INORA LIFE DAC

SOLVENCY AND FINANCIAL CONDITION REPORT

FINANCIAL YEAR 31 DECEMBER 2016

TABLE OF CONTENTS

SUMMARY 4

BUSINESS AND PERFORMANCE 5

1 - BUSINESS 5
1.1 Introduction 5
1.2 Supervisory authority 5
1.3 External auditors 5
1.4 The Company's position within Société Générale Group 5
1.5 Lines of business and geographical areas 5
1.6 Operating highlights 6
2 - UNDERWRITING PERFORMANCE 6
3 - INVESTMENT PERFORMANCE 7
3.1 Breakdown of Company investments by main asset category 7
3.2 Net investment Income 8
3.3 Realised gains and losses 8
3.4 Other income and expenses 8
3.5 Investment management expenses and interest charges 8
3.6 Unrealised gains and losses 8
3.7 Investments in securitisation 8
4 - PERFORMANCE OF OTHER ACTIVITIES 8
5 - ANY OTHER INFORMATION 9

SYSTEM OF GOVERNANCE 10

1 - GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE 10
1.1 Governance bodies and key functions 10
1.2 Board of Directors 11
1.3 Remuneration policy and practices 14
2 - FIT AND PROPER REQUIREMENTS 14
3 - RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT 15
3.1 Risk Management System 15
3.2 ORSA 16
4 - INTERNAL CONTROL SYSTEM 18
4.1 Definition and objectives of internal control 18
4.2 General organisation of internal control 18
4.3 Levels of Internal Control 19
4.4 Tools and practices 19
4.5 Compliance control 20
5 - INTERNAL AUDIT FUNCTION 20
5.1 Overview of internal audit function 20
5.2 Independence and objectivity of Internal Audit 21
6 - ACTUARIAL FUNCTION 21
6.1 Actuarial function assignments 21
6.2 Implementation of actuarial function 21
7 - OUTSOURCING 22
7.1 Inherent risks related to outsourcing of activity 22
7.2 Governance and principles of outsourcing policy 23
7.3 Implementation of outsourcing policy 23
7.4 Main activities outsourced by the Company 24
8 - ANY OTHER INFORMATION 25

RISK PROFILE 26

1 - INTRODUCTION 26
2 - UNDERWRITING RISK 26
2.1 Underwriting risk exposure and measurement 26
2.2 Underwriting risk concentration 26
2.3 Underwriting risk mitigation 26

2.4 Underwriting risk sensitivity 27
3 - MARKET RISK **27**
3.1 Market risk exposure and measurement 27
3.2 Market risk concentration 27
3.3 Market risk mitigation 27
3.4 Market risk sensitivity 28
4 - CREDIT RISK **28**
4.1 Credit risk exposure and measurement 28
4.2 Credit risk concentration 28
4.3 Credit risk mitigation 28
4.4 Credit risk sensitivity 28
5 - LIQUIDITY RISK **29**
5.1 Liquidity risk exposure and measurement 29
5.2 Liquidity risk concentration 29
5.3 Liquidity risk mitigation 29
5.4 Liquidity risk sensitivity 29
6 - OPERATIONAL RISK **30**
6.1 Operational risk exposure and measurement 30
6.2 Operational risk concentration 30
6.3 Operational risk mitigation 30
6.4 Operational risk sensitivity 30
7 - OTHER RISKS **30**
7.1 Valuation risk 30
7.2 Expense risk 30
7.3 Cyber risk 31
VALUATION FOR SOLVENCY PURPOSES **32**
1 - ASSETS **33**
1.1 Principles, methods and mains assumptions used for valuing assets 33
2 - TECHNICAL PROVISIONS **35**
2.1 Principles, methods and mains assumptions used for valuing technical provisions 35
3 - OTHER LIABILITIES **36**
3.1 Principles, methods and mains assumptions used for other liabilities valuation 36
4 - OTHER INFORMATION **36**
CAPITAL MANAGEMENT **37**
1 - OWN FUNDS **37**
1.1 Own funds management policy 37
1.2 Composition of available own funds 37
1.3 Reconciliation between statutory own funds and Solvency II own funds 37
1.4 Items deducted from own funds 38
1.5 Eligible own funds to cover capital requirements 38
2 - SCR AND MCR **39**
2.1 Capital requirements and cover ratio 39
2.2 Capital requirements calculation principles 39
2.3 SCR by risk module 40
2.4 MCR 40
3 - USE OF DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR **41**
4 - DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED **41**
5 - NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR **41**
6 - ANY OTHER INFORMATION **41**
APPENDIX **42**

SUMMARY

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website. This document is the first version of the Solvency and Financial Condition Report ("SFCR") that is required to be published by the Inora Life Dac ('the Company').

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's Board of Directors, with the help governance and control functions that it has put in place to monitor and manage the business.

The Company is closed to new business and the focus of the Board and Management Team is the orderly run-off of the existing book of policies in line with their policy terms and conditions. Over time the volume of policies will diminish as policies mature, or are surrendered. As a consequence the expected performance, year-on-year, will reflect a diminishing number of policies and reducing level of assets under management. The Company is required to hold sufficient assets to match its policyholder liabilities at all times and a primary responsibility of the Board is to ensure that the Company's capital is adequate to cover the required solvency for the nature and scale of the business, and the expected operational requirements of the business. A number of mechanisms are in place to evaluate those levels. The outcome of those assessments indicates that the Company's capital is adequate at this time and for the expected requirements in the short to medium term.

The Company's financial year runs to 31 December each year and it reports its results in Euro.

BUSINESS AND PERFORMANCE

1 - BUSINESS

1.1 Introduction

The Company is a limited liability company with share capital of €635,000 fully paid. The Company is registered in Ireland under registration number 329 745. The Company is a regulated unit-linked life assurance private company limited by shares. The Company's operating and registered address is: Inora Life Dac, IFSC House, IFSC, Dublin 1, Ireland.

The Company is owned 100% by Société Générale Group "(the Group"), whose headquarters are situated 17, Cours Valmy, 92987 Paris La Defense 7 Cedex, France.

.

1.2 Supervisory authority

Resulting from a lack of new business, the decision by mutual agreement was taken at a board meeting on 16 February 2012, to close the Company to new business and to place the Company into run-off. This followed a strategic review into the Company's operations by its parent Société Générale. The Company is expected to run off its business until 31 December 2022 with an expected transfer to another group entity no later than 31 December 2022.

The Company is authorised by the Central Bank of Ireland (CBI). The CBI's address is:
Central Bank of Ireland,
North Wall Quay,
Spencer Dock,
PO Box 11517,
Dublin 1,
Ireland.

1.3 External auditors

The Company's external auditor is Ernst & Young, Chartered Accountants and Statutory Audit Firm, Harcourt Court, Harcourt Street, Dublin 2, Ireland.

1.4 The Company's position within Société Générale Group

The Company is 100% owned by Société Générale Group. Within Société Générale Group organization, the Company is consolidated as part of the Corporate Investment Banking division GBIS but is supervised by the group's insurance business line SOGECAP (Société Générale's insurance business line).

1.5 Lines of business and geographical areas

The Company's principal activity is to transact cross-border life assurance business in the European Union. The Company's financial year end is 31 December each year. The Company is no longer taking new business but continues to exist, administering its existing policies in line with their contract terms and conditions. Policy administration services are outsourced to IFDS Percana Limited ("IFDS"), an authorised service provider in Ireland.

The Company is operating on freedom of services basis in Germany, Italy, Austria and Belgium and through its branch in France.

1.6 Operating highlights

Results for the year end and state of affairs

The Company made a loss of €655,000 for the year ended 2016. The performance in 2016 was affected by a recalculation of the liability adequacy test reserve.

No dividends were paid during the year. The results were impacted by development costs related to compliance with new regulatory requirements including Solvency II.

Review of key performance indictors

The total number of policies in force at year end is 8,783. The total policyholder assets under management as at year end is €224,123,000. Total surrenders and maturities during 2016 amounted to €93,858,000.

The objective of the Company is to meet the reasonable expectations of policyholders and comply with all statutory, financial and regulatory requirements, whilst generating satisfactory returns for the shareholder. The Company will aim to negate risks and minimise costs and potential losses associated with running off the business.

2 - UNDERWRITING PERFORMANCE

Existing policyholders are located in Italy, Belgium, France, Germany and Austria.

New premiums received during the year, relate to regular premiums on existing regular premium policies, and a small amount of top-up premiums.

Under International Financial Reporting Standards ("IFRS"), the Company's single unit-linked contracts are classed as investment-linked contracts and the Company's regular unit-linked contracts are classed as insurance-linked contracts.

Movement in technical provisions for linked liabilities:

The following table summarises the liabilities under investment-linked contracts and insurance-linked contracts during the year:

€000	Up to a year	1-5 years	Over 5 years	Unit Linked	Total
Insurance Contract Liabilities	-	-	-	58,952	58,952
Investment Contract Liabilities	-	-	-	165,171	165,171
Insurance Payables	1,753	-	-	-	1,753
Other Payables	1,405	-	-	-	1,405
Total Liabilities	3,158	-	-	224,123	227,281

Change in provisions for investment-linked contract liabilities include net realised and unrealised gains and losses on financial investments held to cover financial liabilities.

3 - INVESTMENT PERFORMANCE

3.1 Breakdown of Company investments by main asset category

The Company does not provide asset selection advice. The investments linked to insurance policies are selected by policyholders, or their appointed advisers, or where applicable, by asset managers selected by the policyholders and appointed for the purpose by the Company. The assets are owned by the Company. The Company is required to maintain assets to match its policyholder liabilities at all times.

The following investments, cash and cash equivalents, and other assets are held to cover technical provisions for linked liabilities.

€000	*2016*
ASSETS	
Cash and cash equivalents	9,018
Receivables arising out of direct insurance operations	3,079
Prepayments and accrued income	326
Financial assets	244,492
TOTAL ASSETS	**256,915**

Fair value is assessed using valuation techniques based on available relevant information and an appraisal of all associated risks.

The value of assets under management is affected by asset and currency performance, as well as policies maturing or surrendering each year. As the Company is closed to new business, this results in a reducing profile year on year.

3.2 Net investment income

Investment income comprises interest and other income receivable, realised gains and losses on investments and unrealised gains and losses. Movements are recognised in the profit and loss account in the period in which they arise. Interest is accounted for on a time proportion basis using the effective interest method.

3.3 Realised gains and losses

Realised gains and losses are recognised through the surrender of investments or maturities during the current year.

3.4 Other income and expenses

Other income and expenses arising from investments are mainly related to premium on fixed income bonds.

3.5 Investment management expenses and interest charges

Investment management expenses and interest charges are mainly composed of interest charges related to charges and to fees related to investment transactions.

3.6 Unrealised gains and losses

At year-end 2016, investments of the Company have unrealised gains of €6,762,000. In the statutory balance sheet, investments are accounted for at fair value.

3.7 Investments in securitisation

The Company's investments portfolio does not include any securitisation investment at the end of 2016.

4 - PERFORMANCE OF OTHER ACTIVITIES

The Company's only activity is that of unit-linked life assurer.

Income for the Company is in respect of fees which are charged to investment-linked contracts for contract administration services, investment management services, payment of benefits and other services related to the administration of investment-linked contracts. Fees are recognised as revenue for the services provided. The fees charged for the current year are shown below:

€000	
	2016
Asset management charges received	1,578
Rebates from external fund managers	1,869
Surrender charges	18
Other investment income	418
	3,883

Operating costs of the Company are charged through the technical account of the profit and loss statement.

€000	
	2016
Administrative expenses	5,139

Included in net operating expenses are commissions for direct insurance business of €2,138,000. Expenses during the year 2016 have decreased relative to 2015 apart from the costs associated with the design and implementation of robust governance arrangements to secure compliance with continuing developments in the regulatory environment including Solvency II.

5 - ANY OTHER INFORMATION

During the year the Company's name was changed from Inora Life Limited to Inora Life Designated Activity Company in accordance with obligations arising under the new Irish Companies Acts 2014.

The new EU regulatory regime known as Solvency II, implemented through Irish Statutory Instrument No. 485 of 2015, came into force 1 January 2016.

During the financial year the Company's main focus has been to continue to implement its strategy, which is to protect the interests of policyholders and other stakeholders and ensure an orderly wind-down of the business whilst maintaining the financial and commercial stability of the Company.

The Company is subject to a number of legal actions primarily with regard to asset performance. The majority of the assets on the Company's balance sheet are held in respect of unit-linked contracts, where the policyholders or their appointed advisor has selected the assets to be linked to their policies.

The Company does not provide asset selection advice, and is robustly defending these cases.

SYSTEM OF GOVERNANCE

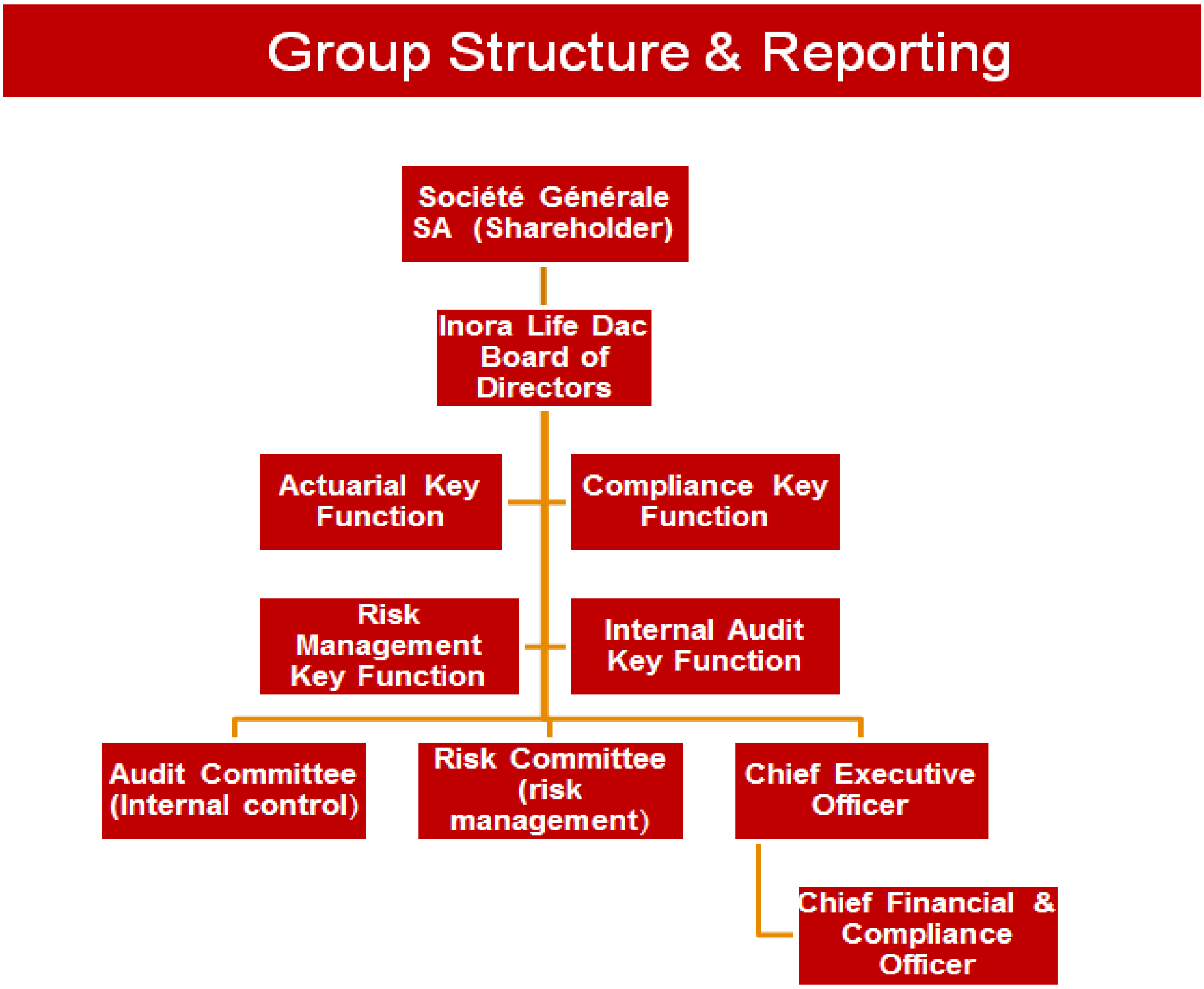
1 - GENERAL INFORMATION ON THE SYSTEM OF GOVERANCE

1.1 Governance bodies and key functions

The Company is classified as a Medium-Low Risk firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact System. The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

The Company's Board of Directors carry responsibility for the oversight of the business and sets its strategy and risk appetite. There are seven Board members, who sit as a minimum Board of five members as allowed for under the Corporate Governance Requirements for Insurance Undertakings 2015, and agreed with the Central Bank of Ireland. All independent non-executive directors of the Board sit as members of the Audit Committee and the Risk Committee.

The following is the internal organisational structure:



1.2 Board of directors

Roles and responsibilities

The Board of Directors defines the company's strategic guidelines which are implemented by General Management under its regular supervision.

The Board is involved in all issues relating to the proper running of the Company and takes necessary decisions, after deliberation. In particular, the Board exercises its powers on the following fields:

- appointment of Chief Executive Officer;
- review and approval of company's annual financial statements;
- review and approval of annual Solvency II reporting;
- approval of regulated agreements;
- review and approval of ORSA report;
- review and approval of policy changes.

Working procedures

The Chairman of the Board organises and supervises the work of the Board. The Company Board of Directors meets as often as the interests of the company require and at least, four times a year. In addition to compulsory Board meetings where annual financial statements and Solvency II reporting are approved, other meetings are held to monitor the development and to follow up the activity of the Company.

For each Board meeting, a convening notice, including agenda, is sent to the Directors, and to invited employees and, where applicable to Statutory Auditors. Each participant receives a file with documents related to the main topics of the agenda.

The Company Secretary is in charge of arranging Board meetings and drafting minutes of meetings for validation by the Chairman. During the subsequent Board meeting, the previous minutes and all matters arising are submitted to Board members for approval. All Board meetings' minutes are signed by the Chairman and are kept in the registry of minutes.

Membership

As at 31 December 2016, the Board of Directors is composed of 7 members:

Executive	Peter Madden
Non-Executive	Marlene Pradeilles *(French)*
	Francis Yung *(French)*
	Michael Clifford
	Corinne Burlet *(French)*
Independent Non-Executive	Brendan McCarthy
	Jim Kelly

Special committees of the Board of Directors

Two special committees, mainly composed of independent non-executive directors are charged with advising the Board in its decision-making. These committees contribute, through their expertise, to the decisions of the Board of Directors in compliance with risk management principles and governance best practices. They are:

The Risk Committee: composed of the two independent non-executive directors, the Chief Risk Officer ("CRO") and the Chief Executive Officer. The Risk Committee assists the Board in discharging its responsibilities for:

- The effectiveness of the Company's risk management system;
- The implementation of the Company's risk strategy and maintenance thereof;
- The oversight of Solvency II developments;
- The oversight of investment issues;
- The timely reporting of material deviations from defined risk appetite; and
- Monitoring the effectiveness, independence and objectivity of the risk function.

The Audit Committee: composed of the two independent non-executive directors. The Audit Committee assists the Board in discharging its responsibilities for:

- The integrity of the Company's financial statements;
- The effectiveness of the Company's internal controls;
- The Company's arrangements for its employees to raise concerns, in confidence, about possible wrong-doing in financial reporting or other matters;
- The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system; and
- Monitoring the effectiveness, independence and objectivity of the external auditor.

General Management

The Company's General Management is composed of:

- ***Chief Executive Officer:*** who ensures the overall management of the Company. He has the widest powers to act in all circumstances in the name of the Company and represents it towards third parties.

He is assisted in his duties by:

- ***Finance and Compliance Manager***: in charge of all the finance functions of the Company as well as the risk management system.

Key functions

As a major component of the company's system of governance, key function holders are appointed by the General Management, taking into account their expertise and the adequacy of the key function with the managerial position they exercise within the Company. Thus, key functions have the authority, resources and operational independence to carry out their tasks.

Persons in charge of key functions participate and contribute to the various committees set up by the Board of Directors and General Management. On a regular basis they participate in Boards of Directors to report in line with their responsibilities.

Independent Control functions

The Company has established the four key independent control functions required under the Corporate Governance Requirements for Insurance Undertakings 2015 - risk management, compliance, actuarial and internal audit. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Chief Risk Officer

The function of CRO is outsourced to Willis Towers Watson to oversee the implementation of the Company's Risk Management Policy, reporting to the Board's Risk Committee and the Company's General Manager. The responsibilities of the CRO include:

- The oversight of the smooth-running and adherence to the Company's Risk Management framework
- To be the focal point for risk events reporting and for new and emerging risks, so these can be assessed and material issues reported to the Board Risk Committee, who will determine whether the issue is of such significance that it needs to be reported to the Company's regulator
- In conjunction with the Company's management to ensure that the annual ORSA is prepared and submitted to the Board Risk Committee who engage with the process and recommend outputs to the Board for strategic consideration.

Compliance Officer

A Compliance Officer is responsible for the implementation of the Company's compliance policy and effective processes. The Compliance Officer reports to the Board and raises issues as they arise, to the Company's General Manager. The responsibilities of the Compliance Officer include:

- To report on significant instances of non-compliance to the Board Risk Committee and the Company's management
- To monitor compliance within the Company and its service providers, making recommendations where change is required, and to maintain the Company's Breach Register
- To monitor regulatory change and to inform the Company and its service providers where such changes have implications for the Company's processes

The Risk Committee oversees the 'risk based' Compliance Monitoring Plan and outcomes thereof.

Head of Actuarial Function ("HoAF")

The function of the HoAF is outsourced to Willis Towers Watson. This adds an independent oversight of the Company's Actuarial Function. The responsibilities of the HoAF and the Actuarial Function, in line with guidance from the Central Bank of Ireland and the Society of Actuaries, include, but are not limited to the following matters:

- Coordinating the calculation of the firm's technical provisions
- Assessing the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set in Solvency II
- Continuous monitoring of the solvency position of the Company and the required level of statutory reserves
- Reporting on the solvency position of the Company
- The provision of advice and support to the Company on the ORSA (Own Risk and Solvency Assessment) process.

Head of Internal Audit function

The Head of Internal Audit function is outsourced to the Manager of the Group Inspection and Audit Division (DCPE) in London. The function provides independent and objective assurance services, via a formal outsourcing arrangement in respect of the Company's processes, as carried out by its service providers with due regard to the adequacy of the governance, risk management and internal control framework. The Head of Internal Audit reports to the Company's Chairman of the Audit Committee. The Audit Committee oversees the Audit Plan and outcomes thereof.

Internal audit reports highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings which management have agreed to take to rectify them. In addition to its regular reporting, Internal Audit prepares an annual report for the Audit Committee, which provides a balanced assessment of the effectiveness of the Company's systems of risk management and internal controls.

1.3 Remuneration policy and practices

The Company provides a range of benefits to employees, including contractual salary, life cover, permanent health insurance and paid holiday arrangements. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Company pays contributions based on a percentage of salary into a defined contribution plan on behalf of its employees. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the Company in independently administered funds. Employees can contribute additional voluntary contributions to suit their circumstances.

The Company does not offer any performance-based bonuses or incentives. Therefore its remuneration practices are considered to promote sound and effective risk management and do not encourage excessive risk taking. The Group operates an annual bonus plan for employees based on Group and individual performance, which includes employees of the Company.

2 - FIT AND PROPER REQUIREMENTS

The Company has adopted a Fitness and Probity Policy which aligns with the Central Bank of Ireland's Guidance on Fitness and Probity Standards 2014. This policy sets out the requirements and due diligence checks that must be performed to ensure that new function holders:

- Have the professional skills, knowledge and experience necessary for the sound and prudent management of the business,
- Fulfil the fit and proper requirements.

This policy applies to the company officers (Chairman of the Board of Directors, CEO and CFO) as well as the key function holders and, where necessary, members of the Board of Directors, in the terms laid down by the law transposing the directive 2009/138/EC (Solvency II).

For key Control Functions (referred to as Pre-approved Control Functions or "PCFs"), approval from the Company's regulator is required prior to appointment by the Company's Board. Members of the Board are all PCF functions as are all of the Control Functions listed above. Additionally, service providers annually attest to the Company in respect of fitness and probity of those who hold control function roles.

3 - RISK MANAGEMENT SYSTEM INCLUDING THE ORSA

3.1 Risk Management System

3.1.1 General presentation

The Risk Management System is a translation of the Company‘s strategic objectives into a risk-taking framework. It sets out, on an ongoing basis, to detect, to evaluate, to control, to manage and to declare the main risks, on an individual and an aggregate basis, to which the Company is or might be exposed, whilst striving to attain its strategic objectives as well as any interdependencies between those main risks.

The Company‘s Risk Management System is based on the following main components:

- Governance bodies: Board of Directors, General Management and key functions (in particular Actuarial Supervision and Risk Management) ;
- Bodies chaired by the Company’s General Management or emanating from the Board of Directors to ensure cross-risk management and adequate reporting for a proper decision-making ;
- Risk management tools to assist in decision-making: Risk Mapping, written policies, monitoring indicators, risk management processes, Own Risk and Solvency Assessment.

In order to meet its objectives, the risk management system is integrated into the Company's organisational structure and decision-making procedures. It is notably based on the following principles:

- Strong involvement of General Management and the Board of Directors;
- Integration of key functions particularly through close cooperation between Actuarial Supervision and Risk Management key functions;
- Integration of the system within the organisational structure and decision-making procedures;
- Close coordination with the internal control system;
- Clear separation between roles and responsibilities so as to avoid any potential conflicts of interest;

3.1.2 Implementation of the Risk Management system

The implementation of the risk management system is the responsibility of the Company‘s governance bodies and key functions through the use of risk management tools and the decisions taken by the various committees. This section presents tasks assigned to governance bodies as well as the main written risk management policies.

The own risk and solvency assessment is presented in section 3.2.

Committees

Audit and Risks Committees

These committees of the Board of Directors each meet at least twice a year. Their primary assignments are:

- Monitoring of financial and prudential information;
- Monitoring of Internal control;
- Monitoring of Risk management;
- Follow-up of legal audit of the annual accounts and the independence of the auditors;
- Review of the entity's periodic inspection program.

Risk Management tools

Risk mapping and Risk referential

The Company has a risk appetite statement covering all identified risks to which the Company is or may be exposed. These include operational risks, strategic and governance risks, emerging and external risks and reputational risks. Risks are assessed on the basis of their impact, their probability of occurrence and their coverage.

Update of risk appetite statement is done on a yearly basis or at an interim point if required.

Written policies

The main risks inherent to the Company's business are covered by written risk management policies. These policies formalise the principles, processes and procedures implemented by the Company in order to control its risks. In order to adapt these policies to the internal and external factors influencing the risks to which the Company is subject, these are reviewed and updated at least once a year.

3.2 ORSA

Every year, and on an ad-hoc basis if circumstances materially change, the Company prepares an ORSA. The objective of the ORSA process is to enable the Board to assess its capital adequacy in the light of its assessments of its risks and the potential impacts of its risk environment, and enable it to make appropriate strategic decisions. The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and risk sensitivities that can be used in shaping strategy and risk appetite.

The ORSA process is a circular process that relies on key elements of the business:

- Board strategy, policies and plans;
- The Solvency II Pillar I Balance Sheet standard model results, and base assumptions used;
- The Risk Management framework process and its outputs, which identifies the key risks;
- The Board's Risk Committee who review, challenge and approve the test scenarios including the ORSA output;
- The Actuarial Function who runs the tests on the Balance Sheet, for capital adequacy and produce the resultant output;
- The Risk Function, Actuarial Function and management who assess the outputs and prepare the reports;
- The Risk Committee and Board's assessment of the output and resultant capital, strategy and risk appetite review;
- ORSA Reporting to the Company's regulator, the Central Bank of Ireland.

The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;

- Additional risk mitigation actions;
- Reassessment of investment strategy

The results and conclusions contained in the ORSA Report and the Board’s resultant actions and decisions, are communicated to all relevant staff, including outsourced control functions, once the report has been considered and approved by the Board.

The Company determined that the Solvency II standard formula would be used to calculate the required solvency capital and to assess the OSN. A base case projection of the Solvency II Balance Sheets and SCR position is produced using the standard formula, as well as actuarial and key run-off assumptions. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the Board and, where appropriate, potential management actions are noted and conclusions drawn.

Assessments to date indicate that, under the scenarios presented by management to the Risk Committee and Board, the Company is adequately capitalised.

3.2.1 Risk appetite

The Risk appetite is defined as the level of aggregate risk that a Company can undertake and successfully manage over an extended period of time. The Company is in the business of taking risks and can expect to make money by managing those risks to be within levels it considers appropriate and by not taking risks in areas where it considers the risk excessive or where the consequence of failure is too severe.

3.2.2 Risk Profile

The objective of risk profile definition is to determine the main factors that could significantly affect the Company’s solvency. The different risk factors are assessed on a quantitative and qualitative basis.

3.2.3 Stress scenarios

Starting from the risk profile, one or more stress scenarios over the short to medium term are constructed so as to measure the variation in defined metrics and thus measure risk appetite.

3.2.4 Overall solvency assessment

The objective of the first phase of ORSA is to ensure that development strategy is in line with the Company's risk appetite by applying to the multi-year business plan one or more stress scenarios. The thresholds and management rules used to carry out these simulations are similar to those used for the monitoring of the Company and which are described in the policies.

The results are approved by General Management. The assessment of overall solvency is carried out within a framework defined by the Company‘s General Management. This assessment is based on a calculation of SCR and the stress results for each year of the company's business plan. These calculations are carried out within a central scenario and a number of adverse scenarios.

The ORSA results enable the Company‘s General Management and its Board of Directors to have at their disposal a prospective assessment of the risks to which the Company is exposed in achieving its short and medium term strategic objectives. The Board is then able to set aside sufficient capital to cover the material risks to which it is exposed.

The ORSA policy details these objectives, governance and also implementation of the ORSA process.

4 - INTERNAL CONTROL SYSTEM

4.1 Definition and objectives of internal control

Internal Control in the Company is defined as all means to ensure that the operations of the company, organisation and internal procedures comply with:

- Legal and regulatory provisions,
- Professional and ethical practices, and
- Internal rules and guidelines established by General Management.

It sets out notably to prevent failures, to measure and exercise sufficient control over risk exposures, to ensure the reliability, integrity and availability of financial and management information, and to check on the quality of information and communication systems.

4.2 General organisation of internal control

The Board of Directors is responsible for ensuring that adequate internal control and risk management procedures are maintained by the Company. The operational responsibility for monitoring, measuring, controlling and reporting the risks connected with the Company's activities currently rests with the management. In addition, both the Audit and Risk Committees report to the Board of Directors on a regular basis.

The conduct and organisation of Internal Control within the the Company is based the application of the following principles:

- Each employee is individually responsible for managing risks taken and controlling transactions performed;
- The extent of control is proportional to the risk exposure;
- Independence of Periodic Control.

The Internal Control system is built based on the "three lines of defence" model described below:

1st line of defence: level 1 permanent controls carried out by the business units and operating management, consisting of:

- Operational controls: controls (automated or not) built into the processing of transactions, close-up controls included in operating processes;
- Management supervision: checks by line management that the processes for which they are responsible function correctly ;
- Other arrangements contributing to the management of various risk categories, such as organizational arrangements (separation of functions), transaction automation and controls built into IT applications, etc.

2nd line of defence: level 2 permanent checks carried out, for all risks, by the Company's Compliance and Risk Management Function, which aims to:

- Check on level 1 controls (relevance of controls, effectiveness and quality) by carrying out checks on management supervision and on operating controls (selective and / or random controls);
- Detect any anomalies in carrying out level 1 check and ensure that these are corrected.

3rd line of defence: periodic control, strictly independent from the business units and from permanent control, performed by the Internal Audit function.

4.3 Levels of Internal Control

The Company maintains detailed work procedures in relation to both operational and investment processes as well as to related reporting and compliance. These procedures and the associated controls form part of the Company's procedures manual and are subject to continual review and update, as deemed necessary by the Company's Management.

In addition, the work procedures employed by the Company's key service providers are reviewed and updated on an ongoing basis, in line with business requirements. These are also reviewed annually by the Company's Management.

4.4 Tools and practices

4.4.1 Monitoring of processes

The internal control system is based on a process approach, an end-to-end analysis of processes and their related risks in order to define adequate controls and/or rationalise existing controls.

The definition and localisation of operational controls and managerial supervision controls are carried out in concert with the process owners and in collaboration with the Compliance Function.

The Company maintains detailed internal administrative, compliance and accounting procedures which are subject to review on an annual basis. This internal control framework allows for appropriate reporting arrangements at all levels in the Company, including to the compliance function. As the Company is closed to new business a number of the procedures are no longer applicable.

4.4.2 Managerial supervision

The processing of policyholder and policy-related transactions is subject to managerial supervision at all stages, from initial data capture at local service centre level right through to disinvestment or maturity.

Records of all operational transactions are retained and filed in accordance with the Company's documented procedures. Through the preparation of monthly management accounts, the Company monitors adherence to the policy for reconciliation of policyholder investment positions. All these reconciliations are reported to the Company's Financial Controller.

Processing, retention and filing of all necessary documentation in respect of shareholder investment activity is undertaken by the Financial Controller in the Dublin office of the Company.

Formal monitoring and reporting mechanisms are in place, with the compliance function providing updates to the Board via the Risk & Compliance Report. All operational procedures for internal control reporting are documented in the Risk Management System.

4.4.3 Control of operational risks

The Internal Control Framework for the Company has three elements:

(a) Board-level Controls - The Board Manual, policies, reports and minutes of Board and Board Committee meetings form the principal framework, within which the Board operates.

(b) Independent Control Functions - Please refer to Section 4.2.

(c) Controls over Outsourced Activities - The Company requires that any outsourcing partner, be they a sister Company or not, manages its control environment to at least the same standards as it would employ and to adhere to the Company's policies and procedures, and employ fit and proper people in its control functions. Key Performance Indicators (KPI's) are set, and the Company requires regular service reporting and attestations (on the Service Level Agreement and related KPI's) to its General Manager and the Board, including certification from its main service providers to the Board on the Fitness and Probity of its Control Functions. Immediate reporting is required should any material incident or exposure occur.

The Head of Internal Audit, through planned and commissioned reviews of the Company's processes and those of its service providers, provides an opinion on the internal control framework of the Company's business.

Business continuity and crisis management

The business continuity and crisis management system is based in particular on the following elements, which are regularly assessed:

- Policy for the Business Continuity and Crisis Management. This document reflects management's commitment that, in the event of a crisis, all appropriate measures will be taken to protect the entity's employees, assets and activities, if necessary following a temporarily degraded mode;
- an organisation defined to manage a crisis, as well as an ad hoc tool such as a crisis directory, forms for each crisis unit function, predefined crisis management rooms, a freephone number for communication with employees if necessary;
- a regularly updated corpus of documents that defines the continuity strategy for each service and;
- a technical device including backup and fall-back sites.

4.5 Compliance control

The Compliance Function, headed by the Compliance Officer, is part of the Company's overall corporate governance structure. The control function is responsible for the monitoring, managing, and reporting of the compliance risks to which the Company is exposed. Compliance auditing occurs to check that the Company and its service providers are adhering to their obligations. Compliance reports are issued to the Risk Committee assessing the effectiveness and adequacy of compliance within the Company and service providers. The Risk Committee reports its activities and recommendations to the Board of Directors. The activities of the Compliance function are subject to periodic review by Internal Audit.

Management of the Company, and its service providers, are responsible for notifying the Compliance Officer of any breach of applicable laws and regulations that fall within the scope of their responsibilities. Upon receipt of notification, the Compliance Officer records the relevant breach item in the Company's risk register and discusses remedial actions with the management concerned. Where material, reporting is made to the General Manager and to the Board Risk Committee. The breach register is reviewed with the General Manager in service meetings and significant breaches are reported to the Company's Risk Committee.

5 - INTERNAL AUDIT FUNCTION

5.1 Overview of internal audit function

5.1.1 Responsibilities

The Internal Audit function constitutes an integral element of the Company's control framework but does not hold any executive responsibilities or any accountability for risk management or systems of internal control, other than to appraise their effectiveness. Internal Audit, which oversees Periodic Control, is separated from Permanent Control.

In terms of capabilities, internal audit missions are carried out by the Group Periodic Control Department (DCPE) on the basis of an agreement signed between DCPE and the Company, acting both on its own account and for its subsidiaries. As such, DCPE provides periodic monitoring of all the Company activities for the main categories of inherent risks.

In terms of resourcing, the scope and budget of individual audit missions are included in the DCPE audit plan in agreement with the General Management of the Company. The work carried out by the periodic control is based on the DCPE audit methodology, implemented according to the revised branches. Each mission ends with a report containing a summary and recommendations, which are then regularly monitored in coordination with the Company Permanent Control Department.

5.1.2 Organisation of internal audit engagements

The Company audit plan is assessed on a quarterly basis. Missions covering the Company are determined after a risk assessment of the Company.

5.1.3 Reporting of conclusions and follow-up of findings

The detailed audit plan is presented to the Company's Audit Committee. Conclusions of the periodic control and the follow-up of implementation of recommendations are presented to the Audit Committee.

5.2 Independence and objectivity of internal audit

The Internal Audit key function holder, is reporting directly to the Company's Audit Committee. Audit activity is under the responsibility of the Group Periodic Control Department, which guarantees its independence.

The reports of the various internal controls are examined periodically by the Audit Committee. As an independent, objective assurance and consulting activity the Internal Audit function provides analysis and evaluation of the adequacy, effectiveness, efficiency and quality of risk management, internal control and governance systems and processes.

6 - ACTUARIAL FUNCTION

6.1 Actuarial function assignments

The Actuarial function is a key stakeholder in the Risk Management system implemented by the Company. The actuarial function's expertise contributes to the management of technical insurance risks, which are a significant component of the company's risk profile. The Head of Actuarial Function ("HoAF") services to support the business is outsourced to Willis Towers Watson. This position provides the necessary independence to effectively carry out its duties.

6.2 Implementation of actuarial function

In order to achieve its tasks, the Actuarial function has extensive access to information in relation to technical risks borne by the Company. The holder of actuarial function attends various committees of the Board of Directors as well as all Board meetings for topics related to its scope of responsibility.

The key responsibilities of the HoAF include:

- Co-ordination of the calculation of technical provisions. This consists of assessing the sufficiency of the provisions, assessing the uncertainty in the estimates and justifying the differences between successive periods.
- Review the appropriateness of the models and assumptions, consider the sufficiency and quality of data, and interpret deviations of best estimates against experience. There is also a requirement to consider the verifiability of assumed management actions.
- The Actuarial Function must produce an annual report for the Board. The report should cover all of the information necessary for the Board to form its own opinion on the adequacy of technical provisions and on the underwriting and reinsurance arrangements.
- In addition to responsibilities in relation to the technical provisions, and the requirements to express opinions on underwriting policy and reinsurance arrangements, the HoAF contributes to the effective implementation of the risk management system of the Company. In particular:
- In relation to the SCR and MCR, the HoAF reviews the output of the model used by the Company to calculate the SCR and MCR. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised.
- ORSA - the Chief Risk Officer and the HoAF together establish the requirements of the ORSA report, agree how the requirements will be satisfied and agree the format of the draft ORSA reports, the supporting appendices and working papers.

The work completed by the Actuarial Function in connection with the aforementioned tasks and the related conclusions is formalised on an annual basis in actuarial reports addressed to the Board of Directors.

7 - OUTSOURCING

7.1 Inherent risks related to outsourcing of activity

Solvency II Directive defines outsourcing as an arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself.

Outsourcing of a process or an activity to an external third-party or to a Group entity is a common practice. However, even if the service provider is responsible for the task assigned, the outsourcing practice modify the risk profile of the process or activity outsourced:

- Outsourcing implies specific risks such as dependence on a third party;
- Outsourcing may lead to increase operational risks, for example if the service provider has a less reliable internal control system or if the regulatory framework is more lax;
- Outsourcing could in some cases not be compliant with regulatory constraints applicable to the Company or could generate non-compliance issues of service provider deficiency.

On the other hand, outsourcing should also contribute to a better risk management. It is usually the case when the process or activity is delegated to a third-party with higher expertise or resources leading to a better level of control.

7.2 Governance and principles of outsourcing policy

7.2.1 Governance of outsourcing policy

In order to regulate the risks arising from outsourcing, the Company has issued a written policy on outsourcing practice. The Outsourcing policy principles meet the requirements of Solvency II and are consistent with the Group's principles.

The Outsourcing policy's responsibilities define the principles of the policy and is updated as appropriate at least once a year, depending on:

- Changes in regulatory framework;
- Significant changes regarding the activity or the organisation of the Company;
- Evolutions of other risks policies which may have connection with outsourcing;
- Changes in internal control system of the Group.

Outsourcing policy is submitted to the General Management of the Company for an opinion and to the Board of Directors for an approval.

7.2.2 Main principles of outsourcing policy

The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed. A due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity.

7.3 Implementation of outsourcing policy

7.3.1 Classification of outsourced activities

Implementation of an outsourcing activity, either internal or external to the Group, is always realised in a common framework.

This framework is being reinforced in case the activity or process to be outsourced concerns:

- A function or activity considered as significant or critical;
- A key function in the system of governance within the meaning of Solvency II Directive.

7.3.2 Attributions and responsibilities in the implementation of outsourcing and control of service providers

The Company's outsourcing arrangements are subject to an annual review and the findings are reviewed by the Board. When considering the decision to outsource a critical business function or process, the Company must satisfy itself that the potential outsourcing partner has:

- the relevant experience
- the required system functionality and capacity (including disaster recovery)
- financial stability
- any authorisations required

When selecting larger outsourcing providers the Company may utilise the support and expertise of relevant outsourcing functions within the the Group.

The Company will notify the supervisory authorities prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities.

7.3.3 Approval process, follow-up and audit of outsourced activities:

The Company's outsourcing policy defines the global framework applicable to outsourced activities in order to respect Group requirements in terms of risk management and internal control. Outsourcing policy covers both pre-contractual and contractual stages.

Preliminary analysis of outsourcing project and approval process

Under the business model employed since the Company's creation, many of the Company's critical functions and processes are outsourced to third parties.

Outsourcing these processes enables the Company to access areas of expertise without incurring the set up or maintenance costs normally associated with managing such processes in-house. A further goal achieved by outsourcing is scalability. Whereas business volumes fluctuating would generally create additional staffing and management overheads, the risk is managed in a stable and sustainable manner by the provider of the outsourced service.

As part of the wider Group, the Company is also able to utilise a range of services and expertise within the Group. Consequently, the Company maintains a number of outsourcing agreements with other parts of the Group.

Follow-up of outsourced activity within the Internal Control system

The follow-up of service provider practices is placed under the responsibility of the designated outsourcing key function.

A key area of focus with all outsourced functions and processes is that of control. To this extent all outsourcing arrangements are set out clearly in the outsourcing agreements. All business processes are executed in accordance with documented procedures and this is monitored by means of KPIs and service level agreements (SLAs). Regular review meetings are held with all key outsourcing providers to ensure services are being provided as contracted and to address any issues arising. In addition, to ensure that processes are current and reflect the actual tasks performed, the Company's business procedures are subject to internal review.

Service quality is closely monitored and reported via SLAs and regular scheduled meetings with providers. All activity with our key outsourcing provider IFDS Percana is captured in monthly service reports. Performance updates of relevant providers, in particular the third party administrator, and any associated risks or actions are provided to the Board quarterly.

Audit of outsourced activity

The activity or function outsourced remains under the responsibility of the Company. Therefore, the outsourced activities enter in the scope of internal audit, as well as activities managed internally. The Company's Internal Audit has a contractual right to engage audit work at service provider's level applying similar standards to the one applied at the Company level. After an assessment, Internal Audit may rely on external auditors' conclusions if an audit has already been made at service provider level.

7.4 Main activities outsourced by the Company

The following is a list of the critical or important operational functions the Company has outsourced:

- Policy administration
- Fund accounting
- Telephone contact & data capture
- Custodial services
- Actuarial services
- Chief risk officer
- Legal services
- Tax services
- Banking services
- Company secretarial services
- Various intra group corporate services and support
- Solvency II reporting system

8 - ANY OTHER INFORMATION

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company which is closed to new business.

RISK PROFILE

1 - INTRODUCTION

The Company's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives. The Company seeks to manage risk through the operation of investment-linked business whereby the policyholder bears the financial risk.

The majority of the assets on the Company's balance sheet are held in respect of unit-linked contracts where the Policyholder or their mandated agent has selected the assets to be linked to their policies. Solvency II regulations have brought in the 'Prudent Person Principle' in relation to investing in assets. The Company is required to apply this principle, and has ensured that its investment policy and asset acceptability framework are aligned with this Principle.

Overall responsibility for the management of the Company's exposure to risk is vested to the Board. An risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board has established Audit and Risk Committees with defined terms of reference. The more significant financial risks to which the Company is exposed are set out below. For each category of risk, the Company determines its risk appetite and sets its investment, treasury and associated policies accordingly.

The Company's risk profile is adapted to the use of standard formula in order to determine the SCR under Solvency II. The following sections 2 to 7 detail, from a SCR modules perspective, the risk profile of the Company in terms of exposures, concentrations and sensitivities and give an overview of techniques implemented to mitigate the risks. The SCRs by risk module, calculated based on the risks exposures described in this part of the document, are presented in the Capital Management section.

2 - UNDERWRITING RISK

2.1 Underwriting risk exposure and measurement

The Company closed to new business on 16 February 2012. It only accepts new business for top ups to some product lines with policies in force at closure, where the legal terms and conditions indicate that this is obligatory.

2.2 Underwriting risk concentration

The Company's strategy, its risk appetite, and the risks it faces are therefore considered in the context of a reducing book of residual business within the European Union.

The level of mortality risk in the products issued by the Company is not material. Death benefits insured are up to a maximum of 1% of fund value.

2.3 Underwriting risk mitigation

Since 2010 the Company has retained all insurance risk internally.

2.4 Underwriting risk sensitivity

The Company's products are investment-based, thus the main components of underwriting risk facing the Company are:

- lapse risk – the risk of a quicker than anticipated lapse rate leading to a loss of income;
- expense risk – the risk of higher than expected costs.

The Company closely monitors its book of business to anticipate any change in these risks.

3 - MARKET RISK

3.1 Market risk exposure and measurement

Market risk is the risk of adverse financial impact due to changes in fair values of financial instruments from fluctuations in interest rates and equity prices. Market risk to the Company is limited as, through a 100% matching of policyholder assets and liabilities, the risk on the valuation of assets is borne by the policyholders.

€000	
Analysis of counterparty risk on assets and exposures	*2016*
	€'000
French Government Bonds	7,030
German Government Bonds	4,716
Belgian Government Bonds	7,353
Total Government Bonds	19,099

3.2 Market risk concentration

The Company invests in financial assets respecting the rules of investment policy which is based on the Prudent Person Principle. Within each asset category, exposures are diversified in terms of geographical area and issuers.

3.3 Market risk mitigation

The Company risk management policy cover all investment related risks including market risk. These risks are followed up with the Risk Committee applying the Prudent Person Principle. Implementation of this policy is made through the definition of thresholds, limits and constraints, consistent with the risk profile of the Company.

Given that the Company doesn't have any shareholder funds in equities, a market fall won't impact on the Company. A decrease in interest rates would impact on the market value of the Company's Government Bonds. All of the bonds currently held are due to mature in less than 7 years. These Government Bonds earn interest of 0.5% to 3% per annum. The total value of bonds held is €19,099,000.

3.4 Market risk sensitivity

Market risk to the Company is limited as, through a 100% matching of policyholder assets and liabilities, the risk on the valuation of assets is borne by the policyholders.

4 - CREDIT RISK

4.1 Credit risk exposure and measurement

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Credit risk comprises the spread risk as well as the risk of downgrade of issuer credit rating. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties. Validation of credit risks is part of the Company's risk management strategy, in line with its risk appetite. Credit Risk policy is based on the principle that any commitment bearing credit risk should be assessed based on a thorough knowledge of counterparty and type of transaction. Moreover, main concentration risks are regularly assessed at the Group level.

Counterparty risk assessment is realised within the ALM. Counterparty risk and the evolution of related spread are subject to limits base on the quality of credit rating.

4.2 Credit risk concentration

Credit risk is only relevant on the assets that are not matching the policyholder unit liabilities. The majority of counterparty risk for Inora Life lies within the Group. The Group currently has an A rating (2015: A rating). Counterparty risk on policyholder funds is borne by the policyholders themselves. Shareholder funds asset allocation is mainly in French and Belgian government bonds. No financial assets are past due or impaired

4.3 Credit risk mitigation

Shareholders' funds, which represents assets which are not unit linked , will be invested in a range of asset types including bonds, equities, cash and monetary funds. The relative proportions of assets invested in each class and the characteristics of those assets will be driven by the factors set out above and in compliance with the regulatory requirements including the "Prudent Person Principle" as set out in Solvency II legislation.

4.4 Credit risk sensitivity

The primary credit risks to which the Company is exposed concern the banks where cash deposits are held and the EU government bonds in which the shareholders' funds are invested. Under the Company's Strategic Investment Policy, all cash deposits are held with banks bearing a minimum AA rating. Shareholder funds are invested in EU government bonds which have a minimum A rating. These ratings are closely monitored and, where warranted by a downgrading of these ratings, funds may be moved to another issuer.

5 - LIQUIDITY RISK

5.1 Liquidity risk exposure and measurement

Liquidity risk is the risk that the Company will encounter difficulties obtaining funds to meet commitments associated with financial and other liabilities. In the specific case of insurance operations, the liquidity risk corresponds to the inability of the insurer to meet its contractual obligations and to pay the claims incurred. The Company would be exposed to a financial loss in case the Company would be forced to sell some assets to meet its commitments towards policyholders in a period of financial turmoil or on an illiquid market.

Liquidity management process is defined within the ALM risk policy. In order to ensure congruence between maturities of assets and estimated timeframe of liabilities, both on stable and stressed environment (mass lapse, mortality peak), the liquidity management process is flexible and covers long-term and mid-term liquidity issues, as well as short-term liquidity issues in case of uncertainty regarding net outflows.

5.2 Liquidity risk concentration

The Company's investment policy covers all the financial risks related to investments. The liquidity risk is followed up at the Risk Committee, which applies the Prudent Person Principle defined in Article 132 of Solvency II Directive. According to this principle, all investments are made ensuring that security, quality, liquidity and profitability of the overall investment portfolio are maintained.

All policyholder assets can be readily liquidated. Detailed investment and disinvestment policies and guidelines are in place and updated periodically. For each main category of insurance and investment business, the following shows the gross liability at 31 December 2016 analysed by duration. The total liability is split by duration in proportion to the present value of cash-flows estimated to arise during that period.

5.3 Liquidity risk mitigation

Liquidity risk is also mitigated as policyholder assets can be readily liquidated and are paid once redeemed on the investment bank accounts. The majority of shareholder assets are invested in Eurozone government bonds and can be readily liquidated A sufficient cash balance is maintained in the corporate bank accounts to meet day to day expenses. Cash balances are reviewed daily to ensure that none of the bank accounts are overdrawn. Asset fees outstanding are reviewed monthly with a reconciliation of amounts to be paid sent to SGSS.

5.4 Liquidity risk sensitivity

Liquidity risk is monitored specifically by the Risk Committee based on ALM studies which consist notably in controlling the adequacy between assets and liabilities durations and the sensitivity to interest rate to guard against lapse risk.

6 - OPERATIONAL RISK

6.1 Operational risk exposure and measurement

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. This definition is intended to include all risks to which the Company is exposed, other than the financial risks described above. Operational risks include outsourcing arrangements to external providers, IT, information security, legal, fraud and compliance risks.

Internal Control system's objective is to ensure the compliance of procedures, methods and measures prescribed within the Company with applicable laws and regulations. In addition, it ensures the efficacy and efficiency of operations as well as the availability, reliability and accuracy of financial and non-financial information.

6.2 Operational risk concentration

As many of the Company's processes are outsourced to third parties, service quality is closely monitored and reported via SLAs and regular scheduled meetings. Performance updates of relevant providers, in particular the third party administrator, and any associated risks or actions are provided to the Board quarterly.

6.3 Operational risk mitigation

Operational risks are reported, as with other risks, on a quarterly basis. A holistic view of the Company's financial and non-financial risks, including operational risks, is discussed at Board level on an annual basis.

6.4 Operational risk sensitivity

A risk register is also maintained by the Company detailing all potential risks and exposures. The Company's Compliance Officer provides an update to the Board of Directors on a quarterly basis of all issues that have arisen in each period

7 - OTHER RISKS

7.1 Valuation risk

This is the risk of incorrect valuation of assets and liabilities. The majority of linked policyholder assets are invested with and valued by the Group. Tolerance testing is performed by our administration services providers who also operate detailed investment cycle controls. Policyholder liabilities are independently calculated by the Actuarial Function using the number of units provided by the policy administration system and unit prices provided by the investment manager

7.2 Expense risk

Expense risk is managed by the Company through the assessment of business unit profitability, and frequent monitoring of expense levels. On a monthly basis checks are performed to ensure that the Company is in line with this soft target.

Under IFRS 4 a liability adequacy test has been performed for a reserve to cover future expenses in excess of future income as the Company has closed to new business. The reserve has been computed by the Reporting Actuary, having due regard to the actuarial principles laid down in Council Directive 92/96/EEC.

7.3 Cyber risk

With the increase of dependence on electronic communications and volume electronic data storage, there is increasing cyber security risk of data theft, and malicious data and service disruption within the industry. Cybersecurity comprises the technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access. In a computing context, the term ‘security’ implies ‘cybersecurity’.

The following are the core elements of cybersecurity:

- Application security
- Information and data security
- Network security
- Business continuity planning
- End user education

Some of the key risks associated with a cybersecurity attack are:

- Brand damage – declining public confidence and harm to reputation
- Disruption to critical infrastructure, and damage to service provision to clients
- Theft of funds, data and corporate intellectual property
- Cost of responding to a breach – clean-up, legal fees, potential lawsuits, forensics and potential fines

Accountability sits with the Board. Directors approach cybersecurity as an enterprise-wide risk management issue, not just an IT issue. A full time Security Manager is employed by the Group, who is principally responsible for IT security. The Group and its subsidiaries take IT security seriously and many mitigating measures are in place, together with a fully documented and robustly tested Business Recovery Plan.

VALUATION FOR SOLVENCY PURPOSES

The general asset and liability valuation principles applied are those provided for by the provisions of the Solvency II Directive and by the texts available on the date this report was prepared. In accordance with Article 74 of the Solvency II Directive, assets and liabilities are valued at their market value, i.e. at the amount for which they could be exchanged as part of a transaction concluded on an arm's length basis between informed, consenting parties.

The economic balance sheet, which is derived from the statutory balance sheet, is the core element of the prudential Solvency II environment. It represents the basis of calculation of the prudential own funds and of the capital requirements (SCR and MCR).

Aggregated Economic Balance Sheet:

€000	Dec-2016
Assets	256,916
Technical provisions – best estimate component (unit liability)	224,123
Technical provisions – best estimate component (non-unit)	7,948
Technical provisions – risk margin component	1,958
Other liabilities	3,158
Excess of assets over technical provisions and other liabilities	19,728
MCR	3,700
Excess of assets over MCR + Technical Provisions	16,028
Cover for MCR	533%
SCR	5,182
Excess of assets over SCR + Technical Provision	14,546
Cover for SCR	381%

1 - ASSETS

The following table analyses the Company's financial assets at fair value at 31 December 2016:

€000	
ASSETS	***2016***
Cash and cash equivalents	9,018
Receivables arising out of direct insurance operations	3,079
Prepayments and accrued income	326
Deferred acquisition costs	1,863
Financial assets	244,492
TOTAL ASSETS	**258,778**

1.1 Principles, methods and mains assumptions used for valuing assets

This section presents for each assets caption, the principles, methods and main assumptions used to determine the fair value of the assets in Solvency II Balance Sheet. When they are material, differences between Solvency II balance sheet values and the statutory balance sheet values are explained more in detail.

1.1.1 Deferred Acquisition Costs (DAC)

Deferred acquisition costs under Solvency II framework, fees paid by the policyholders and acquisition costs borne by the undertaking before the closing date should not be deferred so they are immediately and totally added to / cancelled from own funds. Fees and deferred acquisition costs accounted for in the financial statements are cancelled in the Solvency II balance sheet, because these have no economic value.

1.1.2 Investments including assets held for index-linked and unit-linked contracts

In the Solvency II balance sheet unit-linked financial investments, are accounted for at fair value according to the valuation methods presented hereinafter. Adjustment to fair value of financial assets has an impact on the reconciliation reserve in the Solvency II balance sheet.

Valuation method

Financial assets within the scope of IAS 39 are classified as:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets.

The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at cost plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are directly attributable to acquisition. The classification depends on the purpose for which the investments were acquired or originated.

Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on a trade date basis

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a) *Financial assets at fair value through profit or loss*

Subsequent to initial recognition, these investments are re-measured at fair value. The fair value represents the carrying amount. Fair value adjustments and realised gains and losses are recognised in the Statement of Comprehensive Income.

b) *Financial assets available for sale*

Available-for-sale financial assets are subsequently measured at fair value (mid-market prices) with unrealised gains or losses recognised as other comprehensive income. The criteria of designating debt securities as available for sale financial assets are in line with group policy.

Fair value of financial instruments

The fair value of financial instruments with offsetting market risk, that are actively traded in organised financial markets, is determined by reference to quoted mid-market price, at the close of business on the reporting date, without any deduction for transaction costs. Shareholder financial instruments are valued at bid price.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Level 2 financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers.

1.1.3 Financial investments backing Unit-linked contracts

Investments backing insurance or investment contracts where financial risk is borne by the policyholders are accounted for at fair value in a dedicated caption of the Solvency II balance sheet. In the statutory financial statements, these assets being also accounted for at fair value, there is no difference between the two standards.

1.1.4 Other receivables

Depending on their age, other receivables are valued at amortized cost (falling due within one year) or by discounting future cash flows (falling due after one year). For the Company, the proportion of receivables falling due after one year is insignificant. The various receivables are thus valued at amortized cost.

1.1.5 Cash and cash equivalents

Cash and cash equivalents consists of available cash.

2 - TECHNICAL PROVISIONS

The technical provisions comprise the BEL and the Risk Margin. At 31 December 2016, the technical provisions were:

€000	Dec-16
Technical provisions – best estimate component (unit liability)	224,123
Technical provisions – best estimate component (non-unit)	7,948
Technical provisions – risk margin component	1,958
Other liabilities	3,158
Total technical provisions and other liabilities	**237,118**

2.1 Principles, methods and mains assumptions used for valuing technical provisions

2.1.1 Principles of valuing technical liabilities under Solvency II

To prepare the Solvency II balance-sheet, the technical provisions calculated for the company financial statements (mathematical provisions, claims provisions, policyholders' participation provision, global expenses provisions, liquidity risk provisions, and unearned premiums) must be cancelled and replaced by the Best Estimates and the Risk Margin.

Solvency II technical provisions are the sum of the unit liability, the best estimate of future cash flows (taken together are the best estimate liability) and the risk margin. The Best Estimate Liability corresponds to the probabilistic amount of future cash flows (inward or outward) related to insurance contracts in force, discounted using risk-free rate. Risk margin represents the cost of capital, above the best estimate; a transferee would need to support the insurance obligations over the lifetime of the portfolio.

Under Solvency II, technical provisions are calculated according to the nature of insurance company obligations, classified by homogeneous risk bucket, and at least, by line of business, according to the list defined in the Solvency II Delegated Acts.

BEL

The BEL represents unit linked liability less the projected future surplus from the unit-linked policies

The calculations have been performed on a best estimate basis in accordance with Articles 75 to 86 of the Solvency II Directive. The underlying policyholder behaviour assumptions are based on Policyholder behaviour experience (e.g. surrenders/lapses, fund choices etc.). Economic assumptions have been set consistent with economic conditions prevailing at 31 December 2016 and are set by an external body EIOPA. The calculations do not make any allowance for transitional measures.

The key material assumption in calculating the future surplus from the unit linked policies relates to the level and duration of future expenses.

Risk margin

The Risk Margin is an addition to the Best Estimate Liabilities to ensure that the technical provisions as a whole are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations. The risk margin is calculated as the amount of capital needed to support the SCR over the lifetime of the business at a prescribed discount rate of 6% per annum. The Risk Margin calculation consists of a projection of the SCR related to underwriting risk, risk of counterparty default and market risk.

Diversification effects are allowed for in the calculation of risk margin by the SCR.

3 - OTHER LIABILITIES

3.1 Principles, methods and mains assumptions used for other liabilities valuation

3.1.1 Contingent liabilities

The Company has no significant contingent liabilities, so no restatement is carried out when preparing the economic balance sheet.

3.1.2 Deferred Income Liability

Under IFRS recognition principles, fees charged for services related to the management of investment-linked contracts are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred. These are amortised over the anticipated period in which services will be provided. The Deferred Income Liability is not relevant for the valuation for solvency purposes.

3.1.3 Insurance and intermediaries payables

Insurance intermediaries payables are maintained at amortized cost (value in the statutory financial statements) since they are less than one year. Thus, they do not have to be valued at their economic value (depending on expected discounted cash flows at the risk-free rate). Payables of more than one year maturity are not significant, so they are valued at amortized cost as well.

3.1.4 Other liabilities

Other liabilities on the Solvency II balance sheet correspond to non-financial accounts. Regarding valuation method used in statutory balance sheet for these accounts, no restatement is made in the Solvency II balance sheet.

4 - OTHER INFORMATION

All important information relating to the valuation of economic balance sheet has been described in the previous sections.

CAPITAL MANAGEMENT

1 - OWN FUNDS

Own funds represent the resources available for the insurance company. Under Solvency II, own funds are equal to the excess of assets over liabilities.

Solvency II own funds are classified between 3 tiers. This classification is based on the quality of own funds assessed with regard to their capacity to absorb losses, their degree of subordination and their maturity, if any. Tier 1 own funds are highest quality. In addition, quantitative limits should be applied by tier to obtain the amount of own funds eligible to cover capital requirements, respectively the SCR – Solvency Capital Requirement - and the MCR – Minimum Capital Requirement.

1.1 Own funds management policy

All processes and policies described in the System of Governance section contribute to the management of risks which are likely to have a significant impact of the solvency of the Company, taking into account the risk profile of the company.

The Company's business planning time period is 3 years. This horizon allows the company to anticipate its own funds' needs to sustain its business development. Estimates are updated annually.

1.2 Composition of available own funds

The Company is a single shareholder entity whose shares are fully paid up. It has no debt financing nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's available own funds under Solvency II are only classified in Tier 1 and Tier 2.

Share capital: fully paid-up amounts to €635,000 by the end of 2016, unchanged compared to 2015 year end. Share capital meets all the criteria necessary for a classification in Tier 1.

,
Reconciliation reserve: amounts €19,728,000 at the end of 2016, down from €19,835,000 in 2015. Items comprised in the reconciliation reserve are classified in Tier 1 unrestricted and are the following:

- Statutory reserves: these reserves comprise retained earnings and net result of the period. The capitalisation reserve, modelled in the best estimates liabilities calculation is withdrawn from statutory own funds.

1.3 Reconciliation between statutory own funds and Solvency II own funds

Own funds are comprised of paid-in ordinary share capital, a paid up capital contribution, retained earnings and a reconciliation reserve.

€000	Dec-16
Equity in the financial statements	
Ordinary Share Capital	635
Capital Contribution	35,865
Revaluation Reserve	1,293
Retained Losses	(16,809)
Total Shareholder's Equity	20,984
Regulatory restrictions	(1,256)
Basic own Funds	19,728

1.4 Items deducted from own funds

As at December 31 2016, there no items excluded from the Company's own funds

1.5 Eligible own funds to cover capital requirements

1.5.1 Thresholds by Tier applicable to available own funds

The amount of Solvency II eligible own funds is obtained after application to available own funds of limits by Tier. The table below gives an overview of limits applicable by tier to cover the MCR and the SCR:

Condition	Amount applicable to Inora €000
The eligible amount of Tier 1 items shall be at least one half of the SCR	2,591
The eligible amount of Tier 3 items shall be less than 15% of the SCR	777
The sum of the eligible amounts of Tier 2 and 3 items shall not exceed 50% of the SCR	2,591

1.5.2 Eligible own funds to cover the SCR

The Company's own funds are all tier 1 unrestricted and available to cover the SCR.

1.5.3 Eligible own funds to cover the MCR

The Company's own funds are all tier 1 unrestricted and available to cover the MCR.

2 - SCR AND MCR

2.1 Capital requirements and cover ratio

The SCR and the MCR and their respective cover ratios by eligible own funds are presented in the Aggregated Economic Balance Sheet.

2.2 Capital requirements calculation principles

2.2.1 General framework

Under Solvency II, the SCR represents the amount of own funds that the undertaking must hold in order to limit the probability of ruin in the coming year to 0.5%. The SCR is based on the risk profile of the company and is calculated using the standard formula calibrated homogeneously for all the European market. SCR is calculated using a modular approach which consists of evaluating the loss incurred in case of an adverse event comprising various risk factors. In order to take into account the low probability of a simultaneous occurrence of these risk factors, the standard formula uses correlations between the various risk factors which results in some diversification benefits.

The SCR calculation is carried out by applying the standard formula approach which breaks down main risks by module:

- Market risk module, including risks which have an impact on the valuation of financial investments (equity, Interest rates, real estate, currency, etc.);
- Underwriting risk module, which takes into account uncertainty attached to the measurement of undertaking's commitments in life insurance, health and non-life insurance;
- Counterparty risk module, related to the default risk of third-parties.

Capital charges arising from these risks are aggregated using correlation matrices provided by European regulations to determine the FSCR.

The MCR represents the absolute minimum value of own funds that the company should have. The MCR is calculated using factorial formulas dedicated to life and non-life. The MCR shall not be less than 25% of the SCR and shall not be above 45% of the SCR, subject to an absolute floor of €3.7m.

2.2.2 SCR calculation principles

The SCR calculation using the standard formula is carried out using the Solvency II balance sheet as follow:

- Calculation of partial SCR (for each risk included in the main risk module): the deterioration of net asset value following the application of a shock (calibrated 99.5%) for a given risk (difference between net asset value of the Solvency II balance sheet and net asset value after shock) represents a partial capital requirement (SCR), which would be necessary to cover the financial loss borne following the occurrence of this risk (separately from other risks).
- Partial SCR are aggregated following a bottom-up approach :
  - Results of sub-risks are aggregated to obtain the results of main risks (correlations within risk module).
  - In turn, results of main risk modules are aggregated together to obtain the Basic SCR ("BSCR").
- Subsequently, a capital amount is added to the BSCR in order to cover the operational risk.
- Finally, if applicable, an adjustment corresponding to the loss-absorbing capacities of technical provisions and deferred taxes is taken into account.
- The sum of these items gives the total final SCR.

2.2.3 Methods and options selected for the SCR calculation

To calculate its SCR, the Company uses the Standard Formula which is adapted to its risk profile.

Simplified calculations are not used for any of the risk modules or sub modules which are applicable to the company.

2.2.4 MCR calculation principles

The MCR calculation is based on the standard formula principles specified by the European Delegated Regulations. MCR corresponds to the highest amount between the combined MCR and the absolute floor amount of MCR of €3.7m. Given the size of the company, the absolute floor of the MCR bites.

Combined MCR is determined from the calculation of linear MCR both on life and non-life. However, the final amount of MCR is between 25% and 45% of the SCR.

Linear MCR is composed of Non-Life linear MCR and Life linear MCR. In the case of the company only the life MCR is applicable:

- Life linear MCR is obtained applying factors (calibrated by the EIOPA) to the best estimates liabilities net of reinsurance, by line of business, as well as to capital at risk of all lines of business taken together.

2.3 SCR by risk module

This section presents a breakdown of the Company's SCR by risk module of the standard formula

This breakdown highlights the main risks to which The Company is exposed. These are counterparty default risk, market risk and to a lesser extent life underwriting risk. These risks have been presented in detail in the risk profile part of this report.

The following simplified chart describes the SCR calculation structure including the main risk modules of the standard formula which are applicable to the Company:

€000	Dec-2016
Market risk	791
Counterparty default risk	2,977
Life Underwriting risks	1,384
Diversification	(1,255)
BSCR	**3,897**
Operational risk	1,285
SCR	**5,182**

2.4 MCR

The absolute floor of €3.7m for the MCR was biting at December 2016.

3 - USE OF DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The duration-based equity risk sub-module is not used by the Company.

4 - DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

Not applicable to the Company. Only standard formula is used.

5 - NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR

Not applicable to the Company. No breach in terms of capital requirement observed during the current and prior year.

6 - ANY OTHER INFORMATION

All significant information related to capital management have been presented in the previous section.

APPENDIX - ANNUAL QUANTITATIVE REPORTING TEMPLATES

QRT – S.02.01 – Balance Sheet Information

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	19,098,556.09
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	19,098,556.09
Government Bonds	**R0140**	19,098,556.09
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	0.00
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	225,393,258.60
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	3,079,115.92
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	326,819.44
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	9,017,918.89
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	256,915,668.94

QRT – S.02.01 – Balance Sheet Information *continued*

		Solvency II value
Liabilities		C0010
Technical provisions - non-life	R0510	
Technical provisions - non-life (excluding health)	R0520	
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	234,029,000.00
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	232,071,000.00
Risk margin	R0720	1,958,000.00
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	1,753,409.14
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	1,405,309.50
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	237,187,718.64
Excess of assets over liabilities	R1000	19,727,950.30

QRT – S05.01 – Premiums, claims and expenses by line of business

Premiums, claims and expenses by line of business

		Line of Business for: life obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410			341,225.75						341,225.75
Reinsurers' share	R1420			0.00						0.00
Net	R1500			341,225.75						341,225.75
Premiums earned										
Gross	R1510			341,225.75						341,225.75
Reinsurers' share	R1520			0.00						0.00
Net	R1600			341,225.75						341,225.75
Claims incurred										
Gross	R1610			93,857,599.12						93,857,599.12
Reinsurers' share	R1620			0.00						0.00
Net	R1700			93,857,599.12						93,857,599.12
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900			4,975,470.90						4,975,470.90
Other expenses	R2500									
Total expenses	R2600									4,975,470.90

QRT – S05.02 – Premiums, claims and expenses by country

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations				
	R1400			(FR) France				
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	0.00	341,225.75	341,225.75				
Reinsurers' share	R1420	0.00	0.00	0.00				
Net	R1500	0.00	341,225.75	341,225.75				
Premiums earned								
Gross	R1510	0.00	341,225.75	341,225.75				
Reinsurers' share	R1520	0.00	0.00	0.00				
Net	R1600	0.00	341,225.75	341,225.75				
Claims incurred								
Gross	R1610	0.00	24,551,749.93	24,551,749.93				
Reinsurers' share	R1620	0.00	0.00	0.00				
Net	R1700	0.00	24,551,749.93	24,551,749.93				
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900	1,855,098.55	4,038,856.09	2,183,757.54				
Other expenses	R2500							
Total expenses	R2600		4,038,856.09					

QRT – S.12.01 – Information on Technical Provisions

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
	R0030			232,071,000.00							232,071,000.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**										
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**			232,071,000.00							232,071,000.00
Risk margin	**R0100**		1,958,000.00								1,958,000.00
Amount of the transitional on Technical Provisions											
Technical provisions calculated as a whole	**R0110**										
Best Estimate	**R0120**										
Risk margin	**R0130**										
Technical provisions - total	**R0200**		234,029,000.00								234,029,000.00

QRT – S.12.01 – Information on Technical Provisions *continued*

		Health insurance (direct business)	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)
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
	R0030						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080						
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090						
Risk margin	R0100						
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0110						
Best Estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200						

QRT – S.23.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	634,870.00	634,870.00			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	19,093,080.30	19,093,080.30			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					

QRT – S.23.01 – Own Funds *continued*

Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	19,727,950.30	19,727,950.30			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	19,727,950.30	19,727,950.30			
Total available own funds to meet the MCR	R0510	19,727,950.30	19,727,950.30			
Total eligible own funds to meet the SCR	R0540	19,727,950.30	19,727,950.30			
Total eligible own funds to meet the MCR	R0550	19,727,950.30	19,727,950.30			
SCR	R0580	5,181,868.74				
MCR	R0600	3,700,000.00				
Ratio of Eligible own funds to SCR	R0620	3.807111				
Ratio of Eligible own funds to MCR	R0640	5.331878				

QRT – S.25.01 – Solvency Capital Requirement

Solvency Capital Requirement - for undertakings on Standard Formula

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	791,375.91	791,375.91	0.00
Counterparty default risk	R0020	2,976,819.32	2,976,819.32	0.00
Life underwriting risk	R0030	1,383,698.42	1,383,698.42	0.00
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-1,254,809.50	-1,254,809.50	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	3,897,084.14	3,897,084.14	

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	1,284,784.60
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	5,181,868.74
Capital add-on already set	R0210	
Solvency capital requirement	R0220	5,181,868.74

QRT – S.28.01 – Minimum Capital Requirement

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	**R0200**	1,647,472.63

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**	232,071,000.00	
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		1,233,000.00

Overall MCR calculation		C0070
Linear MCR	**R0300**	1,647,472.63
SCR	**R0310**	5,181,868.74
MCR cap	**R0320**	2,331,840.93
MCR floor	**R0330**	1,295,467.18
Combined MCR	**R0340**	1,647,472.63
Absolute floor of the MCR	**R0350**	3,700,000.00
Minimum Capital Requirement	**R0400**	3,700,000.00