Solvency and Financial Condition Report

Monument Life Insurance DAC
(Formerly Laguna Life DAC)

2019

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Executive Summary

This is the Solvency and Financial Condition Report ("SFCR") of Monument Life Insurance DAC ("MLIDAC or "the Company"), formerly Laguna Life DAC ("LLDAC"), for the year ended 31 December 2019. The purpose of the SFCR is to meet the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35.

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

Monument Life Insurance DAC is authorised and regulated by the Central Bank of Ireland ("CBI"). Since 2000, MLIDAC has held a Class I license that allowed the Company to underwrite life assurance and contracts to pay annuities on human life, but excluding contracts written in Classes II and III. In February 2019, the Company received authorisation to transact Class III and Class IV business. In October 2019, the Company received authorisation to transact Class I, Class II and Class XVI non-life business with respect to the proposed transfer of payment protection insurance ("PPI") portfolios held by Monument Insurance DAC ("MIDAC") and Monument Assurance DAC ("MADAC") to the Company. In executing this dual insurance and reinsurance strategy, the Company looks to assume asset-based insurance risks within its risk appetite, and efficiently operate these businesses or portfolios.

The Company launched its Spanish term life product in September 2000 at the establishment of the Company. The Company first accepted business in the UK in April 2003 and continued to issue policies until May 2007 when it closed to new business. The Company continued issuing new policies in Spain until November 2009 when the decision was made to close to new business and put the company into run-off. Policies were issued on a regular premium, level or decreasing term assurance, non-linked, single life basis. The business continues to perform in line with the expected run-off of the business across all portfolios. 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 Limited group strategy.

The Company was sold by Laguna Life Holding Limited, a subsidiary of Enstar Group Limited, to Monument Assurance DAC a subsidiary of Monument Re Limited ("Monument Re" or "MRE") on the 29 August 2017. The Company's immediate parent MADAC is an insurance company registered in the Republic of Ireland and regulated by the Central Bank of Ireland.

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

- Acquisition of portfolios or direct insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and
- Reinsurance of long-dated, asset intensive liabilities, typically with guarantees.

On 28 September 2018, Laguna completed the acquisition of a Belgian closed portfolio of around 4,300 flexible premium whole of life savings contracts from Ethias S.A. ("Ethias"). This portfolio is known as the "First A" portfolio. The Company initially outsourced the policy administration of the portfolio to Ethias S.A. under the terms of a Transitional Services Agreement. The administration transferred to Monument

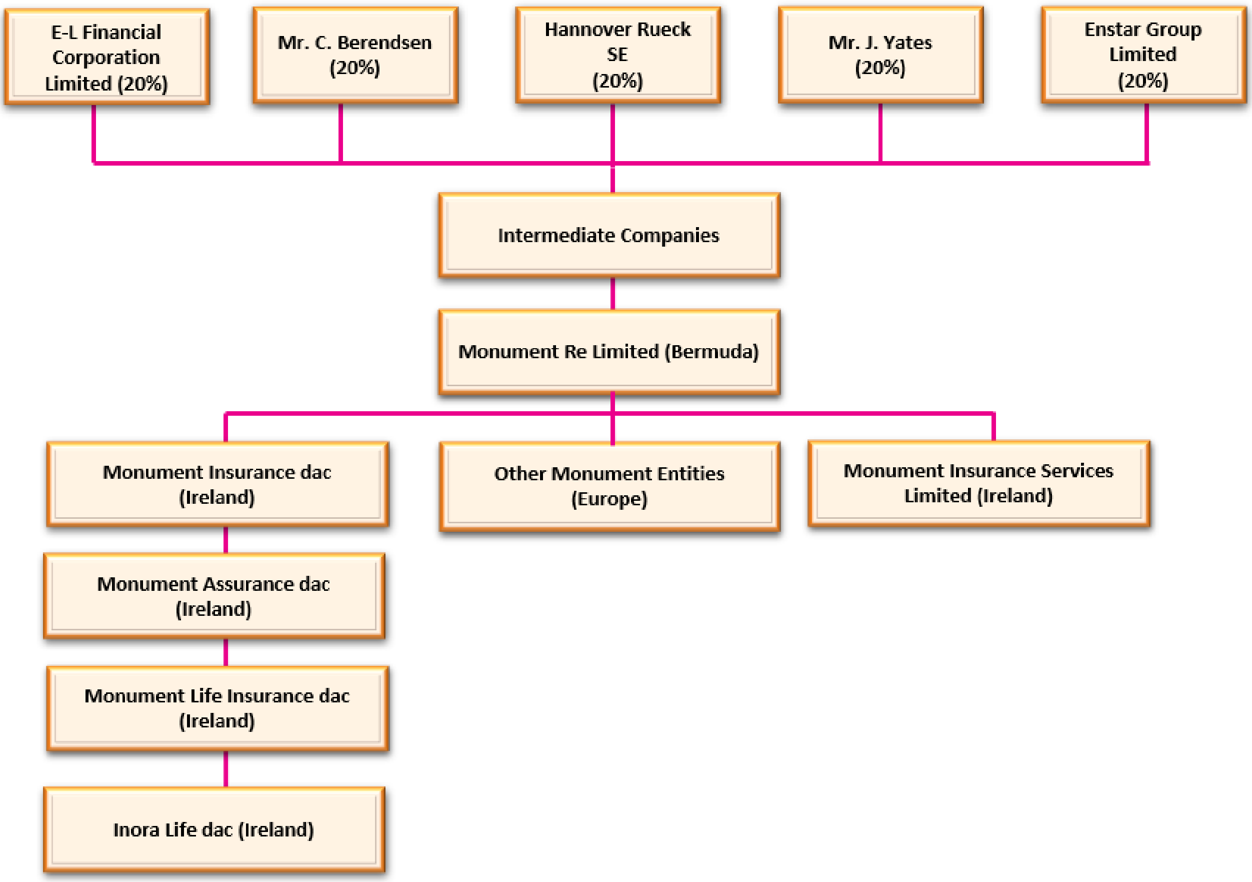
Insurance Services Belgium in January 2019. The portfolio is predominantly single premium and is in run-off, additional future premium will be minimal.

In January 2019, the Company submitted a material change of business plan to the Central Bank of Ireland and obtained permission to acquire an additional block of variable annuity, fixed term annuity, unit-linked and protection business from MetLife Europe DAC ("MEL"). The transfer was subsequently approved by the Central Bank of Ireland and High Court with an effective date of 1 April 2019.

In March 2019, the Company entered into an agreement to purchase Inora Life DAC ("Inora") from Société Générale S.A.. The transfer was subsequently approved by the Central Bank of Ireland and High Court with an effective date of 16 September 2019.

The Company also entered into an agreement to purchase a portfolio of annuities from Rothesay Life Plc. The transfer is subject to Central Bank of Ireland and UK High Court approval.

The ownership structure and qualifying holdings are as follows (all participations are 100% unless otherwise stated):



Performance

The accounting year end is 31 December and this report is for the year ending 31 December 2019. Copies of the Company's financial statements may be obtained from the Companies Registration Office of Ireland.

The Company's results for the year are shown below in Section A. Business and Performance. The statutory loss for the reporting year is €3,470k (2018 profit: €4,882k). The 2019 profits decreased when compared to the prior year due to increases in the Company's cost base caused by expanding its lines of business and development of the supporting structure which negatively impacted on expense provisioning.

On 28 September 2018, Laguna completed the acquisition of a Belgian closed portfolio of around 4,300 flexible premium whole of life savings contracts from Ethias, which has had a positive contribution to the 2018 underwriting results.

The Company proposed and paid dividends in 2019 of €3,500k; (2018: €nil).

The Company's Own Funds measured on a Solvency II valuation basis decreased from €30,766k at 31 December 2018 to €28,236k at 31 December 2019. The main drivers of the movement of €2,530k are the following:

- Loss during the year of €3,470k (2018 profit: €4,882k) as reported in the Company's audited financial statements which includes investment income and negative technical results generated from movements in technical provisions net of claims paid, and operating expenses incurred during the year, enhanced by positive effects and tempered by (negative) effects of:
- Dividend paid of €3,500k
- Foreseeable dividends of €1,500k
- Purchase of Inora €5,500k

Solvency position

The Company considers that the Standard Formula methodology prescribed by EIOPA is an appropriate basis for calculating the Company's Solvency Capital Requirement ("SCR"). Using this methodology, the Company's SCR is calculated to be €10,022k (2018: €3,533k). This represents a material change over the year. The change is mainly caused by an increase in the market and operational risks tempered by positive diversification effects at 31 December 2019. The increases in market risk and operational risk are primarily associated with the MetLife Portfolio transfer and the acquisition of Inora.

€000s	Dec-19	Dec-18
Market	6,813	1,182
Counterparty default	1,019	1,887
Life underwriting	2,054	1,152
Non-life underwriting	-	-
Diversification	(1,937)	(1,193)
Basic Solvency Capital Requirement	**7,949**	**3,028**
Operational Risk	2,073	505
Solvency Capital Requirement	**10,022**	**3,533**

The following table shows the Company's solvency position as at 31 December 2019, with a comparison to the prior year. The Minimum Capital Requirement ("MCR") has increased due to the Company obtaining class I, II & XVI non-life licences in 2019.

€000s	Dec-19	Dec-18
Eligible Own Funds	**28,236**	**30,766**
Solvency Capital Requirement (SCR)	**10,022**	**3,533**
Minimum Capital requirement (MCR)	6,200	3,700
Ratio of Own Funds to SCR	282%	871%
Ratio of Own Funds to MCR	455%	832%

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

System of Governance

The Company has established a system of governance which is appropriate to the Company's business strategy and operations. There is clear delegation of responsibilities, reporting lines and allocation of functions through documented 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. During the period the Company outsourced a significant portion of its operations and governance arrangements to the services company, Monument Insurance Services Limited ("MISL"). The Company and its related group companies Monument Insurance DAC and Monument Assurance DAC are effectively jointly managed as one company from an operational point of view.

The Company's Board of Directors ("Board") is comprised of a combination of executives, non-executives, and independent non-executives as per the requirements of the Corporate Governance Code in Ireland. All directors are selected based on their skills, competence and experience.

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 the Board in determining whether there are adequate Own Funds to cover the Company's risks over its business planning horizon.

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

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

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

At the date of signing this report:

- business continuity plans are in place with employees engaged in home working, collaborating via videoconference and other electronic means; and
- whilst uncertain, the Company does not believe that COVID-19 results in a materially adverse effect on its ability to maintain operations and meet obligations as they fall due.

Other significant events during SFCR review

The Company has proposed an interim dividend of €1,500k for 2020.

The Company's parent Monument Assurance DAC has proposed to sell its interest in Monument Life Insurance DAC to an associated company Monument Re Limited, a Bermuda resident company. The sale is expected to take place in quarter 2, 2020.

Monument Insurance DAC and Monument Assurance DAC have entered a portfolio transfer process with Monument Life Insurance DAC under which they will transfer their insurance liabilities and associated assets to Monument Life Insurance DAC. The transfer is subject to the approval of the High Court and the Central Bank of Ireland.

A. BUSINESS AND PERFORMANCE

A.1 *Business information*

A.1 (a) Name and legal form of the undertaking

Monument Life Insurance DAC is a designated activity company incorporated in the Republic of Ireland in 2000 as a private limited company. The Company changed its name from Laguna Life DAC on the 2 April 2020. In August 2017 the Company was sold by Laguna Life Holdings Limited, a subsidiary of Enstar Group Limited, to MADAC, a company domiciled in Republic of Ireland. The ultimate parent of the Company is Monument Insurance Group Limited ("MIGL"), a company domiciled in Bermuda.

Name and registered office of the Company is:

Monument Life Insurance DAC
Two Park Place
Upper Hatch Street
Dublin 2
Republic of Ireland

A.1 (b) Name and contact details of supervisory authority responsible for financial supervision of the undertaking

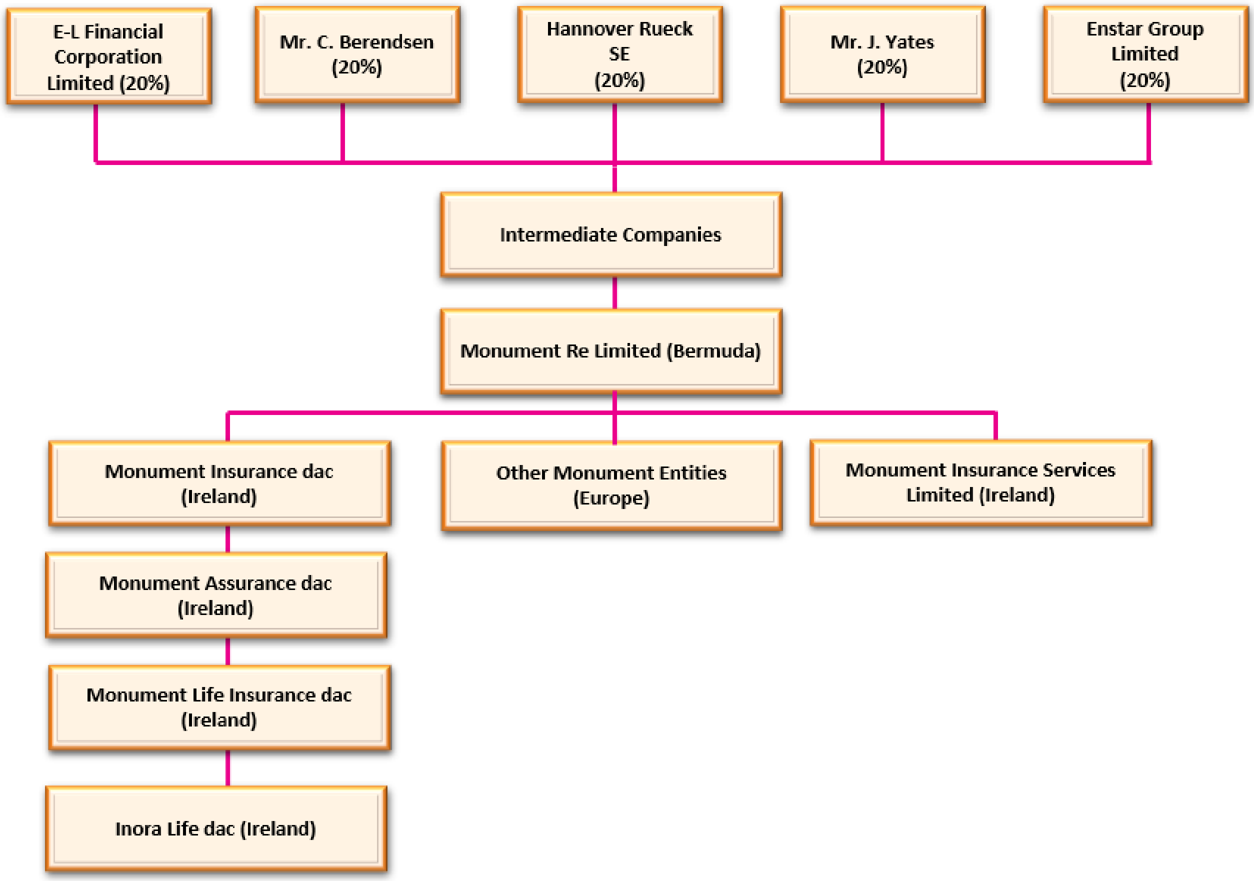
Local Supervisor:
Central Bank of Ireland
Insurance Supervision Division
Spencer Dock
North Wall Quay
Dublin 1
Republic of Ireland

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 of the undertaking

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Republic of Ireland

A.1 (d) Description of the holder of qualifying holdings in the group



All holdings in subsidiaries are 100% participations unless otherwise noted.

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

- Acquisition of portfolios or direct insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and
- Reinsurance of long-dated, asset intensive liabilities, typically with guarantees.

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

On 29 August 2017, Monument Re completed the acquisition of MLIDAC (then Laguna) from Enstar Group Limited, a leading global insurance run-off consolidator and also a minority shareholder of Monument Re. The acquisition comprised of a closed book of term life protection risks within the UK and Spain, for which the Company had voluntarily ceased to underwrite new business in 2007 and 2009 respectively. MLIDAC is authorised in Ireland and regulated by the CBI.

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

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

On 28 March 2018, MRE completed the acquisition of ABN AMRO Life Capital Belgium S.A. (“AALCB”), a Belgian Life insurance company in run-off, following receipt of regulatory approval by the National Bank of Belgium. AALCB was subsequently renamed to Monument Assurance Belgium N.V. (“MAB”). On that same date, MRE established a Group service company, Monument Insurance Belgium Services Sprl (“MIBS”) in Belgium, to provide services to the Group’s regulated entities in the Benelux region and to other related parties.

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

- On 26 March 2019, MRE entered into an agreement to acquire a portfolio of circa €140,000k of Irish annuities from Rothesay Life Plc. The acquisition had been structured initially as reinsurance to Monument Re (in place at 31 December 2019) and is expected to be followed by a Part VII transfer of the portfolio to MLIDAC, subject to regulatory and court approvals.
- On 29 June 2018, Monument Re signed the acquisition of Robein Leven N.V. and its subsidiaries from Amerborgh Financial Services B.V. Robein Leven is a closed life insurer domiciled in the Netherlands with traditional and unit-linked products. This transaction received regulatory approval on 18 March 2019.
- On 10 October 2018, MRE signed the acquisition of a run-off portfolio of traditional life and credit life business from Alpha Insurance S.A., a Belgian composite insurance company and a wholly owned subsidiary of Enstar Group Limited. Regulatory approval was received in May 2019 and, the portfolio transferred to Monument Assurance Belgium NV, the Belgian carrier of the Monument Re Group.
- On 21 December 2018, MRE signed the acquisition of Nordben Life and Pension Insurance Co Limited (“Nordben”) from BenCo Insurance Holding B.V., which was owned 89.96% by Storebrand Livsforsikring AS. This transaction established the Monument Re Groups presence in Guernsey. Regulatory approval was received in June 2019.
- On 16 September 2019, following receipt of regulatory approvals, MLIDAC completed the acquisition of Inora Life Designated Activity Company from Societe Generale S.A. Inora is a life insurer domiciled in Ireland which has ceased all new activity since 2012 but still manages a portfolio of unit-linked insurance products.
- On 21 January 2019, MRE signed the acquisition of a run-off portfolio of traditional business from Curalia OVV, a Belgian mutual insurance company. Following receipt of regulatory approval on 16 December 2019, the portfolio transferred into MAB.

In addition to the above completed transactions, Monument Re has also signed two further transactions. The financial implications of these transactions are not included in this report because they remained subject to regulatory approval at the reporting date. This transaction is detailed below:

- On 7 November 2019, the Company signed the acquisition of Cattolica Life DAC (“Cattolica”) from Società Cattolica di Assicurazione Società Cooperative. Cattolica is a closed Irish entity which wrote unit-linked business on a cross-border basis in Italy. This transaction remains subject to customary closing conditions, including receipt of regulatory approval.

- On 21 March 2020, Monument Re signed an agreement to acquire GreyCastle Holdings Ltd ('GreyCastle') and its subsidiaries, which include GreyCastle Life Reinsurance (SAC) Ltd and GreyCastle Services, from the shareholders of GreyCastle Holdings Ltd. The closing of the transaction is subject to regulatory approval. GreyCastle is domiciled in Bermuda and is focused on managing a portfolio of annuity and life risks.

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

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

MLIDAC is currently a 100% subsidiary of MADAC. MADAC plans to dispose of its investment in MLIDAC by selling the Company to MRE. This transfer is subject to the approval of the CBI. This transfer is expected to be completed in quarter 2, 2020.

Please see chart in Section A.1 (d).

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

All premiums are received from contracts underwritten from the Republic of Ireland, to cover risks located in a number of countries.

Gross Earned Premium – by geographical segment	2019 €'000	2018 €'000
Ireland	1,913	-
UK	158,651	640
Belgium	7	282,109
Germany	29,390	-
Greece	50,656	-
Italy	17,933	-
Norway	7	-
Poland	3,907	-
Spain	50,561	941
Non-EEA	87,470	-
Total	**400,495**	**283,690**

Premiums above are largely reflective of acquisitions as the portfolios are generally closed to new business. Term life business reflected in Spanish & UK numbers has decreased in line with expectation as the relevant portfolios are in run-off. Belgium has decreased year on year as the 2018 premium reflects the transfer of the First-A book to MLIDAC. The overall increase in premium income in 2019 reflects the acquisition of the MetLife portfolio of insurance contracts relating to policyholders across a number of countries including unit-linked, variable annuities, protection and fixed term annuity policies.

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

SII Line of Business MLIDAC	Benefits Provided under Policies
D: Life Insurance Obligations 30: Insurance with profit participation	Life and potential for a minimum rate of interest
31: Index-linked and unit-linked insurance	Investment return, guaranteed withdrawal value, guaranteed death benefit
32: Other Life Insurance	Life benefit

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

In March 2018, the Company submitted a material change of business plan to the Central Bank of Ireland and obtained permission to acquire an additional block of Belgian risks in 2018. Approvals were received from the relevant authorities with an effective date of 28 September 2018. The then newly acquired business significantly increased the levels of premium written in 2018.

In February 2019, the Central Bank of Ireland, following the submission by the Company of a material change of business plan and a license extension for Classes III and IV, approved the acquisition of an additional block of variable annuity, fixed term annuity, unit-linked and protection business from MEL. The transfer was subsequently sanctioned by the High Court with an effective date of 1 April 2019.

In March 2019, the Company entered in to an agreement to purchase Inora Life DAC from Société Générale. The Company submitted an Acquiring Transaction Notification Form and an amended Scheme of Operations document to the Central Bank of Ireland in April 2019. On 20 August, the Central Bank formally notified the Company that it had no objection to the acquisition and the purchase of Inora was completed on 16 September 2019.

In November 2019, the Company received regulatory approval to underwrite classes I, II & XVI business with respect to the proposed transfer of PPI non-life polices from MIDAC and MADAC. This transfer is expected to be completed in quarter 2, 2020.

The UK left the EU on 31 January 2020 and has entered an implementation period, which is due to operate until the end of December 2020. During this period the passporting regime between the UK and the EEA will continue. The Temporary Permissions Regime ("TPR") will take effect at the end of the implementation period. This will allow firms to continue operating in the UK within the scope of their current permissions for a limited period after the end of the implementation period while seeking full UK authorisation. MLIDAC notified the PRA in March 2019 that it would avail of the Temporary Permissions Regime.

The Company also entered in to an agreement to purchase a portfolio of annuities from Rothesay Life Plc. The transfer is subject to Central Bank of Ireland and UK High Court approval.

A.2 *Underwriting Performance*

The following tables highlights the underwriting results for 2019, and a comparison to the previous year.

2019 €'000	Insurance with profit participation	Index-linked and unit linked insurance	Other life insurance	Total
Net earned premium	1	24,947	14,069	39,017
Net claims paid	(1,671)	(3,140)	(2,215)	(7,026)
Net change in technical provisions	(187)	(24,995)	(16,091)	(41,273)
Net operating expenses	(33)	(404)	(1,175)	(1,612)
Investment return	2,282	1,158	671	4,111
Net underwriting performance	**392**	**(2,434)**	**(4,741)**	**(6,783)**

2018 €'000	Insurance with profit participation	Index-linked and unit linked insurance	Other life insurance	Total
Net earned premium	28,211	-	672	28,883
Net claims paid	(12,903)	-	(50)	(12,953)
Net change in technical provisions	(12,435)	-	(828)	(13,263)
Net operating expenses	(1,453)	-	(47)	(1,500)
Investment return	477	-	(29)	448
Net underwriting performance	**1,897**	**-**	**(282)**	**1,615**

It should be noted that underwriting performance is net of reinsurance and that the Belgian First A business is classed under Solvency II as 'insurance with profit participation'.

As expected, premiums have increased on the acquisition of a new book of variable annuity, fixed term annuity, protection and unit linked products however the majority of this business has been reinsured. Due to the magnitude of the additional business, it is difficult to draw a comparison with the previous year, other than that the newly acquired business is significantly larger than the existing business, adds two additional classes of business and diversifies the Company's business. The Company did not enter any alternative risk transfers during the reporting period.

A.3 *Investment Performance*

A.3 (a) Income & expenses

The Company's investment income including returns on linked funds but excluding expenses, net of reinsurance, as reported in the Financial Statements for the year was €4,111k (2018: €448k) which is analysed in the following table:

Investment Performance by asset class	2019 €'000	2018 €'000
Government Bonds	8	(121)
Corporate Bonds	1,270	54
Collective Investment Undertakings	945	203
Derivatives	545	312
Deposits	72	-
Unit Linked	1,271	-
Total	**4,111**	**448**

At the end of 2019 , the Company's investments comprise mainly of corporate and government bonds with a significant holding of collective investment undertakings and a small net exposure to interest rate swaps. During the year the Company purchased Inora Life DAC as a subsidiary, which is held at cost for statutory purposes and Own Funds for solvency purposes, and the aforementioned portfolio from MetLife which increased the Company's exposure to bonds and unit linked funds. The income noted above is reflective of the increase in various asset classes held during the year and the underlying macro-economic performance. During 2018, the Company purchased Money Market Funds and substantially increased the bond portfolio giving a more diverse source of investment returns.

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

Not applicable.

A.3 (c) Investments in securitisation

Not applicable.

A.4 *Other material income and expenses*

A.4 (a) Performance of other activities

Operating expenses during the year were €3,248k (2018 €1,903k) and comprise mainly management fees for outsourcing arrangements, actuarial, audit and other professional fees. These fees have increased as a result of the endeavours involved in sourcing and on-boarding new business.

A.5 *Any other information*

The Company proposed and paid a dividend of €3,500k in 2019 (2018: €nil). As a result of reinsuring the MetLife portfolio transfer the Company earned circa €4,220k in reinsurance commission.

The Company has continued to hold a number of interest rate swaps. All interest rate swap contracts are designed to hedge the Company's variable interest rate exposure.

The Company applied to the Companies Registration Office ("CRO") to change its legal name from Laguna Life DAC to Monument Life Insurance DAC. The CRO approved the change and issued an updated Certificate of Incorporation with an effective date of 2 April 2020.

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

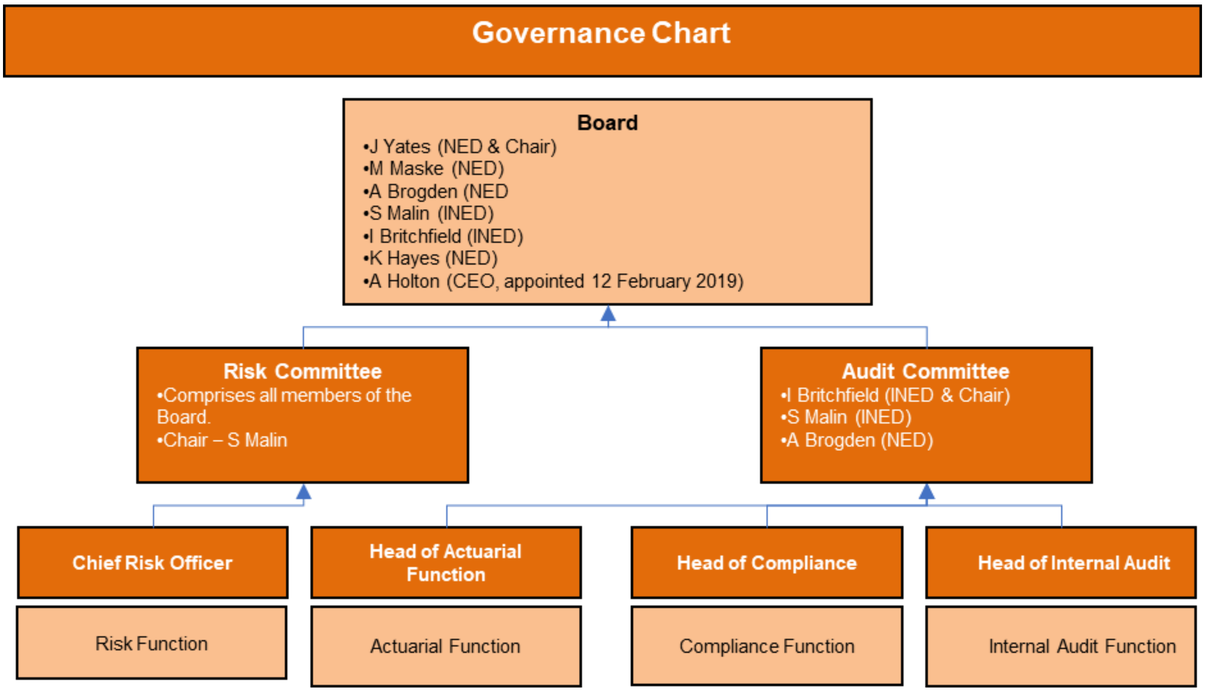
The Board represents the administrative, management and supervisory body of the Company.

Board

The Board is comprised of the Chairman (a Non-Executive Director (NED)), two Independent NEDs (INEDs), the Chief Executive Officer (CEO), and three additional NEDs. The Board retains primary responsibility for corporate governance within the insurance undertaking at all times, plays an important part in ensuring effective governance, and is responsible for operating effective oversight consistent with Board policy. The Board's responsibilities include establishing and overseeing:

- The business strategy;
- The amount and type of capital that is adequate to cover the risks of the business; and
- The strategy for the on-going management of material risks.

The Board has established and delegated responsibilities to its Audit Committee and its Risk Committee, to set the approach to internal controls and assist in its oversight of risk management respectively, and has delegated matters for review or approval as set out in their terms of reference. The Governance Chart below outlines the composition of the Board Committees and the reporting lines of key functions.



Audit Committee

The Audit Committee comprises the two independent non-executive directors and one non-executive director. The Head of Compliance, Head of Actuarial Function and Head of Internal Audit are also standing attendees. The committee's main responsibilities are to review:

- The Company's accounting policies and financial reports and management's approach to internal controls;
- The adequacy and scope of the external and internal audit functions; and
- The Company's compliance with regulatory and financial reporting requirements.

The Audit Committee may ask other members of the Company to attend the committee meetings from time to time.

Risk Committee

The Risk Committee comprises all members of the Board. The Chief Risk Officer ("CRO") is a standing attendee. The main responsibilities of the committee are to:

- advise the Board on risk appetite and tolerances;
- oversee the risk management function; and
- advise the Board on the effectiveness of strategies and policies with respect to maintaining, on an on-going basis, the amount and type of capital that is adequate to cover the risks of the Company.

Executive Committee

The Company has established an Executive Committee to manage the delivery of business objectives. This comprises the CEO and his direct reports.

Key functions roles and responsibilities (operational structure/independent control functions)

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

- The risk management function, led by the CRO, is responsible for supporting the Board and its committees in discharging their risk management related responsibilities. The risk management function also provides challenge to the business consistent with the Three Lines of Defence risk governance model outlined in section B.4 below.
- The compliance function, led by the Head of Compliance, is responsible for identifying, assessing, monitoring and reporting compliance risk exposure, focusing on compliance with applicable laws and regulatory requirements.
- The internal audit function, led by the Head of Internal Audit, is responsible for developing and delivering an agreed internal audit plan and monitoring the control environment.
- The actuarial function, led by the Head of Actuarial Function, is responsible for performing the specified tasks set out in Article 48 of the Solvency II Directive. In summary, the key responsibilities of the actuarial function are to review and validate the calculation of the technical provisions, provide opinions on the underwriting and reinsurance policies, and assist the risk management function with certain tasks. Further details are included in section B.6.

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

In February 2019, the Company appointed an Executive Director and CEO (PCF 1 & 8) and a Non-Executive Director (PCF 2) resigned.

B.1 (b) 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 Solvency II principles with respect to remuneration.

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

Performance criteria on variable components of remuneration
Employees are eligible to participate in a 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 values. The bonus schemes for the Group entities are approved annually by the Group Remuneration Committee.

Pension scheme
Employees are entitled to join a defined contribution pension plan provided through a related party. There is no supplementary pension or early retirement scheme for members of the Board and other key function holders.

B.1 (c) Material transactions

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

B.2 *Fit and proper requirements*

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

Under the CBI's Fitness and Probity regime, the Company identifies staff members that carry out Pre-approval Controlled Functions ("PCFs") and Controlled Functions ("CFs") roles and ensures that they meet the CBI's standards for fitness and probity.

The Company requires a person who carries out a PCF or CF role to be able to demonstrate that they, among other items:

- Have shown competence and proficiency to undertake the relevant function;
- Have a sound knowledge of the business, and the specific responsibilities; and
- Have a clear and comprehensive understanding of the regulatory and legal environment.

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 Head of Compliance completes an annual review of the fitness and propriety of each PCF and CF role.

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

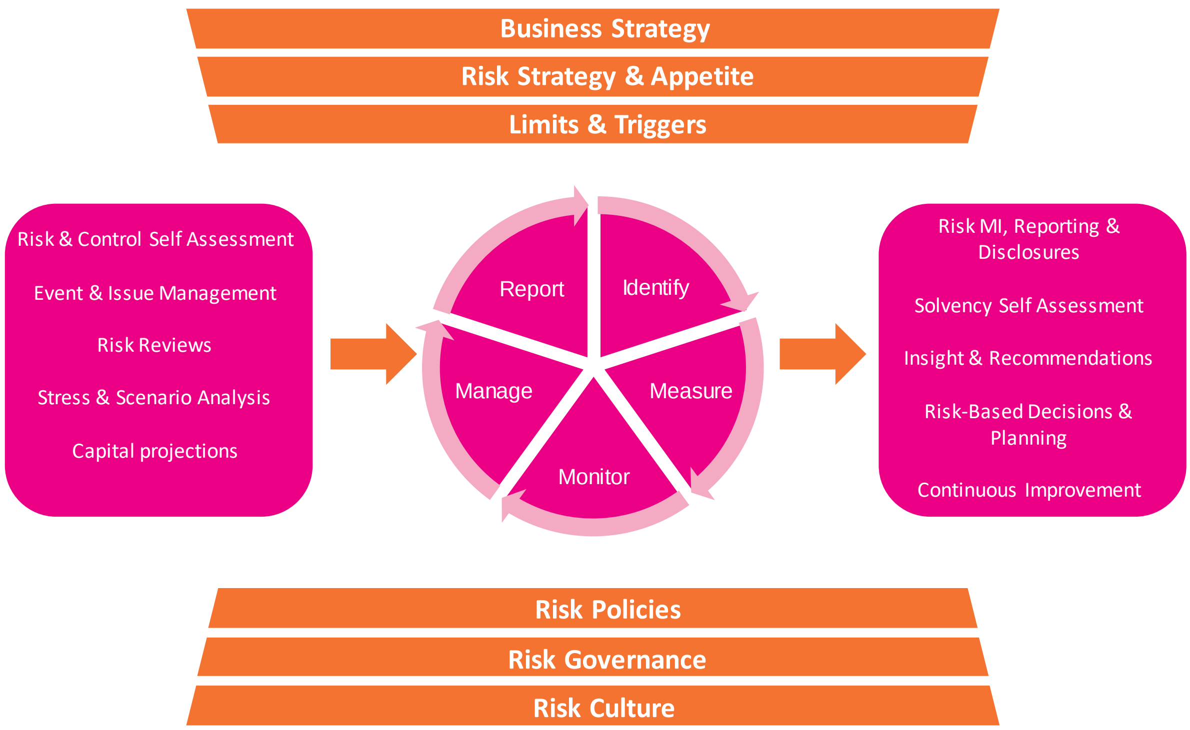
B.3 (a) Description of risk management system (strategies, processes and reporting procedures)

Strategy

The Board considers the business strategy of the Company in determining its risk appetite. At least annually, the Board reviews and approves the Company's risk appetite statement document, 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.

Risk Management Framework

The Company has adopted the Group's Risk Management Framework which is depicted below:



The Risk Management Framework is founded on a sound risk culture, an effective system of governance including committee structures and clear accountabilities, and a suite of supporting risk policies.

The risk strategy of the Company is aligned to its business strategy. Risk appetite statements express the Board's appetite across all categories of risk facing the business. Quantitative risk limits are set for key risks, along with early warning thresholds, which support proactive risk management. Exposures relative to limits and triggers are regularly monitored and reported to the Board.

The material risks addressed by the Risk Management Framework include:

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

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

The key objectives of the risk management function are to:

- Maintain the Risk Management Framework that supports effective risk-based decision-making, including risk appetite statements and risk limits, and oversee the implementation of the Risk Management Framework via appropriate policies, processes and controls;
- Maintain a robust risk reporting framework, including processes and systems for commenting on the overall risk environment, addressing mitigating actions for risks identified, identifying any emerging risks, discussing relevant current issues as well as reporting on risk metrics that monitor risk exposures relative to agreed limits;
- Deliver all external reports as required to meet regulatory and other stakeholder expectations, including the ORSA Report, Activity Report of the Risk Management Function, Assessment of the Most Material Risks, risk content for Solvency and Financial Condition Reports, Financial Statements and Regular Supervisory Reports (where relevant);
- Actively review and challenge in a second line capacity in relation to all transactions and material activities of the Company, seeking to deliver a better overall outcome for the Company by either reducing the level of risk overall or improving the reward for certain assumed risks; and
- Ensure that the Risk Management Framework remains effective and appropriately positioned, with the requisite skills, knowledge and capacity, to support the planned growth of the Company.

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”);
- event and issue management;
- risk reviews;
- stress and scenario testing;
- capital projections; and
- risk reporting, including quarterly risk 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 key controls, and measuring the inherent and residual risk. This process is facilitated and overseen by the risk management function, and the results are summarised and presented to the Risk Committee, including actions to address themes and issues identified.

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

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

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

Key Risk Indicators (KRIs) are established which set measurable thresholds for each key risk in accordance with risk appetite. These are used to alert management when risk levels exceed acceptable ranges and drive timely decision making and action. These are reviewed regularly by the Risk and Controls Committee and a summary is reported to the Board Risk Committee.

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

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

The RCSA process ensures clear ownership of risks and controls, as described in Section B.3 (a) 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.

B.3 (c) ORSA process

The ORSA process is a key element of the Company's Risk Management Framework and is wholly 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 regular ORSA is performed annually and is approved by the Board. A non-routine ORSA is performed following a significant change in the Company's risk profile.

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 risks and scenarios to be included, and the results of the assessment.

The Board approves the ORSA report and considers the insights from the ORSA in its decision-making processes, including setting the Company's risk appetite and limits, the Company's capital policy and target capital level.

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

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

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

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

The results of the ORSA are made available to the Central Bank of Ireland.

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 and the CEO, including senior executives, are responsible for adopting an effective internal controls framework.

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

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

The Company applies a "Three Lines of Defence" model for Enterprise Risk Management.

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

- **1st line of defence**: Individuals and committees with direct responsibility for the management, control and reporting of risk;
- **2nd line of defence**: Individuals and committees with responsibility for the design, coordination, oversight of the effectiveness and integrity of the Company's risk management and internal control framework; and
- **3rd line of defence:** Individuals and committees providing independent assurance and challenge in respect of the effectiveness and integrity of the Risk Management Framework

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

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

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

The Internal Audit Function assesses the operating effectiveness of controls on a periodic basis.

B.4 (b) Implementation of the compliance function

The Board retains ultimate responsibility for compliance within the Company and has delegated the day-to-day responsibility to the Compliance Function to ensure that the operations are carried out in accordance with all legal and regulatory requirements, especially the rules pertaining to integrity and conduct that apply to that activity. The Compliance Function has been established in proportion to the nature, scale and complexity of the business carried on by the Company, and to assist with the monitoring and evaluation of compliance with laws, regulations, internal controls, policies and procedures. The Compliance Function is responsible for testing the soundness of the measures the Company has taken to prevent non-compliance.

The compliance function, which is outsourced to MISL, is part of the second line of defence and is led by the Head of Compliance. Responsibilities of the function are described in the "Compliance Function Charter" and summarised in B.1. above. The compliance function reports to the Audit Committee to provide assurance regarding the Company's adherence to laws, regulations, guidelines and specifications relevant to its business. This is provided through an annual compliance plan which is approved by the Committee and through the on-going reporting against that plan. At all times, the compliance function acts within the second line of defence and independently to the business. It provides the framework to allow the business to operate in a compliant manner with regards to all relevant regulatory, statutory and corporate governance obligations.

B.5 *Internal Audit Function*

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

The internal audit function is outsourced to MISL and is governed by an internal audit charter. The internal audit function maintains a dynamic risk-based audit plan. The Head of Internal Audit ("HoIA") is invited to attend each Audit Committee meeting and report on the status of the audit plan and results of individual audit reviews.

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. The Head of Internal Audit reports directly to the Audit Committee for oversight matters and is responsible to the Chief Executive Officer for operational and day-to-day management.

B.6 *Actuarial Function*

B.6 (a) Implementation of the actuarial function

The Actuarial Function is outsourced to MISL and is led by Monument Insurance's Actuarial Director[1]. The Head of Actuarial Function is responsible for providing an Actuarial Opinion on Technical Provisions to the CBI in respect of the technical provisions reported in the Annual QRTs. The role and responsibilities are described in an actuarial function charter and are summarised in section B.1.

[1] In February 2020 the company's Actuarial Director and Head of Actuarial Function left the Company, and a new Actuarial Director joined. At the time of writing, an application to the CBI has been made for the new Actuarial Director to be approved as the Head of Actuarial Function.

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 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 who such deficiencies could be remediated. 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*

B.7 (a) 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 is not undertaken in such a way as to unduly increase the Company's exposure to Operational Risk. An appropriate level of due diligence is conducted prior to completing the selection process. The Company must notify the CBI in writing of any outsourcing of a critical or important function.

All outsourcing agreements are 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 are in place to ensure outsourcing performance is managed in line with the outsourcing policy, outsourcing agreements and the Company's strategy.

During the year the Company established an Outsourcing Committee to ensure the effective management of its Outsource Service Providers.

B.7 (b) Outsourcing and jurisdiction of critical or important operational functions or activities

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

Service provider	Activity	Jurisdiction
Monument Group	Insurance administration services, risk management function, compliance function, internal audit function, actuarial function, investment and asset management.	Ireland
Monument Group	Middle & back office operations including Investment and asset management	Bermuda
Monument Group (from January 2019)	Policy administration services	Belgium
External	Investment management	UK
External	IT services	Ireland
External (to January 2019)	Policy administration	Belgium
External (from April 2019)	Policy administration	Ireland
External (from April 2019)	Policy administration	UK

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**.**

C. Risk Profile

Sections C.1 to C.6 contain a description of the Company's risks. 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 and B.4. No material changes to the measures used to assess risks have been made in the period

C.1 *Underwriting Risk*

C.1 (a) Risk exposure

Underwriting risk (insurance risk) means the risk of loss or other adverse impact on the Company arising from unexpected fluctuations in the timing, frequency or severity of insured events, or timing and amount of claim settlements and expenses. The material underwriting risks to which the company is exposed are outlined below:

- Mortality risk is the risk of loss due to an increase in mortality rates. The Company's material exposure to Mortality Risk is through whole of life policies, term assurance policies and Variable Annuity Policies which pay benefits to insured policyholders on death;
- Longevity risk is the risk of loss due to policyholders living longer than expected. The Company's material exposure to longevity risk is through with-profit policies and variable annuity policies with guaranteed lifetime income benefits;
- Morbidity risk relates to the risk of loss from higher than expected levels of illness or injury, or lower than expected rates of recovery from illness or injury. The Company is exposed to Morbidity Risk through income protection policies, accelerated serious policies and waiver of premium riders;
- Lapse risk arises from unanticipated (higher or lower) rate of policy lapses, terminations, or changes to paid-up status (cessation of premium payment);
- Expense risk is the risk of loss arising through increases in the Company's expense levels, or expense inflation over time. Fixed expense risk against policy volumes is a significant risk for the Company, and one which it must accept as part of the run-off strategy of the Company; and
- Non-life underwriting risk is the risk of loss arising through higher than expected claims from the PPI portfolio that the company is anticipating acquiring from a related party. This portfolio can give rise through claims resulting from a loss of income arising due to accident and sickness or from involuntary unemployment. This portfolio was written mainly in the UK.

C.1 (b) Mitigating actions and controls

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

- Extensive use of reinsurance to reduce the Company's exposure to mortality, morbidity, lapse and expense risk.
- Regular monitoring of actual versus expected claims and expenses.
- Regular review of actuarial assumptions.
- Management of persistency through high quality customer service.
- Risk is measured principally in terms of SCR, supplemented by sensitivity tests to key assumptions, and stress and scenario testing.

C.1 (c) Risk concentration

The Company's underwriting risk is diverse both geographically and by type of risk. The following table shows the geographical analysis of insurance as of 31 December 2019 and 2018:

Country	2019 Best Estimate Liability (€'000)	2018 Best Estimate Liability (€'000)
Ireland	7,894	-
UK	138,455	2,020
Belgium	109,211	109,504
Germany	34,871	-
Greece	43,910	-
Italy	13,959	-
Norway	37	-
Poland	4,526	-
Spain	49,592	611
Non-EEA	87,701	-
Total	490,155	112,135

C.1 (d) Sensitivity and stress testing

The Solvency Capital Requirement (SCR) for underwriting risk at 31 December 2019 consists of the following components:

Sensitivity	SCR €'000
Mortality	95
Longevity	183
Disability-Morbidity	-
Lapse	872
Life Expense	1,368
Life Catastrophe	74
Diversification	(537)
SCR Underwriting Risk	2,054

The exposures are examined on an annual basis through the ORSA process.

Methods used and main assumptions

The Company has produced projections of the Solvency II position over a five-year period. This provides a five-year view of a range of possible outcomes and therefore of the capital needs of MLIDAC today. MLIDAC believes a projection period of five years is sufficient as the solvency position is expected to be relatively stable given the run-off nature of the business. All underlying cashflows are projected to the end of the appropriate policy term. The main assumptions are as follows:

- The demographic assumptions used are based on best estimate assessment of historic data.
- The interest rates used are the risk free rates as prescribed by EIOPA.
- Following the establishment of a shared services company in 2017, MLIDAC's expenses comprise mainly of this cost of services and some smaller direct costs.

- The SCR is calculated in accordance with the rules underlying Solvency II.
- Various other assumptions have been used for the dynamic solvency testing to examine MLIDAC's ability to withstand changes to the assumptions.
- MLIDAC is closed to new business.

Description	Projected Impact Solvency Ratio at YE2020
Expenses	-22%
Lapses	+10%
Longevity	-8%
Accident and Sickness & Involuntary Unemployment ("ASIU")[2]	-26%

C.2 *Market Risk*

C.2 (a) Risk exposure

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

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

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

C.2 (b) Mitigating actions and controls

Intra-group reinsurance substantially mitigates market risk.

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

- Investment Policy imposing close matching of assets to insurance liabilities and imposing credit ratings limits for investment counterparties and concentration limits to avoid excessive risk concentrations.
- Hedging of residual interest rate exposure using interest rate derivatives, managed according to the requirements of the Company's Derivatives and Hedging Policy.
- Regular monitoring of exposures relative to market risk limits, supplemented by stress and scenario testing.
- Risk is measured principally in terms of SCR, supplemented by standard metrics such as "DV01", the sensitivity of asset and liability values to small changes in market variables.

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[2] This stress was included in the ORSA under the "Global recession stress" the impact here is entirely due to an increase in Involuntary Unemployment claims of 200% in year 1 of the stress and 100% in year 2 of the stress as well as a 100% increase in Accident & Sickness claims in year 1 of the stress and 50% in year 2 of the stress.

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

The Company governance structure is outlined in Section B.1 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, 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.

C.2 (c) Risk concentration

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.

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

C.2 (d) Sensitivity and stress testing

The Solvency Capital Requirement (SCR) at 31 December 2019 for market risk consists of the following components:

Stress	SCR €'000
Interest rate	812
Equity	4,541
Property	-
Spread	2,129
Concentration	154
Currency	223
Diversification	(1,049)
Total SCR Market Risk	6,810

The exposures are examined on an annual basis through the ORSA process.

Methods used and main assumptions

The Company has produced projections of the Solvency II position over a five-year period. This provides a five-year view of a range of possible outcomes and therefore of the capital needs of MLIDAC today. MLIDAC believes a projection period of five years is sufficient as the solvency position is expected to be relatively stable given the run-off nature of the business. All underlying cashflows are projected to the end of the appropriate policy term. The main assumptions are as follows:

- The demographic assumptions used are based on best estimate assessment of historic data.
- The interest rates used are the risk free rates as prescribed by EIOPA.
- Following the establishment of a shared services company in 2017, MLIDAC's expenses comprise

mainly of this cost of services and some smaller direct costs.
- The SCR is calculated in accordance with the rules underlying Solvency II.
- Various other assumptions have been used for the dynamic solvency testing to examine MLIDAC's ability to withstand changes to the assumptions.
- MLIDAC is closed to new business.

Description	Projected Impact Solvency Ratio at YE2020
Global Recession Stress	-56%
1% Increase in spreads	-13%
Interest rates fall by 2%	-24%
FX down 25%	+19%

C.3 *Credit Risk*

C.3 (a) Risk exposure

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

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

C.3 (b) 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.

Mitigation of credit risk arising from investments is further promulgated through adherence to the concentration limits set out in the Investment Risk Policy (see Section C.2)

C.3 (c) Risk concentration

Exposure in respect of single term deposits can be materially concentrated. Monitoring of counterparty credit ratings is in place as described above. Concentration risk arising from intra-group reinsurance with Monument Re is discussed further in Section C.6.

C.3 (d) Sensitivity and stress testing

As measured using the Standard Formula SCR, counterparty default risk capital is €1,018k. 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*

C.4 (a) Risk exposure

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

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

C.4 (b) Expected profit included in future premiums

Expected profit in future premiums (EPIFP) is potentially an illiquid asset. As at 31 December 2019, EPIFP was limited to €1,141k. (2018: €1,483k)

C.4 (c) Mitigating actions and controls

The Company monitors its 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, including those arising from derivatives, and maintenance of a liquidity buffer to cover severe market and demographic stress.

C.4 (d) Risk concentration

The Company has a €32,018k investment in a mortgage fund, which has monthly liquidity subject to discretion on the part of the asset manager.

C.4 (e) Sensitivity and stress testing

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.

C.5 *Operational Risk*

C.5 (a) Risk exposure

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

C.5 (b) Mitigating actions and controls

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

- Regular Risk and Control Self-Assessment process;
- 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.

Technical measures such as firewalls 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.

C.5 (c) Risk concentration

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

C.5 (d) Sensitivity and stress testing

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 €2,073k.

C.6 *Other material risks*

C.6 (a) 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 Group. This includes reputational, contagion, accumulation, concentration and intra-Group transactions risk.

Mitigating Actions and Controls

The Company monitors and mitigates its group risk using the following methods:

- Group Risk Policy imposing requirements for 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 Group and Company as part of the solvency self-assessment process.
- Reinsurance counterparty exposure towards Monument Re 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 on an ongoing basis.

Material risk concentration

The intra-group reinsurance with Monument Re represents a material concentration of risk. In 2018 and 2019 reinsurance arrangements were implemented with Monument Re. This substantially mitigates the Company's market and insurance risks, whilst increasing dependencies within the Monument Group. This risk is mitigated as described above. Within the Solvency II Standard Formula, reinsurance counterparty risk is included within credit risk (see Section C.3).

C.6 (b) 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 may play an active role in this. Risks associated with acquisitions are mitigated by due diligence, capitalisation and change management.

The Company underwrites insurance policies under the 'freedom of services' directive, otherwise referred to as 'passporting'. The UK left the EU on 31 January 2020 and has entered into an implementation period, which is due to operate until the end of December 2020. During this period the passporting regime between the UK and the EEA will continue. The TPR will take effect at the end of the implementation period. This will allow firms to continue operating in the UK within the scope of their current permissions for a limited period after the end of the implementation period while seeking full UK authorisation. MLIDAC (the Company) notified the PRA in March 2019 that it wished to enter the TPR.

Mitigating Actions and Controls

- The Company has a strategic Risk Policy imposing requirements for strategic risk management;
- Board members and executive committee 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 concentration

Emerging risk analysis highlights potential sensitivity to unexpected regulatory, legal or fiscal change. A reduction in opportunities for further market consolidation would also be detrimental from a strategic perspective.

C.6 (c) 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.

The Company adopts sustainable business practices and provides opportunities for and promotes community investment. The Company is considering further opportunities to embed sustainability considerations into its investment strategy and supplier decisions.

C.6 (d) COVID-19 Risk

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections reported across a wide range of countries and regions. At the date of signing this report the ultimate economic and social consequences of the COVID-19 outbreak are uncertain. A pandemic may increase insurance claims, cause investment losses and disrupt business operations. Measures taken by various governments to contain the virus have also affected economic activity. Counterparty credit risk and liquidity risk may also increase.

At the date of signing this report:

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

C.6 (e) Mitigating actions and controls

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

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

C.7 *Any Other Information*

During 2019, the Company made a commitment of €15,000k as a limited partner of a bank revolver opportunity fund. The fund has an investment term of seven years. At 31 December 2019, circa €4,952k has been funded through a liquidity facility. It is not anticipated that the full amount of this fund will be drawn.

D. Valuation for Solvency Purposes

This section is about the Company's valuation of each asset and liability used for Solvency II purposes. The methods and assumptions used for the valuation of assets, technical provisions and other liabilities follow the approaches prescribed under Solvency II valuation rules and Irish GAAP, as appropriate.

The different accounting rules results in a higher value of assets on a Solvency II compared to an Irish GAAP basis primarily due to the value of holdings in related undertakings partially offset by the inclusion of margins for prudence within the Irish GAAP. The following table provides for each major balance sheet category a comparison of the amounts reported in the Company's annual report which are reported under Irish GAAP principles and the amounts reported in the Solvency II balance sheet as at 31 December 2019.

Table 1: Comparison of Irish GAAP and Solvency II Balance Sheets as at 31 December 2019

€000s	Irish GAAP	Classification Differences	Valuation Differences	Solvency II
Assets				
Holdings in related undertakings	13,150.3		6,174.0	19,324.3
Investments – Bonds	185,392.5	3,507.8		188,900.3
Collective Investments Undertaking	60,553.4			60,553.4
Derivatives	86,895.2			86,895.2
Other investments	0.0	8,807.2		8,807.2
Asset held for linked contracts	250,231.0			250,231.0
Reinsurance recoverable	438,034.3	97.2	(2,475.6)	435,655.9
Insurance and intermediaries receivables	3,173.9	0.0		3,173.9
Reinsurance receivables	243.2			243.2
Cash and cash equivalents	20,633.3	(8,807.2)		11,826.1
Any other assets	9,423.6	(3,507.8)	(0.4)	5,915.4
Total Assets	**1,067,730.7**	**97.2**	**3,698.0**	**1,071,525.9**
Liabilities				
Technical Provisions	325,897.7	(90,989.4)	(1,140.7)	233,767.6
Technical Provisions – linked	170,404.8	91,086.6	(2,585.5)	258,905.9
Deposits from reinsurers	435,818.1			435,818.1
Derivatives	91,700.9			91,700.9
Insurance Payables	11,935.4			11,935.4
Reinsurance payables	1,550.2			1,550.2
Other payables	0.0			0.0
Any other liabilities	8,111.6			8,111.6
Total Liabilities	**1,045,418.7**	**97.2**	**(3,726.2)**	**1,041,789.7**
Excess of assets over liabilities	**22,312.0**	**(0.0)**	**7,424.2**	**29,736.2**

The following sections provide an explanation of the bases, methods and assumptions used for Solvency II valuation purposes for the main balance sheet categories, including an explanation where applicable, of the differences between the Irish GAAP financial statements and the Solvency II balance sheet.

D.1 *Assets*

D.1 (a) Investment in subsidiary

The Company purchased Inora Life DAC in September 2019. The Company is valued at historical costs for Irish GAAP reporting. For Solvency II purposes the subsidiary is valued at its solvency II net assets.

D.1 (b) Investments

Investments consist investment grade, liquid, fixed maturity securities of short-to-long duration. FRS102 requires the Company to classify financial instruments measured at fair value into the following hierarchy:

1. Instruments fair valued using a quoted price for an identical asset or liability in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.
2. Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
3. Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

All government and corporate bonds (€188,900k) at year-end 2019 were deemed to be valued in line with Level 2, and this was the case at the previous year-end (€82,723k).

The Company recognises and measures financial assets and financial liabilities in accordance with IAS 39 as permitted by FRS 102.

a. Classification

The Company has designated its investments into the "financial assets at fair value through profit or loss" category.

The category of "financial assets and financial liabilities at fair value through profit or loss" comprises:

- Financial instruments held for trading which include Bonds.
- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes.

Financial liabilities that are not at fair value through profit or loss include accounts payable and claims payable.

b. Recognition and measurement

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset.

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in fair value recognised in the profit and loss account.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

c. Fair value measurement principles.

The fair value of the financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Profit and Loss Account in the period in which they arise.

d. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Investments in the Solvency II balance sheet include accrued interest which represents interest earned since the last coupon or interest payment date. Accrued interest is reported as a separate category in the Irish GAAP balance sheet. In all other respects, the amounts reported in the Solvency II balance sheet are the same as the Irish GAAP balance sheet.

D.1 (c) Collective Investments Undertaking

The Company has invested in a number of collective investment undertakings. These relate to portfolios of money market funds, bonds and also residential mortgages. The money market funds are priced on a daily basis using market prices. The residential mortgage fund offers daily prices.

There is no difference between the valuation on an Irish GAAP and Solvency II basis.

D.1 (d) Derivatives

The Company holds a number of interest rate swaps to help with the interest rate management of the Belgium 'First A' policies. The company values derivatives based on a counterparty valuation which is verified by an independent third-party valuation service. The company obtains fair values from quoted prices prevailing in active markets, where available. Otherwise, the company values the instruments using valuation techniques including discounted cash-flow analysis and option pricing models.

There is no difference in valuation of the Solvency II and Irish GAAP basis.

D.1 (e) Reinsurance receivable

The Company cedes insurance premiums and risk to a number of reinsurers in the normal course of business. Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct insurance business being reinsured. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses, ceded unearned premiums and ceded future life policy benefits. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

The reinsurance receivable amounts reported in the Solvency II balance sheet are the same as the Irish GAAP balance sheet.

D.1 (f) Reinsurance recoverable

Reinsurance recoveries are calculated on a basis consistent with the technical provisions. They are equal to the present value of the projected amounts of claims recovered from reinsurers minus the present value of the reinsurance premiums paid.

Reinsurance applies on one portion of the BEL that is excluded from the Irish GAAP reserves. The difference in reinsurance recoverable represents the reinsured element of this excluded amount. It amounted to €2,476k at year end 2019.

D.1 (g) Receivables

Other non-insurance debtors and prepayments.

The amounts reported in the Solvency II balance sheet are the same as the Irish GAAP balance sheet.

D.1 (h) Cash & cash equivalents

This relates to deposits exchangeable for currency on demand at par and which can be used for making payments without penalty or restriction. The valuation of such deposits is equal to the actual amounts deposited with the bank.

D.1 (i) Other assets

Other assets in the Irish GAAP balance sheet consist prepayments and receivables.

D.2 *Technical provisions*

The following table provides an analysis of gross technical provisions by line of business including risk margin, under Solvency II and on an Irish GAAP basis.

Table 2: Comparison of technical provisions on Irish GAAP and Solvency II basis as at 31 December 2019

€000s	Solvency II	Irish GAAP	Difference
Best Estimate Liabilities	490,155.5	493,881.7	- 3,726.3
Risk Margin	2,517.9	2,517.9	-
Total	**492,673.4**	**496,399.7**	**- 3,726.3**

The difference in the Best Estimate Liabilities reflects that not all profits expected on the book are allowed to be accounted for on an Irish GAAP basis. This creates an explicit margin of prudence on an Irish GAAP basis in addition to the allowance for a risk margin.

D.2 (a) Assumptions

The key assumptions underlying the calculation of the technical provisions are discount rates, claim rates, expense budget and lapse rates.

The Company has a service level agreement in place with another group entity, MISL, to provide the administration of the MLIDAC business. There is an agreed fee between MISL, and the Company based on a per policy cost. In addition, the Company incurs some direct costs. These expenses are projected in line with the best estimate lapse assumption. Expenses are then inflated using an assumption of 2.5% per annum (Euro expenses) or 3.5% per annum (ST£ expenses). Expense assumptions have been revised in line with the latest budget expectations.

Lapse rates are determined with reference to the Company's past experience. The lapse experience is analysed based on the duration in force and consequently the assumptions are also varied by duration where relevant. Most of the Company's portfolios use a long-term lapse assumption, as duration specific assumptions are less applicable for more mature portfolios. Over the year lapse assumptions were changed for the Belgium 'First A' policies and some of the unit-linked portfolio. These changes have brought the assumptions closer to the observed past experience.

The discount rate used in the calculation of the technical provisions is the risk-free term structure provided by EIOPA. No volatility adjustment or matching adjustment is applied to these rates and transition arrangements were not used. GBP denominated cashflows were discounted using the GBP curve, while Euro denominated cashflows were discounted using the EUR curve.

D.2 (b) Methodology

The technical provisions for the Company equal the sum of the Best Estimate Liability ("**BEL**") and the Risk Margin ("**RM**"). The BEL is the present value of the future cashflows of the business calculated on a deterministic basis for most lines of business. A stochastic approach is used for the 'First A' and Variable Annuity portfolios due to the presence of financial guarantees, as the value of such guarantees would not be fully captured using a deterministic approach. The cashflows allow for premiums and claims on the business, policy lapses, and the Company's expenses.

The BEL calculation is carried out on a gross of reinsurance basis. However, the cashflows related to the reinsurance treaties are modelled so that the reinsurance recoverable can also be calculated.

The BEL is calculated policy-by-policy or tranche-by-tranche, whichever is the more granular, for all contracts in force at the valuation date that are within the definition of contract boundaries under Solvency II. As the UK accelerated critical illness business is considered to be outside of the contract boundary, it is not projected as part of the BEL. Future regular premiums on unit-linked contacts also fall outside the contract boundary and are excluded from the BEL. The discount rate is the risk-free interest rate term structure for the relevant currency.

The RM is the cost of holding the non-hedgeable components of the SCR over the lifetime of the obligations (as defined in Solvency II). The cost of capital rate is specified in the regulations and is currently set to 6%. The RM is calculated according to the Solvency II cost-of-capital approach. A full projection of the applicable components of the SCR for each year in the future is not feasible given the long-term nature of the liabilities.

Article 58 of the Delegated Regulation allows for a simplified approach to be used when explicit calculation of the future SCR components is not practical. The Company uses a risk driver approach. The projected SCR is expected to move in line with the Company's projected BEL or Value-In-Force ("VIF") for most SCR components. Expense SCR is projected in line with the expense component of BEL, while the counterparty default risk module is expected to move in line with the future expected premium or Life SCR depending on the portfolio. The market components of the SCR are assumed hedgeable and are therefore excluded from the projected SCR in calculating the RM.

D.2 (c) Indication of the level of uncertainty

There is inherent uncertainty in any estimate of technical provisions, as the ultimate cost of claims is subject to the outcome of events which are yet to occur.

The main sources of uncertainty with regard to the future cost of claims include the following:

- Actual claims levels may increase
- The future economic environment may cause claims to increase
- Additional uncertainty stems from future expenses and premiums

An active approach is taken by management to identify sources of uncertainty, quantify them and take actions to mitigate their potential impact. The high level of reinsurance in place is indicative of management's approach in this regard.

D.2 (d) Matching adjustment

A matching adjustment was not applied to the valuation of the technical provisions at year-end 2019 and was not applied at year-end 2018.

D.2 (e) Volatility adjustment

A volatility adjustment was not applied to the valuation of the technical provisions at year-end 2019 and was not applied at year-end 2018. The Company have submitted an application to use the volatility adjustment in future periods, and are currently awaiting a decision.

D.2 (f) Transitional risk-free interest rate-term structure

The transitional risk-free interest rate-term structure was not applied to the valuation of the technical provisions at year-end 2019 and was not applied at year-end 2018.

D.2 (g) Transitional deduction

The transitional deduction was not used by the Company at year-end 2019 and was not used at year-end 2018.

D.2 (h) Change in assumptions

The main material changes to the assumptions used in the calculation of the technical provisions at year end 2019 were in respect of the expense base, and to the lapse assumptions used on the Belgium 'First A' and unit-linked portfolios.

D.2 (i) Special Purpose Vehicle

There were no special purpose vehicles at 31 December 2019, and this was the case at the previous year-end.

D.3 *Other liabilities*

D.3 (a) Any other liabilities

Any other liabilities consist primarily of accruals for expenses and taxes incurred but not yet settled. Expenses are recorded for on an accrual basis in the period in which they are incurred.

The amounts reported in the Solvency II balance sheet are the same as the Irish GAAP balance sheet.

D.4 *Alternative methods for valuation*

Due to the nature of the Company's assets, SII valuation principles based on quoted market prices for identical or similar assets are not relevant. As stated in D.1, the inputs used to value assets are based on observable data for each individual asset and is consistent with how these assets are valued in the Company's financial statements.

D.5 *Any other information*

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

E. CAPITAL MANAGEMENT

This section describes the components of the Company's Own Funds as at 31 December 2019, as well as the policies and processes the Company uses to make sure it meets all regulatory capital requirements when it manages Own Funds.

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 employed by the undertaking for managing its Own Funds

One of the core objectives of the Company's strategy is to maintain its financial strength. 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. There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds. The capital management policy sets out the objectives of the Company in this regard. The key objective of this policy is to ensure that the regulatory requirement for the Solvency Coverage is met by at least 100% 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 Basic 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 Finance Director on a quarterly basis, whilst annually, the Own Funds is approved by the Board in the annual filings to the CBI. The level of Own Funds is monitored on a regular basis.

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

Table 3: Breakdown of Own Funds as at 31 December 2019 and 2018

€000s	Total Own Funds	Total Own Funds	Tier	Eligible Own Funds to cover SCR	Eligible Own Funds to cover SCR	Eligible Own Funds to cover SCR	Eligible Own Funds to cover MCR
	31 Dec 19	31 Dec 18		31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
Ordinary Share Capital	635.0	635.0	1	635.0	635.0	635.0	635.0
Reconciliation reserve	(18,076.5)	(15,546.9)	1	(18,076.5)	(15,546.9)	(18,076.5)	(15,546.9)
Other Own Funds	45,677.7	45,677.7	1	45,677.7	45,677.7	45,677.7	45,677.7
Total Basic Own Funds	**28,236.2**	**30,765.8**		**28,236.2**	**30,765.8**	**28,236.2**	**30,765.8**

There are no restrictions on the availability of the Company's Own Funds other than to meet the MCR and SCR dictated by the Directive and subsequent Delegated Acts and implementing technical standards issued by EIOPA.

The Company's Equity as reported in its audited financial statements was €22,312k compared to Own Funds on a Solvency II basis of €28,236k.

During the year the Company's Own Funds have decreased from €30,766k to €28,236k. Dividends proposed and paid during 2019 by the Company to its parent of €3,500k together with foreseeable dividends of €1,500, and assumption updates have decreased Own Funds, while the take-on of the MetLife portfolio, the Inora acquisition and the cashflows associated with the current in-force business have added to Own Funds over the year.

E.1 (e) Material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The following table summarises the differences between Shareholders Equity reported in the Company's financial statements and the excess of assets over liabilities for solvency purposes. The main difference arises from the valuation of MLIDAC's subsidiary, Inora, which is valued at purchase price in the financial statements but market value for solvency purposes. There is also a difference in the value of the technical provisions, whereby there are additional margins of prudence in the methodology applied to the provisions in the financial statements, which does not hold any additional capital buffers.

Table 4: Financial Statements Equity versus Own Funds as at 31 December 2019 and 2018

€000s	31 Dec 19	31 Dec 18
Shareholder Equity per financial statements	**22,311.5**	**29,273.3**
Difference in the valuation of subsidiaries	6,174.0	-
Difference in the valuation of assets	(2,475.6)	(90.0)
Difference in the valuation of technical provisions	3,726.3	1,582.5
Solvency II Excess of Assets over Liabilities	**29,736.2**	**30,765.8**

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

The Company did not use any Solvency II transitional arrangements for year-end 2019 and 2018.

E.1 (g) Ancillary Own Funds

The Company did not have any ancillary own fund items at year-end 2019 and 2018.

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

A foreseeable dividend on €1,500k has been deducted from excess assets over liabilities. This reduces own funds from €29,736k to €28,236k.

E.2 *Solvency Capital Requirement split by risk module*

The Company calculates the SCR using the standard formula. The SCR is the modelled value of a 1-in-200 year loss of Own Funds occurring in the next year. The SCR includes the Basic Solvency Capital Requirement, together with an SCR component in respect of operational risk. Given that the Company has a large amount of carried forward losses, no adjustment is made to allow for a reduction in the SCR for the loss-absorbing capacity of deferred taxes and technical provisions.

The Basic Solvency Capital Requirement is calculated via a set of EIOPA defined stresses, that are split into the following modules:

- Market
- Counterparty (default)
- Life underwriting
- Non-life underwriting
- Health underwriting

These modules are then combined using correlation factors as defined by EIOPA. The following table shows the split of the SCR at end December 2019 and at end December 2018.

Table 5: Breakdown of SCR by risk module as at 31 December 2019 and 2018

€000s	2019	2018
Market	6,812.9	1,182.4
Counterparty (default)	1,018.4	1,887.3
Life underwriting	2,054.3	1,151.8
Health underwriting	-	-
Non-life underwriting	-	-
Basic Solvency Capital Requirement	**7,949.0**	**3,028.2**
Operational Risk	2,072.6	505.1
Solvency Capital Requirement	**10,022.6**	**3,533.3**

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

E.2 (a) Use of simplified methods

The Company does not use any simplified calculations or undertaking-specific parameters to arrive at its SCR at year-end 2019, nor did it for the SCR as calculated at year-end 2018.

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

No capital add-ons apply to the Company at year-end 2019, nor did it at year-end 2018. The Company did not use undertaking specific parameters, nor did it last year.

E.2 (c) MCR

The Company's MCR is €6,200k, being the Absolute Minimum Capital Requirement for a composite undertaking. The Linear MCR is €993k, and is defined as a percentage of technical provisions, with different percentages applicable dependent on the nature of the underlying liability plus a percentage of the total capital at risk. The Combined MCR is equal to the lower limit of 25% of the SCR (with the upper limit being 45% of the SCR). This gives a Combined MCR of €2,505k. The absolute floor of €6,200k therefore applies. This floor also applied at year-end 2018, although it was equal to the absolute floor for a life undertaking, €3,700k.

E.2 (d) Changes since the previous reporting period

The SCR increased from a value of €3,533k to €10,022k over the year. This is driven by the purchase of Inora, and the take-on of a portfolio of unit linked, variable annuity, fixed term annuity and non-linked policies from Met Life Europe over the year.

As the calculated MCR is less than a minimum floor, the Absolute Minimum Capital Requirement, as prescribed by EIOPA is applied. The MCR was set to €6,200k at year-end 2019, compared to €3,700k in 2018. The increase over the year reflects the company's change from a life company to a composite company.

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

We do not use the duration based equity risk sub-module, nor did we use this measure last year.

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

We use the standard formula to calculate the SCR, so there are no differences between the standard formula and our internal model, and we used the standard formula to calculate our SCR in the previous year.

E.5 *Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement*

The Company remained compliant with the Minimum Capital Requirement and the Solvency Capital Requirement throughout the reporting period.

E.6 *Any other information*

E.6 (a) Capital transactions in 2019

The Company distributed €3,500k to its parent MADAC over the course of the year. An additional foreseeable dividend of €1,500k is also included in respect of a dividend expected to be payable in April 2020.

Appendix 1 – List of public QRT to be disclosed

Article 4 - Templates for the solvency and financial condition report of individual undertakings are included in Appendix 3.

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

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

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

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

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

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

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

Appendix 2 - Glossary

Absolute Minimum Capital Requirement: This is an amount of money that the Company is obliged to hold as capital as an absolute floor. This is defined as €6.2m for the Company, as it is a composite insurance company, under Regulation 140 of Statutory Instrument 485/2015.

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.

Brexit: abbreviation for "British exit," referring to the UK's decision in a June 23, 2016 referendum to leave the European Union (EU).

Cash and cash equivalents: the item include 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, which are included in the Group liquidity management.

Chief Risk Officer (CRO): Chief Risk Officer of the Company, outsourced to Monument Insurance Services Limited.

Combined MCR: The Combined Minimum Capital Requirement is equal to the lower limit of 25% of the SCR (with the upper limit being 45% of the SCR).

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 Article 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.

Control function (CF): A control function is a function in relation to the provision of financial service which is prescribed by the Central Bank of Ireland as a control function.

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 recoverable 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.

Key Risk Indicators (KRI): is a measure used in management to indicate how risky an activity is. Key risk indicators are metrics used by organisations to provide an early signal of increasing risk exposures in various areas of the enterprise.

Linear MCR: The Linear Minimum Capital Requirement is equal to 2.1% of the Technical Provisions plus 0.07% of the Capital at Risk.

Laguna Life Limited (the Company, LLDAC): Former name of the regulated entity to which this report pertains.

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

Master Services Agreement (MSA): A master service agreement, or MSA, is a contract reached between parties, in which the parties agree to most of the terms that will govern future transactions or future agreements.

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).

Monument Assurance designated activity company (MADAC): parent company of Monument Life Insurance DAC

Monument Insurance Services Limited (MISL): outsourced service provider and related party.

Monument Life Insurance designated activity company (MLIDAC): name of the regulated entity to which this report pertains.

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 quarterly. The fee is a function of the number of policies and the agreed policy administration fee.

Pre-approval Controlled Function (PCF): Persons performing PCF roles must be pre-approved by the Central Bank of Ireland in order to take up the role.

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 recoverable: Reinsurance recoverable 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 Framework (RAF): The Risk Appetite Framework sets the overall risk strategy in terms of aggregate level of risk that the Company's board is willing 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.

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 recoverable 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.

Appendix 3 - Quantitative Reporting Templates

Monument Life Insurance DAC

Solvency and Financial Condition Report

Disclosures

31 December

2019

(Monetary amounts in EUR thousands)

General information

Undertaking name	Monument Life Insurance DAC
Undertaking identification code	6354004VZGO3OQV28817
Type of code of undertaking	LEI
Type of undertaking	Undertakings pursuing both life and non-life insurance activity - article 73 (2)
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	364,480
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	19,324
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	188,900
R0140	*Government Bonds*	37,344
R0150	*Corporate Bonds*	148,230
R0160	*Structured notes*	0
R0170	*Collateralised securities*	3,326
R0180	*Collective Investments Undertakings*	60,553
R0190	*Derivatives*	86,895
R0200	*Deposits other than cash equivalents*	8,807
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	250,231
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	435,656
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	202,865
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	202,865
R0340	*Life index-linked and unit-linked*	232,791
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,174
R0370	Reinsurance receivables	243
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	11,826
R0420	Any other assets, not elsewhere shown	5,915
R0500	**Total assets**	1,071,526

S.02.01.02
Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	
R0520	*Technical provisions - non-life (excluding health)*	
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	
R0550	*Risk margin*	
R0560	*Technical provisions - health (similar to non-life)*	
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	233,768
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	233,768
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	231,789
R0680	*Risk margin*	1,978
R0690	Technical provisions - index-linked and unit-linked	258,906
R0700	*TP calculated as a whole*	250,017
R0710	*Best Estimate*	8,349
R0720	*Risk margin*	539
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	435,818
R0780	Deferred tax liabilities	
R0790	Derivatives	91,701
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	11,935
R0830	Reinsurance payables	1,550
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	8,112
R0900	**Total liabilities**	1,041,790
R1000	**Excess of assets over liabilities**	29,736

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net												0					0
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net												0					0
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net												0					0
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net												0					0
R0550	**Expenses incurred**												0					0
R1200	**Other expenses**																	
R1300	**Total expenses**																	0

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross		7	263,687	136,801					400,495
R1420	Reinsurers' share		6	238,739	122,732					361,478
R1500	Net		1	24,947	14,069					39,017
	Premiums earned									
R1510	Gross		7	263,687	136,801					400,495
R1520	Reinsurers' share		6	238,739	122,732					361,478
R1600	Net		1	24,947	14,069					39,017
	Claims incurred									
R1610	Gross		16,834	28,817	145,742					191,393
R1620	Reinsurers' share		14,975	25,939	127,437					168,351
R1700	Net		1,858	2,878	18,306					23,042
	Changes in other technical provisions									
R1710	Gross			256,686						256,686
R1720	Reinsurers' share			231,429						231,429
R1800	Net		0	25,257	0					25,257
R1900	**Expenses incurred**		33	404	1,175					1,612
R2500	**Other expenses**									1,923
R2600	**Total expenses**									3,534

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			GB	DE	GR	ES	IL	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	92,706	155,327	29,390	50,656	50,561		378,641
R1420	Reinsurers' share	83,436	139,744	26,451	45,591	45,167		340,388
R1500	Net	9,271	15,583	2,939	5,066	5,395	0	38,253
	Premiums earned							
R1510	Gross	92,706	155,327	29,390	50,656	50,561		378,641
R1520	Reinsurers' share	83,436	139,744	26,451	45,591	45,167		340,388
R1600	Net	9,271	15,583	2,939	5,066	5,395	0	38,253
	Claims incurred							
R1610	Gross	97,013	158,730	37,092	57,408	58,817		409,060
R1620	Reinsurers' share	86,752	142,619	33,448	51,751	53,317		367,887
R1700	Net	10,262	16,111	3,644	5,657	5,500	0	41,174
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	373	625	118	204	203		1,524
R2500	**Other expenses**							1,818
R2600	**Total expenses**							3,342

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)				
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**	0	250,017			0					250,017						
R0020	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	0	225,015			0					225,015						
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**	109,211		4,146	4,203		122,578				240,138						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	98,177		3,733	4,043		104,687				210,641						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	11,034		413	161		17,890	0			29,498						
R0100	**Risk margin**	1,588	539			390					2,518						
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						
R0120	Best estimate										0						
R0130	Risk margin										0						
R0200	**Technical provisions - total**	110,800	258,906			122,968					492,673						

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior													
R0160	2010													
R0170	2011													
R0180	2012													
R0190	2013													
R0200	2014													
R0210	2015													
R0220	2016													
R0230	2017													
R0240	2018													
R0250	2019													
R0260												**Total**		

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior												
R0160	2010												
R0170	2011												
R0180	2012												
R0190	2013												
R0200	2014												
R0210	2015												
R0220	2016												
R0230	2017												
R0240	2018												
R0250	2019												
R0260												**Total**	

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior													
R0160	2010													
R0170	2011													
R0180	2012													
R0190	2013													
R0200	2014													
R0210	2015													
R0220	2016													
R0230	2017													
R0240	2018													
R0250	2019													
R0260												**Total**		

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior												
R0160	2010												
R0170	2011												
R0180	2012												
R0190	2013												
R0200	2014												
R0210	2015												
R0220	2016												
R0230	2017												
R0240	2018												
R0250	2019												
R0260												**Total**	

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	**Total**	**Tier 1 unrestricted**	**Tier 1 restricted**	**Tier 2**	**Tier 3**
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	635	635		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-14,576	-14,576			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	42,178	42,178	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	28,236	28,236	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	28,236	28,236	0	0	0
R0510	Total available own funds to meet the MCR	28,236	28,236	0	0	
R0540	Total eligible own funds to meet the SCR	28,236	28,236	0	0	0
R0550	Total eligible own funds to meet the MCR	28,236	28,236	0	0	
R0580	**SCR**	10,022				
R0600	**MCR**	6,200				
R0620	**Ratio of Eligible own funds to SCR**	281.75%				
R0640	**Ratio of Eligible own funds to MCR**	455.42%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	29,736
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	1,500
R0730	Other basic own fund items	42,813
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-14,576

	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	1,141
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	1,141

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6,813		
R0020	Counterparty default risk	1,018		
R0030	Life underwriting risk	2,054		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-1,937		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	7,949		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	2,073
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	10,022
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	10,022
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
R0010	**Linear formula component for non-life insurance and reinsurance obligations**	0	0

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
R0020	Medical expense insurance and proportional reinsurance				
R0030	Income protection insurance and proportional reinsurance				
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance				
R0060	Other motor insurance and proportional reinsurance				
R0070	Marine, aviation and transport insurance and proportional reinsurance				
R0080	Fire and other damage to property insurance and proportional reinsurance				
R0090	General liability insurance and proportional reinsurance				
R0100	Credit and suretyship insurance and proportional reinsurance				
R0110	Legal expenses insurance and proportional reinsurance				
R0120	Assistance and proportional reinsurance				
R0130	Miscellaneous financial loss insurance and proportional reinsurance				
R0140	Non-proportional health reinsurance				
R0150	Non-proportional casualty reinsurance				
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance				

		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
R0200	**Linear formula component for life insurance and reinsurance obligations**	0	993

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
R0210	Obligations with profit participation - guaranteed benefits			11,034	
R0220	Obligations with profit participation - future discretionary benefits			0	
R0230	Index-linked and unit-linked insurance obligations			25,575	
R0240	Other life (re)insurance and health (re)insurance obligations			17,890	
R0250	Total capital at risk for all life (re)insurance obligations				42,447

	Overall MCR calculation	C0130
R0300	Linear MCR	993
R0310	SCR	10,022
R0320	MCR cap	4,510
R0330	MCR floor	2,505
R0340	Combined MCR	2,505
R0350	Absolute floor of the MCR	6,200
R0400	**Minimum Capital Requirement**	6,200

	Notional non-life and life MCR calculation	C0140	C0150
R0500	Notional linear MCR	0	993
R0510	Notional SCR excluding add-on (annual or latest calculation)	0	10,022
R0520	Notional MCR cap		4,510
R0530	Notional MCR floor		2,505
R0540	Notional combined MCR	0	2,505
R0550	Absolute floor of the notional MCR	2,500	3,700
R0560	**Notional MCR**	2,500	3,700