance contracts.

A.3 Investment Performance

A.3 (a) Income & expenses

The following table summarises the investment performance of the Company by asset class as reported in the Company's financial statements as of 31 December 2022, with prior year comparatives:

	2022		2021	
	Income €'000	Expenses €'000	Income €'000	Expenses €'000
Investments (other than assets held for index-linked and unit-linked contracts)	7,443	10,803	1,047	223
Holdings in related undertakings, including participations	*0*	*0*	*0*	*0*
Government and Corporate Bonds	*6,747*	*10,300*	*494*	*79*
Collective Investments Undertakings	*696*	*503*	*553*	*143*
Assets held for index-linked and unit-linked contracts	50,672	104,023	57,819	10,978
Loans and mortgages	11	0	0	0
Total	**58,125**	**114,826**	**58,866**	**11,201**

In respect of unit-linked business, the investments linked to insurance policies are selected by policyholders, or their appointed advisers. The Company does not provide asset selection advice. Technically, the assets are owned by the Company which is required by the regulator to maintain assets to match its policyholder liabilities at all times. Investment gains and losses directly affect the policyholders' fund values. In the table above such unrealised gains and losses are recognised as income and expenses of assets held for index-linked and unit-linked contracts (hereafter: "unit-linked assets"), respectively. Refunds from fund managers and dividends paid are included in the income; investment administration expenses are included in the expenses.

For the portfolio of assets backing traditional business, the Company has adopted a risk-averse investment strategy focussing on the investment in government and corporate bonds. Following the acquisition of AMELL, the assets backing traditional business have adopted the same investment principles as per the Group operating model. In the table above, investment gains and losses are recognised as income and expenses, respectively. Investment administration expenses are included in the expenses.

Compared to the previous reporting period, income and expenses on the bond portfolio have increased as a result of the acquisition of AMELL which has a larger portfolio of traditional business. The high amount of bond expenses is explained by realised losses, incurred primarily to rebalance the portfolio to the strategic asset allocation. For unit-linked assets, the expenses increased compared to the previous reporting period due to the specific recognition of unrealised losses as expenses in a year where markets performed badly.

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

Not applicable.

A.3 (c) Investments in securitisation

Not applicable.

A.4 Performance of other activities

There is no material income or expenses from non-insurance business.

A.5 Any other information

There is no other material information regarding the business and performance of the insurance undertaking 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 of Directors of MAL has the responsibility for the oversight of the Company's business and sets its strategy and risk appetite. At at 31 December 2022 the board comprises two non-executive directors representing the shareholder, one independent non-executive director and one executive director ("Administrateur Délégué") in charge of the daily management. There are no separate sub-committees due to the size of the Board.

Board of Directors:

- Manfred Maske, Non-Executive Director, Chairman of the Board (resigned on 3 October 2022);
- Tobias Fritsch, Non-Executive Director and Chairman of the Board (since 3 October 2022);
- Alexander Brogden, Non-Executive Director, Board Member (resigned on 3 October 2022);
- Neil Burt, Non-Executive Director, Board Member (since 3 October 2022);
- Olivier Mortelmans, Independent Non-Executive Director, Board Member;
- Olivier Schmidt-Berteau, Executive Director (Administrateur Délégué), Board member.

Key functions roles and responsibilities

The system of governance includes the anti-money laundering, compliance, risk management, actuarial and internal audit functions. Excepted for the Risk Management and Compliance key functions, each of the key functions is attributed to one member of the Board of Directors. Activities are delegated to appropriate experts within or outside the Group with a direct reporting line to the responsible Board member.

The holders of the key functions are:

- Olivier Mortelmans is in charge of Internal Audit;
- Neil Burt is in charge of the Actuarial Function (since 3 October 2022);
- Olivier Schmidt-Berteau is in charge of Anti-Money Laundering;
- Giuseppe Indizio is in charge of the Compliance function and Compliance officer Anti-Money Laundering (since 5 October 2022 with effect 15 October 2022);
- Aziza El Amrani is in charge of the Risk Management Function.

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 2022 than those mentioned in this Section.

B.1 (c) Remuneration policy and practices

Principles of the Remuneration Policy

The remuneration policy and practices have been developed to ensure 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 is designed to meet the Company's regulatory requirements. The Company has identified and assessed the applicable regulatory principles with respect to remuneration.

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 of MAL benefit from contributions to a post-employment defined contribution retirement plan based on a percentage of salary. Once the contributions have been paid, MAL has no further payment obligations. The assets of the benefit plan are held separately from MAL in the form of a group insurance policy issued by a Luxembourg insurance company. There is no supplementary pension or early retirement scheme for members of the Board and other key function holders.

Following the merger with AMELL its pension scheme was maintained for the former AMELL employees and transferred to MAL and MASL.

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

No other material transactions were executed during this period with the Board members, Senior Executives, or other individuals who exert significant influence over the Group.

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, MAL'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 MAL, this means compliance with the law of 7 December 2015 on the insurance sector.

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* MAL, 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, 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 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.

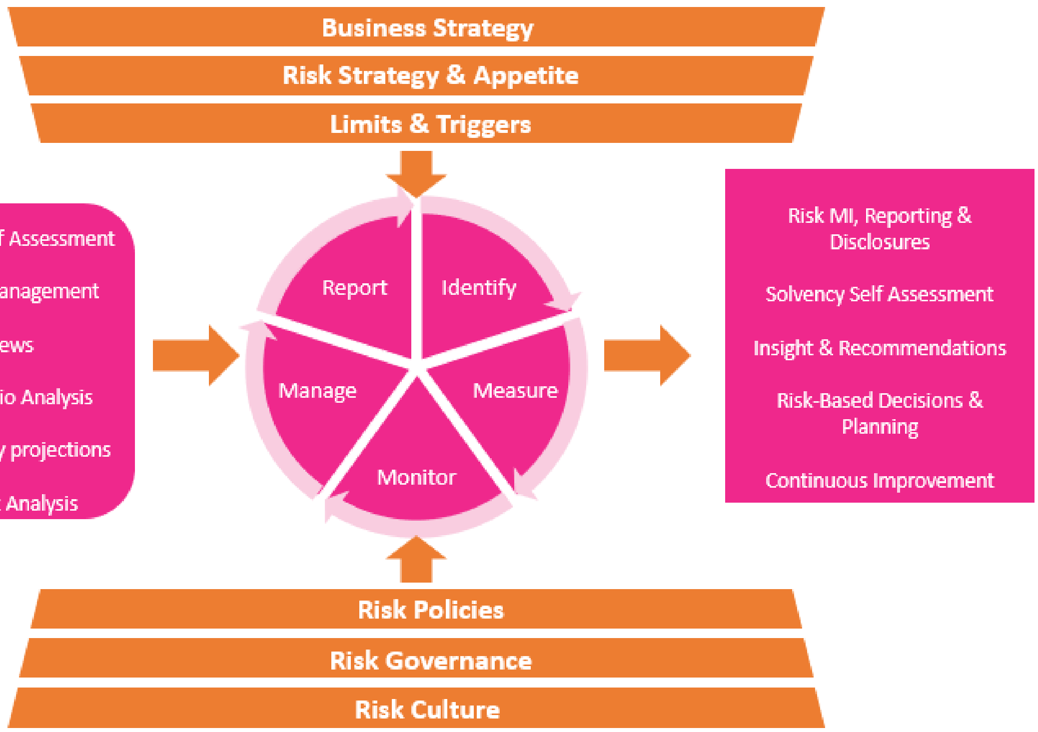
Ultimately, there is a reporting process. On the one hand, the relevant supervisory authority will be notified about any changes to controllers, officers and shareholder controllers. On the other hand, a description of the Fit and Proper qualifications of and process assessing of board and senior executives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

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:



Risk Strategy

The risk strategy and risk appetite of MAL are aligned to MAL's business strategy. Risk appetite statements express the Board's appetite across all categories of risk facing the business. The material risks addressed by the risk management framework include:

- Credit risk;
- Group risk including reputational risk;
- Insurance risk;
- Liquidity risk;
- Market risk;
- Operational including legal and compliance risk;
- Strategic risk;
- Sustainability risk; and
- Emerging risk.

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.

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 ("**ORSA**");
- Event and issue management;
- Risk reviews;
- Stress and scenario testing and emerging risk analysis;
- Capital and liquidity 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 conjunction with control owners, assessing the effectiveness of 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 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 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 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:

Trigger	Review Responsibility			
	MAL Board	MAL EC	MAL RM	Risk Function
Expected or actual breach of Risk Tolerance	X	X	X	X
Breach of Risk Trigger	X	X	X	X
Breach of Risk Limit	X	X	X	X
New Risk identified and rated High		X	X	X
New Risk identified and rated Medium or lower			X	X
Breach of a Risk Policy			X	X
Query regarding interpretation of a Risk				X

MAL EC: MAL Executive Committee
MAL RM: MAL Risk Manager Key function holder

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, 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 Risk management function holder 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)*** provide review and challenge in respect of material risk-taking activities 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 aspects of the annual risk management plan are delivered.

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*****.** The Company's Risk Management Policy sets out the roles and responsibilities, 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 Risk function holder 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)*** provides review and challenge in respect of material risk-taking activities 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 delivered.

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 management function in producing various aspects of the ORSA, in particular the capital projections and stress testing which inform the Company's own solvency needs assessment.

Frequency

The regular ORSA is performed annually is approved by the Board. A non-routine ORSA is performed following any significant change in the Company's risk profile. The CAA is informed of the results of this process by online submission via the CAA'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. 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 2022, 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

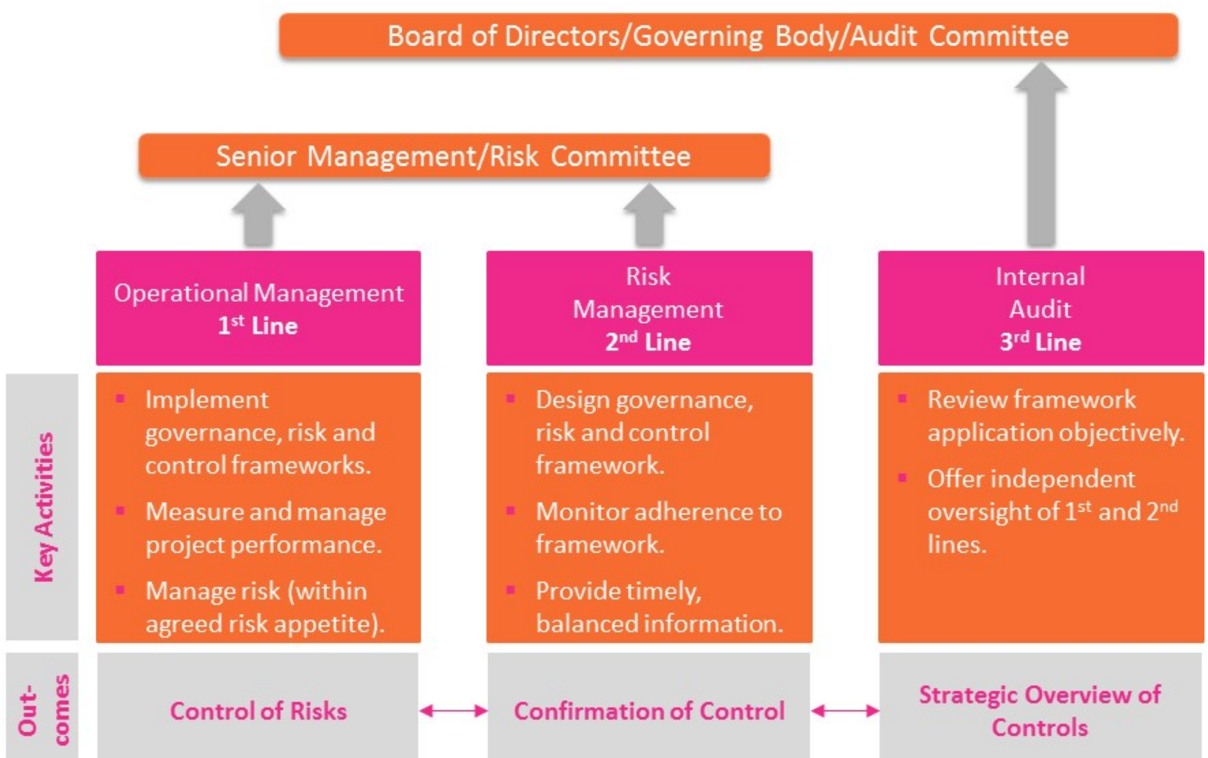
The internal control system encompasses the policies, processes and activities that contribute to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with laws and regulations.

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

An internal control system has been established with 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:

MAL's first line of defence is Individuals and committees with direct responsibility for the management, control and reporting of risk. 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 MAL ensures appropriate oversight by establishing a second line of defence which is composed of the risk management key function, the compliance key function, and the actuarial key function with a responsibility for the design, coordination, oversight of the effectiveness and integrity of the Company's risk management and internal control framework.

  The risk management function:

  - 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:

  MAL's third line of defence is comprised of MAL's internal audit activities. The internal audit function is responsible for amongst other things, the periodic independant evaluation of the effective implementation of the Risk Management Framework and the Compliance Risk Management Framework across the organization, and of MAL's control environment. The Internal audit function 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 MAL'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 Risk management function holder 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 Board, 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 Compliance Function holder is a MAL employee who reports to the CEO, MAL Board, in addition a functional reporting line exist to Group compliance. He remains responsible for integrating laws, regulations and local circulars. Compliance matters are in addition framed by the Group’s policies and guidelines.

B.5 Internal audit function

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

The internal audit function is held by MAL's Non-executive Independent Director. The internal audit reviews are outsourced to appropriate experts, since 2019.

A designated representative from MAL has overall responsibility for the outsourced activity of the internal audit function. The Head of Internal audit ("**HoIA**") is invited to attend Executive Committee meetings on a monthly basis 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.

There is an outsourcing agreement in place with the Irish Branch of Monument Insurance European Services ("MIES") with 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 Executive Committee on a monthly basis, and to the Board on a quarterly basis. The annual audit plan is also reported to the Board in the fourth quarter for review and approval.

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.

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.

B.6 Actuarial Function

Implementation of the actuarial function

The actuarial function is held by a non-executive Director at Board level. The function is supported by appropriate experts inside and outside the Group. The key roles and responsibilities of the actuarial function include:

- Delivery of actuarial reporting, bases, valuation models and corresponding processes for Solvency II and GAAP reporting;
- Implementation of processes to deliver robust monitoring of capital, liquidity and solvency positions on an ongoing basis;
- Completion of actuarial regulatory requirements;

- Review of reinsurance transactions, acquisitions and retrocession from a capital, solvency and actuarial perspective to ensure transactions meet hurdle requirements and capital implications are well understood;
- Ensuring a robust asset liability matching framework that effectively manages investment risks within the risk appetites and tolerances of the Company in conjunction with the Group Chief Investment Officer; and
- Contribution to the effective implementation of the Risk Management Framework.

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

When appropriate, the Company outsources specific business functions to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available. 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. An appropriate level of due diligence shall be conducted prior to completing the selection process.

All outsourcing agreements shall be monitored by the assigned business owner and reviewed to ensure that outsourced activities are conducted in adherence with 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

The following table 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	Nature of service provider	Jurisdiction
Monument Assurance Services Luxembourg	IT infrastructure, Policy administration, Claims handling, Accounting and Reporting.	Intercompany	Luxembourg
Gesellschaft für Finanz- und Aktuarwissenschaften mbH (ifa)	Actuarial services support and Reinsurance accounting.	External	Germany
Monument Re Limited	Asset management services for traditional business	Intercompany	Bermuda
Monument Insurance European Services	Fund administration, Internal audit services, Human Resource, Vendor Management Support and IT services	Intercompany	Ireland

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 MAL, activities (closed books) and type of products the Company maintains adherence to all local statutory and regulatory reporting requirements.

In general, MAL's system of governance is well-defined and fully in line with what is set forth in the relevant legal and regulatory requirements.

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 of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. This risk category comprises biometric risks (mortality, disability-morbidity, mortality catastrophe risk and longevity risk), risks associated with policyholder behaviour (lapse risk) and expense risk. Underwriting risk is the Company's second most important risk category after market risk. The Standard Formula assigns a value of EUR 3,212 thousand to underwriting risk (cf. E.2).

The Company is in run-off, its portfolio consist of unit-linked contracts without financial guarantees and traditional business. Lapse risk and expense risk are the most important underwriting risks.

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders. For the Company, the most relevant contractual options are surrender and waiver of premium.

Expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance contracts.

Furthermore, as a life insurance company, the Company is exposed to an increase of mortality rates (mortality risk) and the associated mortality catastrophe risk. The Company has limited annuities in payment exposure (longevity risk).

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

There are no material risk concentrations with respect to underwriting risk.

The following table shows the geographical analysis of insurance contracts on a gross and net of reinsurance basis as of 31 December 2022, with prior year comparatives:

	31st December 2022		31st December 2021	
Country	Gross policy reserves €'000	Net policy reserves €'000	Gross policy reserves €'000	Net policy reserves €'000
Belgium	181,842	25,547	0	0
France	4,151	262	5,034	331
Germany	37,939	6,884	44,153	8,008
Italy	189,661	26,651	248,756	34,949
Luxembourg	80,272	9,438	0	0
Spain	41,279	5,593	50,138	6,765

Risk sensitivity

Underwriting risk consists of the following risks:

Risk	SCR € '000
Mortality	123
Longevity	66
Disability-morbidity	0
Lapse	2,466
Life expense	1,104
Revision	0
Life catastrophe	51
Diversification	-597
SCR Underwriting risk	**3,212**

The intra-group reinsurance significantly reduces risk exposure and corresponding capital requirements for all underwriting risks.

The Company analysed the uncertainty regarding derivation of best estimate assumptions for its two most important underwriting risks by performing the following sensitivity analyses:

- For the analysis of lapse risk, a mass lapse event of 20% is assumed. The impact of this sensitivity corresponds to 19% of the SCR for life underwriting risk. The stress leads to a decrease of Own Funds whereas the SCR remains almost unchanged such that the overall solvency ratio decreases by 9 percentage points.
- For the analysis of expense risk, expenses are increased by 10%. The impact of this sensitivity corresponds to 21% of the SCR for life underwriting risk. The stress leads to a decrease of Own Funds and a slight increase of the SCR such that the overall solvency ratio decreases by 9 percentage points.

C.2 Market risk

General

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. 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 Standard Formula assigns a value of EUR 4,202 thousand to market risk (cf. E.2). Market risk results from the Company's investment portfolio (cf. D.1) as well as from the technical provisions (cf. D.2) since they also depend on market parameters.

Since unit-linked contracts without financial guarantees comprise the major part of the Company's business, equity risk is its most important market risk. It results from changes in level or volatility of equity prices. Here, product design serves as the primary risk mitigation factor since, in case of unit-linked contracts without financial guarantees, share price losses are in principle borne by the policyholder. However for unit-linked business, the Company's fees are linked to the total assets under management, a drop in the equity value results in a drop in fee income.. In this respect, market risk is material for the Company.

Interest rate risk is associated with all assets or liabilities which are sensitive to changes of the term structure of interest rates or the volatility of interest rates. Unit-linked contracts without financial guarantees are affected similarly to equity risk, but all other business is affected as well. In particular, the portfolio also contains a larger portion of traditional contracts with long-term interest rate guarantees. Furthermore, the Company manages a smaller portfolio of traditional contracts with a specific type of financial guarantees. Guaranteed interest is granted to these contracts at inception and at regular intervals thereafter where the applicable interest rates are adjusted based on the maximum interest rate allowed by the regulator. Hence, the Company has limited exposure to high and long-term interest rate guarantees.

Currency risk results from the uncertainty about future changes in the level or volatility of currency exchange rates. The Company is indirectly exposed to currency risk since a material share of unit-linked assets is invested in foreign currencies. Similar to equity risk, the largest part of currency risk is again borne by the policyholders, but the Company's fees depend on the development of currency exchange rates.

Spread risk results from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate curve. Changes of credit spreads are in particular the result of changes in credit ratings of debtors. Spread risk is material for the Company.

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.
- 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 and Group 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 relevant, as illustrated by the individual risk capital in the table below.

Sensitivity

Market risk consists of the following risks:

Risk	SCR € '000
Interest rate	954
Equity	3,032
Property	0
Spread	503
Concentration	257
Currency	1,368
Diversification	-1,913
SCR Market risk	**4,202**

The intra-group reinsurance significantly reduces risk exposure and corresponding capital requirements for all market risks except for interest risk.

As market risk is material for the Company, the Company performed several sensitivity analyses with respect to capital market movements:

- For the analysis of equity and currency risk, the initial fund volume of the unit-linked contracts is reduced by 10%. The impact of this sensitivity corresponds to 16% of the SCR for market risk. The stress leads to a decrease of Own Funds and SCR. As the relative decrease of Own Funds is lower than that of SCR, the overall solvency ratio increases by 4 percentage points.
- For the analysis of interest rate risk, interest rates are decreased by 100bps. The impact of this sensitivity corresponds to 8% of the SCR for market risk. The stress leads to a decrease of Own Funds and an increase of the SCR such that the overall solvency ratio decreases by 14 percentage points.

C.3 Credit risk

General

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

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. Reinsurance counterparty exposure towards Monument Re Limited is mitigated via collateral arrangements which are required to be regularly monitored and topped up according to a series of triggers. An intra-group reinsurance policy is in place, and the Company monitors the solvency and liquidity position of Monument Re Limited at least on a quarterly basis.

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, gross counterparty default risk capital is EUR 694 thousand. 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 is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when 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 liquidity 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 and maintenance of a liquidity buffer to cover severe market and demographic stress.

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:

	Index-linked and unit-linked (“unit-linked business”) €’000	Life excluding health and index-linked and unit-linked (“traditional business”) €’000	Total € ’000
EPIFP	3,781	-3,165	615

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. This also extends to IT risks (including Cyber and Data security risks). 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 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.

Technical measures such as firewalls, cybersecurity practices and controls (including cyber insurance) and access restrictions have been established in order to protect systems and are periodically tested. A business continuity plan is in place and tested annually for effectiveness.

Legal and compliance risks are managed by the compliance function (cf. B.4). The Company has established a well-defined compliance policy according to the high standards of the Group. It has also implemented a strong third party payment procedure including anti-money laundering controls. Adequate litigation provisions have been set up where deemed appropriate.

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 EUR 3,056 thousand.

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 respectively (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 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 Residential Mortages fund to which the Company is exposed through a QIAF, with detailed stratifications of the portfolio provided on a monthly basis by Residential Mortgages 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

No material risk concentrations have been identified.

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 group 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 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 affect the Company. It would generally be anticipated that wide scale, 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

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 valuation of assets and liabilities for solvency purposes follows a specific economic valuation concept which materially deviates from the applicable rules for statutory accounting in Luxembourg (local GAAP balance sheet). Therefore, Solvency II requires a revaluation of assets and liabilities. Hereby, Solvency II values are in principle determined according to the following valuation hierarchy:

Level 1: Use of quoted prices in active markets for identical assets or liabilities

Level 2: Use of quoted prices in active markets for similar assets or liabilities, with adjustments to reflect differences

Level 3: Use of alternative methods for valuation (cf. D.4)

In general, the valuation for solvency purposes uses local GAAP as a reference. For this purpose, local GAAP balance sheet positions are mapped to the Solvency II balance sheet positions. For certain items of the Solvency II balance sheet specific requirements or simplifications apply. In any case, compliance with the Solvency II valuation principles has to be ensured. In what follows, only the Solvency II balance sheet positions relevant at 31 December 2022 are explained in detail.

The following table provides a comparison of the amounts reported in the Company's annual report under local GAAP and the amounts reported in the Solvency II balance sheet for each major balance sheet category as at 31 December 2022:

	31st December 2022		
	Local GAAP €'000	Valuation Differences €'000	Solvency II €'000
Assets			
Intangible assets	3,800	-3,800	0
Property, plant & equipment held for own use	850	0	850
Investments (other than assets held for index-linked and unit-linked contracts)	216,905	-36,503	180,402
Holdings in related undertakings, including participations	201	217	418
Government Bonds	140,582	-29,690	110,892
Corporate Bonds	65,818	-6,319	59,499
Collective Investments Undertakings	10,304	-711	9,593
Assets held for index-linked and unit-linked contracts	343,718	0	343,718
Loans and mortgages	166	0	166
Reinsurance recoverables	460,770	-21,676	439,094
Insurance and intermediaries receivables	277	0	277
Reinsurance receivables	7,483	0	7,483
Receivables (trade, not insurance)	6,520	-1,600	4,920
Cash and cash equivalents	27,595	0	27,595
Any other assets, not elsewhere shown	265	0	265
Total	**1,068,350**	**-63,578**	**1,004,771**
Liabilities			
Technical Provisions	535,145	-36,213	498,932
Provisions other than technical provisions	3,996	-162	3,834
Deposits from reinsurers	495,544	-32,296	463,249
Deferred tax liabilities	0	1,424	1,424
Insurance & intermediaries payables	11,009	0	11,009
Reinsurance payables	1,017	0	1,017
Payables (trade, not insurance)	3,951	0	3,951
Total	**1,050,661**	**-67,247**	**983,415**
Excess of assets over liabilities	**17,688**	**3,668**	**21,357**

D.1 Assets

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

Intangible assets

Intangible assets are shown in the Solvency II balance sheet at zero value in line with the Solvency II technical specifications.

Property, plant & equipment held for own use

The Company does not have any property or plant for own use in its portfolio.

Equipment is valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Holdings in related undertakings, including participations

Holdings in related undertakings, including participations consist of a 100% participation in MASL, the service company that administers the run-off portfolios. The market value is determined as 100% of the local GAAP Net Asset Value (cf. D.4).

Government and Corporate Bonds

Government and corporate bonds are marked to market for solvency purposes. In case of unlisted bonds the market value is determined by means of the discounted cash-flow method and taking into account term and issuer specific spreads (cf. D.4).

Collective Investments Undertakings

Collective investments undertakings consist of investment fund units. They are shown at market value (market price, redemption price) in the Solvency II balance sheet.

Assets held for index-linked and unit-linked contracts

Assets held for index-linked and unit-linked contracts consist of investment fund units. They are shown at market value (market price, redemption price) in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Loans and mortgages

Loans and mortgages consist of policy loans. In the statutory accounts they are shown at nominal value net of value adjustment when applicable.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Reinsurance recoverables

For solvency purposes the valuation of reinsurance recoverables is based on the projection of future cash-flows between the Company and its reinsurance counterparties. This valuation is an integral part of the projection models used for the determination of technical provisions (cf. D.2). The resulting present value of cash-flows is negative, which corresponds to the cost of risk mitigation by means of reinsurance. Conversely, reinsurance cover reduces the SCR (cf. C.1). In addition, reinsurance recoverables include a large portion of the reinsurance deposits. The reinsurance deposits are also included in the item Deposits from reinsurers (cf. D.3).

	31st December 2022		
	Index-linked and unit-linked ("unit-linked business") €'000	Life excluding health and index-linked and unit-linked ("traditional business") €'000	Total €'000
Reinsurance recoverables	277,006	162,089	**439,094**

Insurance and intermediaries receivables

Insurance and intermediaries receivables consist of commission clawbacks and receivables from policyholders. They are valued in the statutory accounts based on their nominal value; for commission clawbacks a specific allowance for bad debts is made.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality). In particular, expected default of counterparties is reflected appropriately.

Reinsurance receivables

Reinsurance receivables consist of the clearing account receivables arising from the reinsurance programme. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Receivables (trade, not insurance)

Receivables (trade, not insurance) mainly consist of tax receivables and receivables from funds. They are valued in the statutory accounts based on their nominal value.

For solvency purposes the Italian tax receivable is valuated using a discounted cash flow method (cf. D.4).

For the remaining receivables no adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Cash and cash equivalents

Cash and cash equivalents are shown at market value in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Any other assets, not elsewhere shown

Other assets which are not elsewhere shown include in particular prepaid expenses. They are valued in the statutory accounts based on their nominal value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

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

Intangible assets

Intangible assets are valued in the statutory accounts based on amortised cost. This implies that the statutory accounts value is higher than the Solvency II value of zero.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR -3,800 thousand.

Holdings in related undertakings, including participations

Holdings in related undertakings, including participations are valued in the statutory accounts based on acquisition cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR 217 thousand.

Government and Corporate Bonds

Government and corporate bonds are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR -29,690 thousand in case of Government Bonds and EUR -6,319 thousand in case of Corporate Bonds.

Collective Investments Undertakings

Collective investments undertakings are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference of EUR -711 thousand between Solvency II value and statutory accounts value.

Reinsurance recoverables

Reinsurance recoverables considered in the statutory accounts largely coincide with the reinsurance deposits.

The valuation of reinsurance recoverables for solvency purposes, based on the projection of future cash-flows between the Company and its reinsurance counterparties and a market value adjustment for the reinsurance deposit, results in a valuation difference of EUR -21,676 thousand between Solvency II value and statutory accounts value.

Receivables (trade, not insurance)

The revaluation of the Italian tax receivable results in a valuation difference of EUR -1,600 thousand between Solvency II value and statutory accounts value.

For all remaining asset classes the values in the financial statement and for solvency purposes coincide (cf. D.1 (a)).

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 2022:

	31st December 2022		
	Solvency II € '000	Local GAAP € '000	Difference € '000
Best Estimate Liabilities	496,666	535,145	-38,478
Risk Margin	2,266	0	2,266
Total	**498,932**	**535,145**	**-36,213**

For the three lines of business of the Company (cf. A.1 (f)), both best estimate and risk margin are calculated using the same bases, methods and main assumptions.

The following table contains the technical provisions for the Company as of 31 December 2022:

	31st December 2022		
	Index-linked and unit-linked ("unit-linked business") €'000	Life excluding health and index-linked and unit-linked ("traditional business") €'000	Total €'000
Best Estimate Liabilities	318,903	177,763	**496,666**
Risk Margin	1,599	666	**2,266**
Total	**320,502**	**178,430**	**498,932**

The best estimate corresponds to the probability-weighted average of future cash-flows associated with the fulfilment of the obligations arising from insurance contracts, taking account of the time value of money. The market value of the investment fund units assigned to unit-linked contracts is included in the best estimate of unit-linked business, while reinsurance recoverables (cf. D.1) are not included in the best estimate.

Best estimate and risk margin are determined based on the Company's own cash-flow projection models. The models reflect all products of the portfolio. In principle, cash-flow projections are carried out on the level of individual contracts. The output includes a projection of local GAAP balance sheet and profit and loss account.

Since unit-linked products do not include an interest rate guarantee, their projection is performed for a single scenario (so-called certainty-equivalent scenario). Allowance is made for participation of policyholders in risk surplus and cost surplus.

Likewise, the projection for traditional products is also carried out using a certainty-equivalent scenario. This is due to the characteristics of the embedded options and guarantees and the current profit sharing policy. Allowance is made for guaranteed interest rates and participation in investment surplus as well as participation of policyholders in risk surplus and cost surplus (where applicable).

The underlying best estimate assumptions are based on company-specific observations and include appropriate smoothing as well as extrapolation where required. They do neither include explicit nor implicit safety margins. Assumptions with material impact on the results include assumptions regarding future expenses, take-up rates of contractual options (in particular lapses), refunds received from fund managers in the case of unit-linked business as well as the level of future surplus participation in risk surplus and cost surplus.

Future cash-flows are discounted based on the relevant current risk-free interest rate curve prescribed by the applicable regulations. For the traditional (non-linked) AMELL portfolio, the risk-free curve including volatility adjustment is applied (cf. D.2 (d)).

The risk margin is a theoretical add-on to the best estimate to account for the cost of holding capital in respect of non-hedgeable risks. It is intended to ensure that the value of the technical provisions is equivalent to the amount that a so-called reference insurance undertaking would require in order to take over and meet the insurance obligations. The risk margin is calculated as present value of the cost of providing eligible own funds at the amount of the SCR (cf. E.2) which are required to cover the non-hedgeable risks until the portfolio has run off.

Typically, any projection of the SCR requires simplifications. Therefore, various types of simplified calculations are stipulated. The Company applies the so-called method 1, where the SCRs for the relevant risk modules of the Standard Formula are projected based on suitable drivers and then aggregated for each year of the projection.

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

The valuation of technical provisions for solvency purposes includes uncertainty, in particular regarding the following aspects:

- There is inevitable uncertainty regarding assumptions about future developments, which may have material impact on the valuation of technical provisions and the expected profit in future premiums (EPIFP). This holds particularly for non-economic assumptions regarding future policyholder behaviour (take-up rates of contractual options), expenses and refunds from fund managers. In order to reduce such uncertainty, best estimate assumptions are closely monitored and in general updated on an annual basis. Furthermore, uncertainty results from economic assumptions (e.g. risk free interest rates and fund performance).
- In principle, cash-flow projections are performed on the level of individual contracts. For proportionality reasons, certain contract characteristics are not reflected or are modelled in a simplified way. No future profits or losses are assumed for the small unmodelled portion of the portfolio.
- Unit-linked contracts without financial guarantees comprise the major part of the Company’s business. Furthermore, the portfolio also contains a larger portion of traditional contracts with guarantees. But due to the design of the included options and guarantees and the current profit sharing policy, the time value of contractual options and financial guarantees of traditional contracts is assumed to have no material impact and is thus set to zero for proportionality reasons. This assumption and the profit sharing policy will be revisited, taking into account a new economic environment that may be characterized by permanently higher interest rates than in the past 10-15 years.

For the unit-linked business the investment risk is borne by the policyholder. Overall, the impact of future management actions on the value of technical provisions is rather low.

The actuarial function (cf. B.6) ensures the adequateness of methods and assumptions underlying the calculation of technical provisions. According to the Company’s own assessment, the uncertainties described above do not result in a material uncertainty regarding the assessment of the value of technical provisions.

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 valuation of technical provisions for solvency purposes differs from the valuation used for statutory accounts, in particular regarding the following material aspects:

- For the Company's major line of business – Index-linked and unit-linked insurance – the statutory valuation basically equals the market value of the investment fund units assigned to unit-linked contracts. The value of future profits and losses associated with such contracts is not considered.
- The valuation for solvency purposes is based on best estimates and market-consistent assumptions. In contrast, for the statutory accounts the technical provisions are valued based on prudent assumptions which include safety margins (e.g. for future expenses or biometric assumptions).
- The valuation for solvency purposes reflects future discretionary benefits resulting from unrealised gains and losses on investments backing traditional business as well as allocated surplus from risk coverage and cost. In contrast, statutory accounts only include guaranteed benefits.

These different valuation approaches result in a valuation difference between Solvency II value and statutory accounts value of EUR -23,215 thousand for the line of business of Index-linked and unit-linked insurance and of EUR -12,997 thousand for the line of business of Life insurance excluding health and index-linked and unit-linked.

D.2 (d) Matching adjustment and volatility adjustment

In order to reduce the impact of fluctuations of market values of interest-bearing securities, the European legislator has stipulated the use of certain adjustments.

Before the acquisition AMELL, the Company applied the volatility adjustment according to Article 77d to the traditional (non-linked) portfolio. This remains the case after the acquisition. The Company does not use the volatility adjustment for any other portfolio.

The impact of applying the volatility adjustment on the technical provisions is set out in the table below.

	31st December 2022		
	Index-linked and unit-linked ("unit-linked business") €'000	Life excluding health and index-linked and unit-linked ("traditional business") €'000	Total €'000
With Volatility Adjustment	320,502	178,430	**498,932**
Without Volatility Adjustment	320,502	181,071	**501,573**
Impact of VA set to zero	0	2,641	**2,641**

Further details are presented in section E.1 (a).

The Company does not use the matching adjustment according to Article 77b of Directive 2009/138/EC.

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

In order to support a smooth transition from the old solvency rules to the new Solvency II regime, the European legislator has stipulated the use of certain transitional measures. Their application usually improves the coverage of the SCR and of the Minimum Capital Requirement (MCR) substantially.

The Company does not use either the transitional measures on risk-free interest rates according to Article 308c or the transitional measures on technical provisions according to Article 308d of Directive 2009/138/EC.

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

Best estimate assumptions were updated during the reporting period. But 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

Provisions other than technical provisions

Provisions other than technical provisions mainly consist of provisions for expenses, for anticipated losses as well as for taxes. They are valued in the statutory accounts with their expected fulfilment value.

Except for the provisions for anticipated losses no adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality). For anticipated losses from legal claims a revaluation is made based on expert judgement (cf. D.4).

Deposits from reinsurers

Deposits from reinsurers are the shares of the reinsurance counterparties in the technical provisions of the local GAAP balance sheet, which are placed with the direct insurer. Deposits from reinsurers also include collateral provided under the intra-group reinsurance contracts. They are valued in the statutory accounts with their fulfilment value.

For solvency purposes, deposits for intra-group reinsurance are adjusted based on the market value of the deposited assets. The same amount (except for collateral) is included in the item Reinsurance recoverables (cf. D.1).

Deferred tax liabilities

The revaluation of assets and liabilities for solvency purposes changes the (theoretical) basis for tax assessment. The realisation of such temporary valuation differences impacts future tax payments (so-called deferred taxes). (Theoretical) future tax payments are shown in the Solvency II balance sheet in the item Deferred tax liabilities.

Deferred taxes are in principle determined by considering valuation differences for each asset and liability position. There is no comparable item in the local GAAP balance sheet.

Furthermore, allowance is made for tax losses carried forward. This reduces the expected future taxes and the deferred tax liabilities are decreased accordingly.

Note that these deferred tax liabilities are a purely theoretical valuation concept for solvency purposes; they are not the actual tax provisions or tax liabilities. The actual tax provisions and tax liabilities shown in the local GAAP balance sheet are recorded in the item Provisions other than technical provisions and in the item Payables (trade, not insurance) in the Solvency II balance sheet respectively.

Insurance & intermediaries payables

Insurance and intermediaries payables consist of short-term payment obligations vis-à-vis policyholders and intermediaries, which are not part of the technical provisions. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Reinsurance payables

Reinsurance payables consist of the clearing account payables arising from the reinsurance programme. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Payables (trade, not insurance)

Payables (trade, not insurance) include in particular tax liabilities, short-term payment obligations of social security contributions as well as various other short-term payables. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

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

Provisions other than technical provisions

The adjustment for the provision of anticipated losses results in a valuation difference of EUR -162 thousand between Solvency II value and statutory accounts value.

Deposits from reinsurers

The market value adjustment for the reinsurance deposits results in a valuation difference of EUR -32,296 thousand between Solvency II value and statutory accounts value. This amount is also reflected in the Reinsurance recoverables.

Deferred tax liabilities

The recognition of the deferred tax liability results in a valuation difference of EUR 1,424 thousand between Solvency II value and statutory accounts value.

For all remaining liabilities the values in the financial statements and for solvency purposes coincide (cf. D.3 (a)).

D.4 Alternative methods for valuation

Alternative valuation methods are used in case no market values are available for the valuation of assets or liabilities which are not technical reserves or for which no specific valuation requirements hold.

The Company applies alternative valuation methods for the following items of the Solvency II balance sheet:

Alternative valuation methods	
Holdings in related undertakings, including participations	Local GAAP Net Asset Value multiplied by participation rate
Government and Corporate Bonds	Discounted cash-flow method
Receivables (trade, not insurance)	Discounted cash-flow method
Provisions other than technical provisions	Expected fulfilment value

For the provisions for anticipated losses from legal claims the Solvency II value is determined based on expert judgement regarding amount and likelihood of occurrence, since the statutory valuation is considered too conservative to be appropriate for solvency purposes. This assessment is updated on a regular basis.

The appropriateness of the application of alternative valuation methods is regularly monitored considering acquired experiences. According to the Company's own assessment the application of the above mentioned alternative valuation methods does not have a material impact on the Solvency II balance sheet.

D.5 Any other material information

No future management actions nor dynamic policy behaviour 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

- 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

2) Monitoring

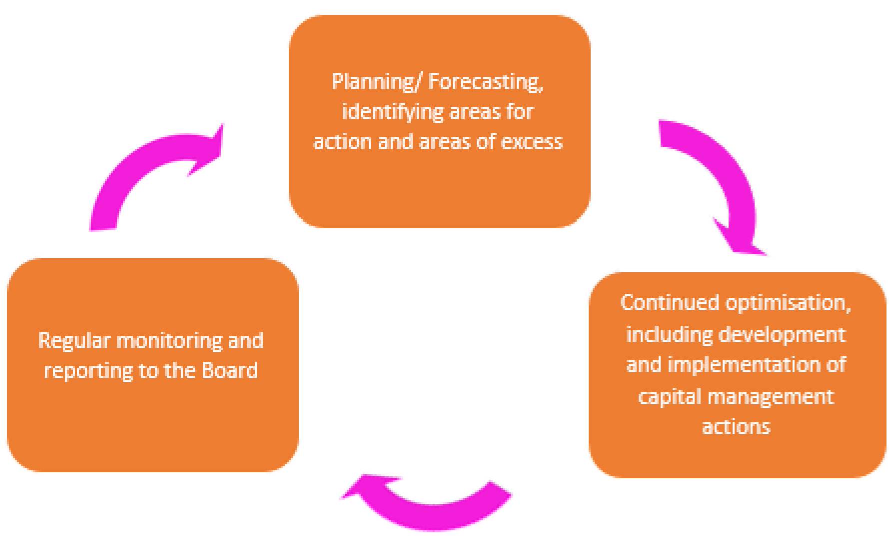
- Capital levels shall be assessed regularly to ensure that they remain appropriate to support the Group's operations
- Appropriate processes maintained to enable effective monitoring and reporting of capital positions across the Group including the impact of new transactions

3) Management Actions

- 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:

Capital Management Process



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 technical provisions are valued using the policyholder information at the end of the quarter and included in the valuation of the balance sheet. The value of the Own Funds is approved by the CFO on a quarterly basis, whilst annually, it is approved by the Board.

Between the quarterly production runs, an estimate of the Own Funds is calculated regularly to provide an input to an estimated SCR ratio. This uses the values from the ORSA to estimate the balance sheet position.

The objectives, policies and processes employed by the Company for managing its Own Funds were aligned with Monument Re Group requirements. The Company continues to target a minimum long-term Solvency ratio of 135%. Potential dividend distributions are decided on a yearly basis taking into account a forward looking view on the Solvency ratio. In principle, dividend payments will only be distributed, if the distribution will not jeopardise the targeted Solvency ratio over the forward looking period.

Summary of the Own Funds and solvency position at 31 December 2022, with prior year comparatives (in € '000, except for percentages):

	31 December 2022	31 December 2021
Own Funds	21,357	18,246
Solvency Capital Requirement (SCR)	8,184	5,780
Minimum Capital Requirement (MCR)	4,000	3,700
Absolute Floor of Minimum Capital Requirement	4,000	3,700
Relevant Solvency Ratio	**261%**	**316%**

The actual Solvency Ratio is well above the internal target ratio of 135%.

Without application of the volatility adjustment, Own Funds are slightly lower and the SCR also reduces slightly. This leads to a slight decrease of the Solvency Ratio, as shown below (in € '000, except for percentages):

	31st December 2022	
	With Volatility Adjustment	Without Volatility Adjustment
Own Funds	21,357	21,124
Solvency Capital Requirement (SCR)	8,184	8,157
Minimum Capital Requirement (MCR)	4,000	4,000
Absolute Floor of Minimum Capital Requirement	4,000	4,000
Relevant Solvency Ratio	**261%**	**259%**

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)

Own funds comprise the sum of basic own funds and ancillary own funds. The starting point for the determination of available basic own funds is the excess of assets over liabilities of the Solvency II balance sheet (cf. section D). Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses. For the Company, ancillary own funds are not relevant.

Available own funds are classified according to the Solvency II technical specifications into three different classes (Tiers). This classification considers in particular the availability of own funds and their subordination to other claims. Hereby, Tier 1 denotes the highest available classification. The classification determines the eligibility of own funds as far as compliance with the SCR and the MCR is concerned.

The excess of assets over liabilities of the Solvency II balance sheet equals EUR 21,357 thousand. The excess of assets over liabilities is EUR 9,789 thousand lower than the shareholders' equity of EUR 31,146 thousand shown in the local GAAP balance sheet.

The following table shows the composition of the Solvency II Basic Owns Funds and what is eligible to cover the Solvency Capital Requirement and Minimum Capital Requirement:

	Total Own funds 31st December 2022 € '000	Total Own funds 31st December 2021 € '000	Tier	Eligible Own Funds to cover SCR 31st December 2022 € '000	Eligible Own Funds to cover SCR 31st December 2021 € '000	Eligible Own Funds to cover MCR 31st December 2022 € '000	Eligible Own Funds to cover MCR 31st December 2021 € '000
Ordinary Share Capital	10,300	10,300	1	10,300	10,300	10,300	10,300
Share premium account related to ordinary share capital	20,846	0	1	20,846	0	20,846	0
Reconciliation reserve	-9,789	7,946	1	-9,789	7,946	-9,789	7,946
Total Basic Own Funds	**21,357**	**18,246**	1	**21,357**	**18,246**	**21,357**	**18,246**

As in the previous reporting period, the ordinary share capital comprises the subscribed and fully paid equity and is divided into 10,000 registered shares with a nominal value of EUR 1,030 per share. The share premium account includes the AMELL statutory available equity of EUR 20,846 thousand that were absorbed with the merger. Uncalled capital does not exist. The ordinary share capital and the share premium account meet the requirements for classification as Tier 1.

The reconciliation reserve comprises the valuation differences regarding the excess of assets over liabilities between the valuation for solvency purposes and the statutory valuation, as well as certain parts of the local GAAP equity. The reconciliation reserve is classified as Tier 1. Compared to the previous year, the reconciliation reserve decreased by EUR 17,736 thousand. This reflects the realized loss in 2022 (cf. A.2) and valuation differences between Solvency II and statutory accounts. The latter represents a decrease of expected future profits and is clearly linked to the risk sensitivity as discussed in section C. For more details on the valuation differences see E.1 c).

In total, this yields available basic own funds at an amount of EUR 21,357 thousand of the highest classification Tier 1. The Company's total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the SCR and the MCR.

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

The excess of assets over liabilities exceeds the shareholders' equity including reserves and retained earnings from financial statements by EUR 3,668 thousand. This difference is due to the following reasons:

- unrealised gains that arise from the market-consistent valuation of assets for solvency purposes (cf. D.1)
- market-consistent valuation of technical provisions as sum of a best estimate and a risk margin (cf. D.2)

- other differences regarding the valuation for solvency purposes of certain assets (cf. D.1) and other liabilities (cf. D.3), including the impact of intra-group reinsurance contracts and the Solvency II concept of deferred taxes

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:

	31st December 2022 € '000	31st December 2021 € '000
Shareholder Equity per financial statements	**17,688**	**11,872**
Difference in the valuation of assets	-63,578	-13,362
Difference in the valuation of technical provisions	67,247	19,736
Solvency II Excess of Assets over Liabilities	**21,357**	**18,246**

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 2022.

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

There are no material items deducted from Own Funds at 31 December 2022.

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 2022, with prior year comparatives:

	31st December 2022 € '000	31st December 2021 € '000
SCR	8,184	5,780
MCR	4,000	3,700

The increase of SCR is largely due to the inclusion of the AMELL portfolio.

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 risk
- Health underwriting risk

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 2022, with prior year comparatives:

	31st December 2022 €'000	31st December 2021 €'000
Market risk	4,329	3,294
Counterparty default risk	694	1,078
Life underwriting risk	3,375	2,194
Diversification	-2,027	-1,729
Basic Solvency Capital Requirement	*6,371*	*4,838*
Operational Risk	3,056	2,237
Loss-absorbing capacity of technical provisions	-224	-46
Loss-absorbing capacity of deferred taxes	-1,019	-1,249
Solvency Capital Requirement	**8,184**	**5,780**

Life underwriting risk, market risk and operational risk are the dominating risk categories. Diversification effects between different risks (mainly market and life underwriting risk) as well as the loss-absorbing capacity of technical provisions and deferred taxes mitigate risk. Loss-absorbing capacity means in this context that in a stress scenario future discretionary benefits for policyholders or future taxes may be lower, which reduces the liabilities and thus the risk associated with the stress scenario.

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

The level of the SCR is subject to regulatory review.

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 2022 or 31 December 2021.

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

The calculation of the MCR follows a prescribed formula-based approach depending on the business volume (in particular depending on the levels of the technical provisions and capital at risk), with a floor of 25% and a cap of 45% of the SCR. Additionally, an absolute floor of EUR 4,000 thousand has to be considered.

As in the previous year, the absolute floor was relevant in 2022. Hence, the MCR equals EUR 4,000 thousand.

The Company does neither use simplifications nor undertaking-specific parameters according to Article 104 of Directive 2009/138/EC for the calculation of the MCR.

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

Compared to the previous year, no significant changes of the SCR can be observed.

The MCR increases by EUR 300 thousand as the absolute floor for the MCR was increased from EUR 3,700 thousand to EUR 4,000 thousand.

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.22.01.21 of Annex I, specifying information on the impact of the long term guarantee and transitional measures, following the instructions set out in section S.22.01 of Annex II;

- 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;

All nominal amounts in the QRT are presented in Euro 000’s.

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
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	850
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**180.402**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	418
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	*170.392*
Government Bonds	R0140	110.892
Corporate Bonds	R0150	59.499
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	9.593
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	343.718
Loans and mortgages	**R0230**	**166**
Loans on policies	R0240	166
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**439.094**
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	162.089
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	162.089
Life index-linked and unit-linked	R0340	277.006
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	277
Reinsurance receivables	R0370	7.483
Receivables (trade, not insurance)	R0380	4.920
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	27.595
Any other assets, not elsewhere shown	R0420	265
Total assets	**R0500**	**1.004.771**

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	**R0510**	
Technical provisions - non-life (excluding health)	**R0520**	
TP calculated as a whole	R0530	
Best estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
TP - life (excluding index-linked and unit-linked)	**R0600**	**178.430**
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**178.430**
TP calculated as a whole	R0660	
Best estimate	R0670	177.763
Risk margin	R0680	666
TP - index-linked and unit-linked	**R0690**	**320.502**
TP calculated as a whole	R0700	
Best estimate	R0710	318.903
Risk margin	R0720	1.599
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	3.834
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	463.249
Deferred tax liabilities	R0780	1.424
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	11.009
Reinsurance payables	R0830	1.017
Payables (trade, not insurance)	R0840	3.951
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	**R0900**	**983.415**

Excess of assets over liabilities	**R1000**	**21.357**

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140						
Net	**R0200**						
Premiums earned							
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240						
Net	**R0300**						
Claims incurred							
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340						
Net	**R0400**						
Changes in other technical provisions							
Gross - Direct Business	R0410						
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440						
Net	**R0500**						
Expenses incurred	**R0550**						
Other expenses	R1200						
Total expenses	**R1300**						

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140						
Net	**R0200**						
Premiums earned							
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240						
Net	**R0300**						
Claims incurred							
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340						
Net	**R0400**						
Changes in other technical provisions							
Gross - Direct Business	R0410						
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440						
Net	**R0500**						
Expenses incurred	**R0550**						
Other expenses	R1200						
Total expenses	**R1300**						

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					
Gross - Proportional reinsurance accepted	R0120					
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140					
Net	**R0200**					
Premiums earned						
Gross - Direct Business	R0210					
Gross - Proportional reinsurance accepted	R0220					
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240					
Net	**R0300**					
Claims incurred						
Gross - Direct Business	R0310					
Gross - Proportional reinsurance accepted	R0320					
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340					
Net	**R0400**					
Changes in other technical provisions						
Gross - Direct Business	R0410					
Gross - Proportional reinsurance accepted	R0420					
Gross - Non-proportional reinsurance accepted	R0430					
Reinsurers' share	R0440					
Net	**R0500**					
Expenses incurred	**R0550**					
Other expenses	R1200					
Total expenses	**R1300**					

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations			
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance
		C0210	C0220	C0230	C0240
Premiums written					
Gross	R1410		7,982	14,914	279
Reinsurers' share	R1420		204,701	84,934	3,937
Net	**R1500**		**-196,720**	**-70,020**	**-3,658**
Premiums earned					
Gross	R1510		7,983	14,914	279
Reinsurers' share	R1520		204,703	84,934	3,937
Net	**R1600**		**-196,719**	**-70,020**	**-3,658**
Claims incurred					
Gross	R1610		45,809	48,511	400
Reinsurers' share	R1620		40,991	36,207	292
Net	**R1700**		**4,818**	**12,305**	**108**
Changes in other technical provisions					
Gross	R1710		48,806	94,488	675
Reinsurers' share	R1720		-153,445	-6,358	-2,941
Net	**R1800**		**202,251**	**100,846**	**3,616**
Expenses incurred	**R1900**		**380**	**1,744**	**79**
Other expenses	**R2500**				
Total expenses	**R2600**				

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations		Life reinsurance obligations		Total
		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0250	C0260	C0270	C0280	C0300
Premiums written						
Gross	R1410					23,174
Reinsurers' share	R1420					293,572
Net	**R1500**					**-270,397**
Premiums earned						
Gross	R1510					23,176
Reinsurers' share	R1520					293,573
Net	**R1600**					**-270,397**
Claims incurred						
Gross	R1610					94,720
Reinsurers' share	R1620					77,489
Net	**R1700**					**17,231**
Changes in other technical provisions						
Gross	R1710					143,969
Reinsurers' share	R1720					-162,744
Net	**R1800**					**306,713**
Expenses incurred	**R1900**					**2,203**
Other expenses	**R2500**					
Total expenses	**R2600**					**2,203**

S.05.02.01 – Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premium written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	**R0200**							
Premium earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	**R0300**							
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	**R0400**							
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	**R0500**							
Expenses incurred	**R0550**							
Other expenses	**R1200**							
Total expenses	**R1300**							

S.05.02.01 – Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
	R0010		ITALY	SPAIN	GERMANY	FRANCE	BELGIUM	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premium written								
Gross	R1410	3,331	7,433	2,209	1,843	240	8,120	23,174
Reinsurers' share	R1420	91,253	6,832	1,931	1,518	234	191,804	293,572
Net	**R1500**	**-87,923**	**601**	**278**	**325**	**6**	**-183,684**	**-270,397**
Premium earned								
Gross	R1510	3,331	7,435	2,209	1,843	240	8,120	23,176
Reinsurers' share	R1520	91,253	6,834	1,931	1,518	234	191,804	293,573
Net	**R1600**	**-87,923**	**601**	**278**	**325**	**6**	**-183,684**	**-270,397**
Claims incurred								
Gross	R1610	19,725	33,064	3,175	2,396	264	36,096	94,720
Reinsurers' share	R1620	16,649	28,099	2,763	1,972	245	27,760	77,489
Net	**R1700**	**3,076**	**4,965**	**411**	**424**	**19**	**8,336**	**17,231**
Changes in other technical provisions								
Gross	R1710	22,476	59,161	8,858	6,214	884	46,376	143,969
Reinsurers' share	R1720	-70,834	50,795	7,686	5,091	814	-156,295	-162,744
Net	**R1800**	**93,311**	**8,366**	**1,173**	**1,123**	**69**	**202,671**	**306,713**
Expenses incurred	**R1900**	375	797	157	184	89	600	2,203
Other expenses	**R2500**							
Total expenses	**R2600**							**2,203**

S.12.01.02 – Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance		
		Insurance with profit participation		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
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**	174.451		318.903				3.312
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	159.378		277.006				2.711
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	**15.073**		**41.897**				**601**
Risk Margin	**R0100**	654	1.599			**12**		
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110							
Best estimate	R0120							
Risk margin	R0130							
Technical provisions - total	**R0200**	**175.105**	**320.502**			**3.325**		

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		
						Contracts without options and guarantees	Contracts with options or guarantees
		C0090	C0100	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**			**496.666**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			**439.094**			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090			**57.572**			
Risk Margin	**R0100**			**2.266**			
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	**R0200**			**498.932**			

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
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 after the adjustment for expected losses due to counterparty default	R0080			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	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**			

S.22.01.21 – Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	498.932			2.641	
Basic own funds	R0020	21.357			-233	
Eligible own funds to meet Solvency Capital Requirement	R0050	21.357			-233	
Solvency Capital Requirement	R0090	8.185			-28	
Eligible own funds to meet Minimum Capital Requirement	R0100	21.357			-233	
Minimum Capital Requirement	R0110	4.000			0	

S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	**10.300**	10.300			
Share premium account related to ordinary share capital	R0030	**20.846**	20.846			
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	**-9.789**	-9.789			
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**	**21.357**	**21.357**			

S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					

S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	**21.357**	**21.357**			
Total available own funds to meet the MCR	**R0510**	**21.357**	**21.357**			
Total eligible own funds to meet the SCR	**R0540**	**21.357**	**21.357**			
Total eligible own funds to meet the MCR	**R0550**	**21.357**	**21.357**			
SCR	**R0580**	**8.185**				
MCR	**R0600**	**4.000**				
Ratio of Eligible own funds to SCR	**R0620**	**260,93%**				
Ratio of Eligible own funds to MCR	**R0640**	**533,91%**				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	**21.357**	
Own shares (held directly and indirectly)	R0710		
Foreseeable dividends, distributions and charges	R0720		
Other basic own fund items	R0730	**31.146**	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	**R0760**	**-9.789**	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life Business	R0770	615	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	**R0790**	**615**	

S.25.01.21 – Solvency Capital Requirement — for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	4.329		
Counterparty default risk	R0020	696		
Life underwriting risk	R0030	3.375		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-2.028		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**6.372**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	3.056
Loss-absorbing capacity of technical provisions	R0140	-224
Loss-absorbing capacity of deferred taxes	R0150	-1.019
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	8.185
Capital add-on already set	**R0210**	
Solvency capital requirement	R0220	8.185
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	

S.25.01.21 – Solvency Capital Requirement — for undertakings on Standard Formula

Approach to tax rate

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

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	**R0640**	**-1.019**
LAC DT justified by reversion of deferred tax liabilities	R0650	-1.019
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-1.424

S.28.01.01 – Minimum Capital Requirement — Only life or only non-life insurance or reinsurance activity

MCR calculation Life		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	14,697	
Obligations with profit participation - future discretionary benefits	R0220	377	
Index-linked and unit-linked insurance obligations	R0230	41,897	
Other life (re)insurance and health (re)insurance obligations	R0240	601	
Total capital at risk for all life (re)insurance obligations	R0250		32,221

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010		
MCRL Result	R0200		853

Overall MCR calculation

		C0070
Linear MCR	R0300	853
SCR	R0310	8,185
MCR cap	R0320	3,683
MCR floor	R0330	2,046
Combined MCR	R0340	2,046
Absolute floor of the MCR	R0350	4,000

		C0070
Minimum Capital Requirement	**R0400**	**4,000**

Appendix 2: Glossary

Absolute Minimum Capital Requirement: This is an amount of money that the Company is obliged to hold as capital as an absolute floor. For the Company, this amount is €4.0m.

Basic Own Funds: According to art. 88 of Solvency II Directive 2009/138/CE, Basic Own Funds are defined as the sum of the excess of assets over liabilities measured on market consistent principles in accordance with art. 75 of Solvency II Directive 2009/138/CE and reduced by the amount of own shares held by the insurance or reinsurance undertaking and subordinated liabilities.

Best Estimate Liability: The Best Estimate Liability represents the expected present value of future cashflows related to insurance and reinsurance obligations in force at valuation date. The Best Estimate Liability is calculated on a gross of reinsurance basis, i.e. without any deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles.

Best estimate operating assumptions: The assumptions on all those non-financial factors which can have an impact on future cashflows, including not only the most common operating factors (i.e. mortality/longevity, disability/morbidity, lapses, expenses), but also those contractual policyholders' options that can be exercised by policyholders at pre-determined conditions.

Cash and cash equivalents: The item includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds.

Compliance Function Charter: The responsibilities of the compliance function are described in the Compliance Function Charter.

Contract boundaries: This is the limit beyond which relevant cash flows are excluded from the calculation of technical provisions. It is defined in line with art. 18 of the Delegated Acts and refers to future dates where the insurance undertaking has a unilateral right either to terminate the contract, or to reject payable premiums or to amend the payable premiums or the benefits in such a way that the premiums fully reflect the risks.

Correlation factors: Factors which reflect the relationships between the risks included in the calculation of the Solvency Capital Requirement.

Counterparty default risk adjustment: The counterparty default adjustment is the amount of reinsurance recoverables that the Company expects not to be able to recover because of the possible default of the reinsurance counterparty at any point in time in the future.

Delegated act: As part of the Lisbon Treaty, the EU created a tool to put a law in place. They used an 'implementing act' for ruling on procedure and on how to follow legislation that already exists and use a delegated act for ruling on the content of legislation. The Solvency II requirement includes various implementing acts and delegated acts.

Expected Profit Included in Future Premiums (EPIFP): it is the expected present value of future cash flows, if positive, which results from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

Fixed income instruments: Direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. Moreover, this asset class includes also investments funds mainly exposed to investments or risks similar to direct investments presented within this asset class.

Insurance contracts: a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary [Appendix A, IFRS4].

Investments properties: direct investments in real-estates. Moreover, this asset class includes also investments funds mainly exposed to real-estate investments.

Long term guarantee adjustments and transitional measures: This expression refers to the matching adjustment (as set out in art. 77b of Solvency II Directive 2009/138/EU), the volatility adjustment (as set out in art. 77d of Solvency II Directive 2009/138/EU), the transitional measure on the risk-free interest rates (as set out in art. 308c of Solvency II Directive 2009/138/EU) and the transitional measure on technical provisions (as set out in art. 308d of Solvency II Directive 2009/138/EU).

Minimum Capital Requirement (MCR): The Minimum Capital Requirement corresponds to an amount of eligible basic Own Funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk were insurance and reinsurance undertakings allowed to continue their operations. It corresponds to the Value-at-Risk of the basic Own Funds subject to a confidence level of 85% over a one-year period (Solvency II Directive 2009/138/CE, art. 129).

Net cash inflows: it is an indicator of cash flows generation of the life segment. It is equal to the amount of premiums collected net of benefits paid.

Other investments: includes participations in non-consolidated Group companies, derivative investments and receivables form banks and customers, the latter mainly related to normal banking operations.

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.

Per policy fee: Administration fees charges by Monument Insurance Services Limited are charged monthly. The fee is a function of the number of policies and the agreed policy administration fee.

Premiums Reserves: The Premiums Reserves (or Premium Provisions) are reserves for contracts that are either in force at the valuation date or for which a legal obligation exists to provide coverage.

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 Appetite: The Risk Appetite sets out the Company's willingness to accept or avoid in order to achieve its business objectives.

Risk Control Self-Assessment (RCSA): is the process of identifying, recording and assessing potential risks and related controls.

Risk Management Framework (RMF): 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.

Risk Margin (RM): The risk margin is the part of technical provisions that should ensure that the overall value of the technical provisions is equivalent to the amount a third party would theoretically require in order to take over and meet the insurance liabilities, taking into account the cost of capital required to support those liabilities over their remaining future lifetime and regarding non-hedgeable risks such as underwriting and operational risks.

Solvency II ratio: defined as the ratio between the Eligible Own Funds and the Solvency Capital requirement, both calculated according to the definitions of the Solvency II regime. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Solvency Capital Requirement (SCR): 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).

Solvency and Financial Condition Report (SFCR): The SFCR helps policyholders and other stakeholders better understand the Company's regulatory capital and financial position as required by the European-wide Solvency II regulations and regime.

Standard formula: The Standard Formula is a standard method defined by Solvency II Directive for the calculation of the Solvency Capital Requirement. The Standard Formula covers the following risks: non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.

Technical provisions: The technical provisions correspond to the sum of the best estimate liability and risk margin. In case where technical provisions are considered on a net of reinsurance basis, the amount of reinsurance recoverables net of the counterparty default adjustment is deducted from the technical provisions.

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.