Solvency and Financial Condition Report ("SFCR")

EMANI continues to believe that an efficient Corporate Governance is extremely useful and effective in stimulating the use of best governance practices as recorded in the Solvency and Financial Condition Report ("SFCR"). Yearly, The Executive Committee and the Board of Directors are issuing a statement that the Mutual has complied with, and will continue to comply with, Corporate Governance Code that contains both nationally and internationally recognised standards of good and responsible enterprise management.

The SFCR covers the Business and Performance of EMANI and the Swiss Branch, its system of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. EMANI is always required to hold sufficient assets to match its liabilities while at the same time be committed to high governance standards. A primary responsibility of the Board is to ensure that eligible capital is adequate to cover the required solvency for the nature and scale of the business.

31/03/2023

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1. Business and performance

This Association has legal personality by virtue of Article 146 of the Belgian Act of June 25th 1992 on terrestrial insurance contracts. (Moniteur Belge, 20th August 1992).

The Association is incorporated under the name "EUROPEAN MUTUAL ASSOCIATION FOR NUCLEAR INSURANCE". It may also use the shortened name "EMANI". The registered office is in 1140 Brussels, Avenue Jules Bordet, 166 b 4.

In 2013, EMANI opened a Swiss branch as required by the Swiss Regulator FINMA. EMANI's activities in Switzerland are allowed via the EMANI Swiss Branch which was registered in the Commercial Register of the Canton Zug in 07/06/2013 under the number CH 170.9.001.579-1 and received its license from the Swiss regulator FINMA on 30/09/2014. The Swiss branch is not a separate legal company from its parent and therefore EMANI carries full liability for the branches operations.

For the first time the financial statements also incorporated the accounts of our EMANI branch in the United Kingdom which was registered at the Companies House under company number FC039655 and registration number BR024761 dated 13 July 2022. Following further legal advice, the PRA considered on 21 February 2023 that EMANI's insurance-related activities carried out in the UK do not appear to be sufficient enough to require a UK Branch/PRA Authorisation. After approval from the Board of Directors of 15 March 2023, EMANI's request for a UK insurance license will be withdrawn

The object of the Association is to indemnify its Insured Members against material damages and business interruption due to fire, nuclear risks and natural forces (insurance class 8) and other damage to property (insurance class 9) to their nuclear installations and associated real-estate and movables adjacent to these installations. EMANI still has a license to insure third-party liability (insurance class 13) but it's dormant.

To this end the Association may participate in promoting and carrying out any study or activity directly related to the objects mentioned above. The activities of the Association cover Belgium as well as any other country in which the Association has Members and/or where these Members have their activities. The Association may engage in insurance, in co-insurance and reinsurance within the scope of its objects as established by the Articles of Association. The Association shall not have a profit motive and shall not be allowed to make a profit.

Role of EMANI

- ✓ help Members to get the insurance cover they need for their nuclear operations.
- ✓ offer alternative capacity on mutual basis outside the pooling system.
- ✓ reduce cost of insurance of Members
- ✓ provide supplementary insurance capacity based on its own funds and reinsurance.

The objectives of EMANI are the followings:

- ✓ retain surpluses in the mutual in order to strengthen the mutual's funds.
- ✓ allocate the capacity to the EMANI programs.
- ✓ participate in underwriting of insurance and reinsurance of EMANI members.
- ✓ prudent investment policy in order to maintain the mutual's funds.

a) Underwriting & business performance

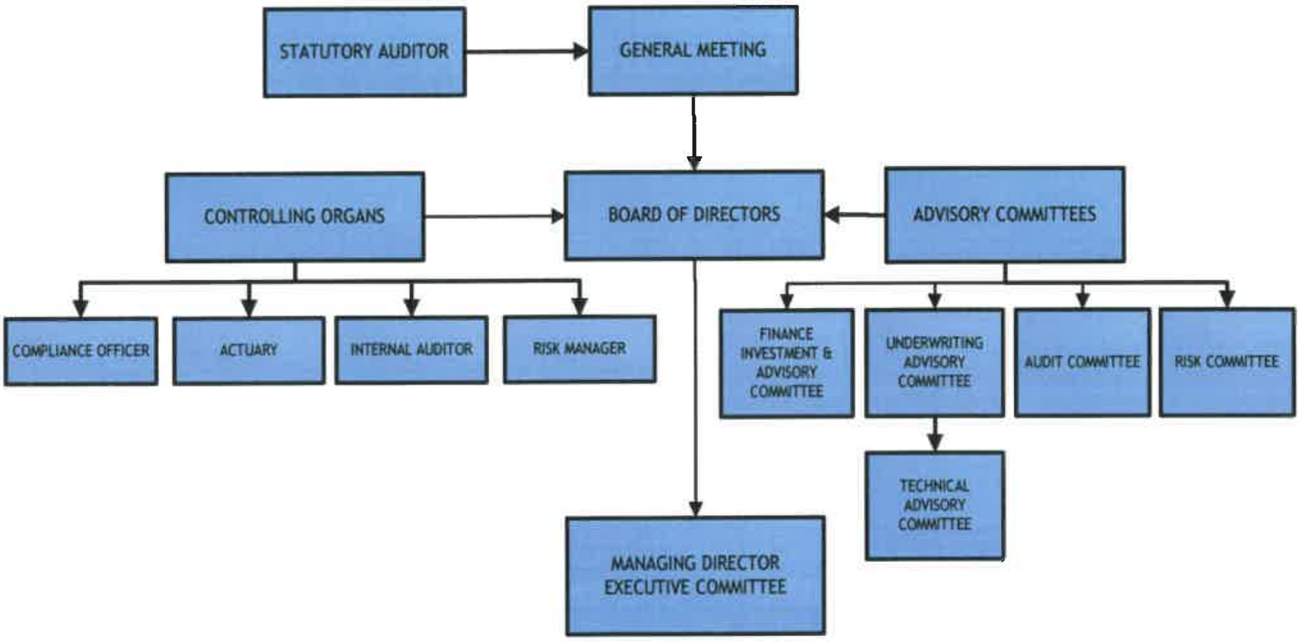
The table below shows an overview of the performance at 31 December 2022.

INCOME STATEMENT AS OF 31 DECEMBER 2022
(Currency - Euro)

		31 December 2022
1. Earned premiums net of reinsurance		
a) Gross premiums		44.537.193,82
• *Premiums written*	*45.936.191,78*	
• *Rebates to members*	*-1.398.997,96*	
b) Reinsurance premiums		-19.055.494,86
c) Variation of the reserve for unearned premiums and unexpired risks.		-972.289,88
d) Variation of the reserve for unearned premiums and unexpired risks.		444.506,00
		24.953.915,08
2bis. Investment income		
b) Income from other investments		251.392,50
c) Write-back of adjustments on investments		669.172,53
d) Realized capital gains		4.852.266,86
		5.772.831,89
3. Other technical income net of reinsurance		32.446,52
		32.446,52
4. Costs of claims. net of reinsurance (-)		
a) Net amount paid		-17.392.424,93
aa) gross amount	*-25.579.133,62*	
bb) part of reinsurers	*8.186.708,69*	
b) Variation of the claims services reserve net of reinsurance		16.370.018,80
aa) variation of the reserve for claims gross of reinsurance (incr. -. decr. +)	*20.426.646,22*	
bb) variation of the reserve for claims part of reinsurance (incr. +. decr. -)	*-4.056.627,42*	
		-1.022.406,13
6. Cost of refund of contribution. net of reinsurance (-)		
a) Net amount paid		0,00
b) Variation of the refunds reserve. net of reinsurance (incr - decr +)		0,00
		0,00
7. Net operating expenses (-)		
a) Acquisition expenses		-148.657,67
b) Administrative expenses		-4.552.786,75
		-4.701.444,42
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments		-581.816,92
b) Adjustments to investment values		0,00
c) Realized less values		-7.056.875,52
		-7.638.692,44
8. Other re-insurance charges		**0,00**
SURPLUS / (DEFICIT) OF THE PERIOD BEFORE VARIATION RESERVE FOR		**17.396.650,50**
9. Variation in the reserve for egalisation and catastrophies. net of reinsurance		**-18.920.012,64**
Surplus / (Deficit)		***-1.523.362,14***
15. Impots		**-50.010,27**
Surplus / (deficit) of the period available for distribution		***-1.573.372,41***

2. Management structure, remuneration and Membership

2.1 Management structure



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a) Board of Directors (composition, duties)

The General Meeting nominates the Board of Directors for a three-year period but can dismiss them at any given time. On completion of their three years period of office, Directors shall be eligible for re-appointment.

EMANI is responsible to select and maintain competent and professional reliable persons for the functions within the Board. The (re)nomination of members of the Board of Directors is therefore subject to prior written approval by the Belgian supervisor who assesses the candidates in accordance with the principles included in the circular on Fit & Proper requirements. The Board is responsible to install an appropriate recruitment-, evaluation- and education policy and will therefore perform an assessment of the candidate on fit- and properness at the moment of selection. The NBB will receive a copy of the fit and proper assessment.

The composition of the Board will be balanced considering the respective skills, experience and background of each of the Board members. Board members undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. To protect the interest of the Association, every Director is requested to sign a confidentiality agreement.

The Board of Directors is a management body who jointly oversees the activities of the Association and decides on the Risk Appetite of EMANI. The Board of Directors has following main tasks in accordance with article 44 and 77 of the Solvency Law:

a) Determining the general company strategy, risk policy and integrity policy in accordance with Article 44 of the Solvency II Law.
As regards the company's strategy and objectives, the Board of Directors determine and validate:

- EMANI objectives
- the organisational structure and internal control structure
- the governance system supported by the Fit & Proper policy, the remuneration principles, the outsourcing policy, the IT security and continuity plan as well as the policies of the independent control functions,
- reporting intended for the public particularly the Solvency and Financial Condition Report.

As regards the risk policy, the Board of Directors specifically:

- determine the risk appetite and general risk tolerance limits.
- approve the general risk management policy such as the policy relating to the management of underwriting and reserve risk, capital management policy, the investment policy, the liquidity policy, the operational risk policy, the ORSA policy.
- be the first line as regards risk-based strategic decisions and be closely involved in the ongoing supervision of the development of the risk profile.
- approve the Regular Supervisory Report (RSR) and the Own Risk and Solvency Assessment (ORSA).

Finally, the Board of Directors also approve the integrity policy, which establishes the company's fundamental ethical principles and includes at least the following: rules on conflicts of interest, rules on whistleblowing, codes of conduct, etc. The integrity policy is an integral part of the memorandum corporate governance.

b) Supervision of activities and regularly assessing the effectiveness of the governance system. This supervision is exercised through reporting by the independent control functions, effective use of the investigative powers of the Board of Directors and reporting by the Executive Committee as well as Advisory Committees.

In line with Article 77 of the Solvency Law, the Board of directors:

- assess the effectiveness of the company's governance system at least once a year and ensure that the management committee take the necessary measures to tackle any non-conformity;
- at least once a year assess the proper functioning of the four independent control functions. Apart from the assessments, it submits in particular for compliance annually a report on the assessment of the proper functioning of the compliance function to the Supervisor.
- determine which measures must be taken as a result of the findings and recommendations in the internal audit.

- at least once a year assess the general principles of the remuneration is responsible for the supervision of the implementation thereof. This is performed in particular by the Chairman of the Board.
- bears the responsibility for the integrity of the accounting and financial reporting systems, including the rules for operational and financial control, and ensure that these systems offer a reasonable degree of certainty as to the reliability of the financial reporting process.

If there is a vacancy for one or more Directors, the remaining Directors shall have the right to arrange for temporary replacements until the next Annual General Meeting. Non-executive Directors shall not engage in any management function of the Association.

The Board of Directors appoints among its members a Chairman and two Vice-Chairmen with the criteria that they can't be member of the Executive Committee. Their mandate stands for a period of three years but is re-eligible. The Chairman of the Board of Directors supervises the division of the powers and diligences between the Board of Directors and the Executive Committee. The NBB shall be consulted before appointing or dismissing a Board member. The Board of Directors meets as frequently as the interests of the Mutual requires but at least four times a year and whenever five or more Directors make a written request.

Notice of Board meetings shall be sent by ordinary mail or by email at least ten days before the date of the meeting. Such notices shall state the date place and time of the meeting and the items on the agenda. In case of urgency, the nature and the reasons for the emergency are mentioned in the notice or in the minutes of the meeting. The Board of Directors meets at the registered office of the Association or in any other place in Belgium or abroad approved by the Board of Directors and mentioned in the notice of the meeting. The Board of Directors can take decisions only if all the Directors have been given notice of the meeting and if a majority of Directors is present or represented. Each Director has one vote.

Any Director may, on paper or by electronic device , give authority to another Director, to represent him at a particular meeting of the Board of Directors and to vote in his name; no Director may exercise more than two such proxy rights.

In absence of the Chairman, the Board of Directors meets under the presidency of a Vice-Chairman or in their absence, of a Director chosen by his co-Directors, who is not a member of the Executive Committee.

Besides the cases stated in the Articles of Association, all decisions of the Board of Directors are taken by simple majority vote wherein each member is entitled to one vote.

Minutes, of the conclusions as well as of the measures taken in order to improve the efficiency of the governance structure, are recorded of every meeting. After approval the original minutes and extracts are signed by the Chairman of the Board of Directors. Copies and extracts of the minutes shall be signed by the Chairman or by one of the members of the Executive Committee.

The non-executive and the external Directors may be remunerated for their mandate. Their remuneration is fixed by the General Assembly of the Association. The position of member of the Board cannot however be exercised under an employment contract. Board members, travelling on EMANI business will be reimbursed for travel expenses according to the Board expense policy.

Non-Executive Directors may have other mandates in other companies.

In line with the fit and proper requirements applicable the fit and proper policy, the Board of Directors performs annually a self-assessment.

Board members

• A. Russell	Chairman
• C-D. Bölle	Vice-Chairman
• B-P. Jobse	Vice-Chairman
• P. Vandekerckhove	Executive Director & Managing Director
• M. Vercammen	Executive Director & Finance Manager
• T. Houben	Executive Director & Chief Risk Officer
• C. White	Independent Director
• M. Blair	Independent Director
• P. Sätmark	
• R. Scholl	
• K. Kelly	
• E. Laugier *(left as of 16 March 2023)*	

b) Executive Committee (composition, functions)

To the Executive Committee are delegated all the management powers of the legal administrative body, excluded the determination of the general policy, acts reserved for the legal administrative body by the Companies Code or by the law of 13 March 2016 on the legal status and supervision of insurance or reinsurance companies. The management of the Association is delegated to the Executive Committee within the framework of the general policy of the Association and in accordance with the laws and regulations in force. They are responsible for the execution and management of the outcome of all Board decisions.

The Board of Directors and Executive Committee shall cooperate appropriately, both with each other and with all Committees set up by them, as well as with those responsible for the independent control functions of EMANI.

The Board of Directors appoints or dismisses among its Directors and after informing the NBB, the members of the Executive Committee. The Board of Directors appoints the Chairman of the Executive Committee, establishes rules for its powers in accordance with the NBB regulations and decides on the remuneration of the members of the Executive Committee.

All members of the Executive Committee are member of the Board of Directors. The members of the Executive Committee cannot become the majority in the Board of Directors.

Special powers can be determined and granted by the Board of Directors to the members of the Executive Committee or to certain members of personnel. These powers relate to financial and administrative matters and are published in the annexes of the 'Moniteur Belge'.

The Members of the Executive Committee act jointly and are jointly and severally liable but this does not prevent that various tasks, specific areas of responsibility and lines of reporting are delegated amongst its members.

An Executive Committee meeting is organized every second Monday of each month. According to the provisions of the articles of association of EMANI, all decisions of the Executive Committee shall be taken by simple majority vote. All Members of the Executive Committee are entitled to one vote. In case the Executive Committee cannot come to a decision – for whatever reason - , the decision shall be lifted to the Board of Directors where the decision shall be taken in accordance with the provisions of the articles of association of EMANI.

Members of the Executive Committee receive no additional compensation for their engagement and are just remunerated for their operational tasks. The position of member of the Executive Committee cannot be exercised under an employment contract.

Following tasks come under the responsibility of the Executive Committee:

- Implementing the strategy developed and approved by the Board of Directors and Members;
- undertaking the management of EMANI in accordance with the strategic goals established and with due regard to the risk tolerance limits laid down by the Board of Directors;
- supervising line management and compliance with responsibilities and regulatory processes;
- making proposals and giving advice to the Board of Directors for determining the general policy and strategy;
- Implementing the risk management system;
- translating the risk appetite framework and its governance policies into procedures and processes;
- supervising the development of the risk profile and overseeing the risk management system;
- implementing the necessary measures to control risks;
- making sure, based on the reports of the independent control functions, that all relevant risks to which EMANI is exposed (financial risks, insurance risks, operational and other risks) are appropriately identified, measured, management, controlled and reported;
- Introducing, monitoring and assessing the organisational and operational structure;
- setting up an organisational and operational structure to support the strategic goals by determining the powers and responsibilities of each department and specifying the reporting and procedures;
- setting up appropriate internal control mechanisms at every level of the company and assessing the appropriateness of those mechanisms,
- implementing the necessary framework for the organisation and the proper functioning of the independent control functions, assessing the effectiveness and efficiency of the policies on risk management, internal control and governance established;
- supervising the correct implementation of the remuneration principles;
- setting up an internal reporting system that gives a reasonable degree of certainty as to the integrity of the financial information and prudential reporting;
- Implementing the integrity policy and memorandum corporate governance by translating them into concrete procedures and processes;

- supervise reporting to the Board of Directors, Supervisor and other stakeholders;
- communicating the relevant information and data to the Board of Directors and/or where applicable to one of its sub-committees, to allow them to monitor the company's activity;
- implementing the policy established by the Board of Directors for reporting (Article 77, § 7 of the Solvency II Law) and, in this context, submitting the expected prudential information to the Supervisor. The Executive Committee will therefore approve the reporting on the annual and quarterly Quantitative Reporting Templates (QRTs) in accordance with Articles 80, § 5, and 202 of the Solvency II Law. Moreover, the Executive Committee shall formally declare annually and half-yearly that the information provided to it in accordance with Articles 312 to 316 of the Solvency II Law (i) is complete, (ii) accurately reflects the situation of the company, taking into account its risk profile, and (iii) is established in accordance with the legal rules and the instructions of the Bank;
- providing a report at least once a year to the Board of Directors, the accredited statutory auditor and the Supervisor on the effectiveness of the intern control system.

Members of the Executive Committee

- P. Vandekerckhove (Managing Director)
- M. Vercammen (Finance Manager)
- T. Houben (Chief Risk Officer)

c) Advisory Committees of the Board of Directors (composition, functions)

The Board appoints and dismisses the delegated members of the specialized Board Committees in charge of advising the Board: the Executive Committee (EC), the Finance Committee (FC), the Audit Committee (AC), the Underwriting Advisory Committee (UAC) and the Risk Committee (RC). The existence of the Committees doesn't decline the overall responsibility of the Board. Board Committees provide advice and support in their field of expertise by making recommendations towards the Board of Directors.

EMANI is not obliged to set up an Audit Committee because it only meets one of the three criteria imposed by article 52, § 1 of the Insurance Supervision Act of 13 December 2016. However, for good governance purposes EMANI has put an Audit Committee in place but the composition of the Committee on the principle of independent is not as defined as in article 48 of the Insurance Supervision Act.

The Audit Committee reports to and assists the Board in fulfilling its oversight responsibilities in the areas of corporate finance, risk management, corporate controls, financial communication and all other related areas as deemed appropriate. It is also authorized to obtain independent advice, including legal advice, if this is necessary for an inquiry into any matter under its responsibility. It is entitled to call on the resources that will be needed for this task. It is entitled to receive reports directly from the Statutory Auditor, including reports with recommendations on how to improve the Mutual's control processes.

The Finance Committee makes recommendations for approval by the Board to review strategies, plans, policies and actions related to the financing of its assets and liabilities. In particular, the Finance Committee proposes, monitors and recommends changes to/of:

- Investment policy
- Investment guidelines
- Investment manager
- Accounts, annual financial accounts

The purposes of the Underwriting Advisory Committee are to review and evaluate EMANI's policies, guidelines, performance, processes and procedures relating to the underwriting of risks undertaken by the Mutual as well as to discuss, monitor and oversee the guidelines and policies that govern the process.

The Risk Committee is comprised of the members of the Board and as secretary the risk management function. The Risk Committee will assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite, risk management and compliance framework, and the governance structure that supports it.
All Advisory Board Committees have charters that explain their purpose and their role including the responsibilities of the Committee towards the Board of Directors as advisory body. Each Charter is regularly evaluated and when necessary suggestions on amendments to the Committee's Charter are made to the Board for approval.

Committee members are nominated by the Board of Directors for their experience in the specific areas of the Committee they take part in. Every Committee consists of a mix of Board members, other members and even staff to ensure execution and communication on every level of the Association. Every Committee has a personalised charter explaining its rights and duties.

Committee members are nominated by the Board of Directors to the term of the Board of Directors being 3 years. Each member of the Committee must at least participate in person or by conference call in ¾ of the meetings over the period of 3 years. Non-compliance will lead to not being eligible for the next 3-year period.

Decisions are taken by simple majority with casting vote by the Chairman except in the Underwriting Advisory Committee where there is a vote weighting system. A quorum for voting exists if half of the members of the Committee are present.

After each meeting, the Board of Directors is informed of discussions through the circulation of minutes. The Board also receives in the minutes the Committee's recommendations for approval. Committee members, travelling on EMANI business will be reimbursed for travel expenses according to the Advisory Committee expense policy. Members of an Advisory Committee receive no additional compensation for their engagement.

In line with the fit and proper requirements, every Committee performs annually a self-assessment.

Each of the members of Committees must sign a confidentially agreement.

2.2. Remuneration

In accordance with Delegated Regulation 2015/35 and inspired by the Financial Stability Board principles for sound compensation practices, EMANI shall take all the following principles into consideration:

- The remuneration policy and remuneration practices are established, implemented and enforced in accordance with the risk management strategy, the risk profile, the objectives, the risk management practices and the long-term interests and performance as a whole, and include measures focused on avoiding conflicts of interest;
- the remuneration policy contributes to a sound and effective risk management and discourages risk-taking that exceeds the level of tolerated risk;
- the remuneration policy applies as a whole and provides for specific rules taking into account the tasks and performance of the members of the Board of Directors and the Executive Committee, of the persons responsible for independent control functions, and of the other categories of staff whose work has material consequences for the risk profile of EMANI;
- the remuneration policy is designed to take into account the internal organisation of EMANI and the nature, scale and complexity of the risks inherent to its business model and activity.
- The remuneration policy include both a fixed and variable component, both components are distributed evenly, so that the share of the fixed or guaranteed component in the overall remuneration package is enough to avoid staff being too dependent on the variable component, and to enable EMANI to operate an entirely flexible bonus policy, including the option of not paying out any variable component at all.

EMANI has determined the requirements for sound remuneration practices to be observed by staff receiving variable remuneration:

- where the variable remuneration is performance-based, the total amount of the variable compensation is based on a combination of an assessment of the performance of the person in question, the business unit in question and the total results of the Mutual;
- when evaluating personal performance, both financial and non-financial criteria can be used;
- when evaluating performance as a basis for the variable compensation, a downwards correction can be applied for exposure to current and future risks and account is taken of the Mutual's risk profile and capital costs;
- EMANI may grant an annual bonus/variable remuneration. The payment of a bonus/variable remuneration for any year does not entitle to any payment in a subsequent year.
- compensation for dismissal is in line with the performance during the whole period of active service and designed in such a way that failures are not remunerated;
- for persons to whom the remuneration policy applies, it is required that they make no use of personal hedging strategies or insurance linked to a remuneration or liability, which would undermine the risk control effects embedded in their remuneration policies;

- the variable part of the remuneration of staff involved in the independent control functions is separate from the performance of the business units and areas on which they exercise control.

Furthermore, EMANI ensures in its remuneration policy that :

- the remuneration granted does not jeopardise the ability of the Mutual to maintain a sufficient capital basis;
- remuneration contracts with service providers do not encourage the taking of excessive risks, taking into account the Mutual's risk management strategy.

Board Members representing a Member as well as Executive Directors, receive no specific remuneration. Board Members not representing a Member receive a fixed and modest cash amount per year which is approved by the General Meeting for the current financial year. No variable nor incentive programs are included for any Board Member.

Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board of Directors such as key functions or critical functions. In each such case, the Board of Directors shall determine a fixed remuneration for the work carried out in relation to those tasks.

Members of Advisory Committees receive no additional compensation, fixed or variable, for their contribution to the Mutual. In each such case, the Board of Directors shall determine a fixed remuneration for the work carried out in relation to those tasks.

Members of the Executive Committee receive no additional compensation, fixed or variable, for their contribution to the Mutual. Actual expenses in connection with Board and Committee meetings are reimbursed.

The remuneration of all employees, including those involved in risk-taking activities and key functions, comprises a combination of basic salary, appropriate benefits and a performance related bonus. The remuneration policy is designed to not encourage unauthorised or unwanted risk-taking that exceeds the level of tolerated risk of the undertaking. Remuneration is structured and managed fair and competitive respecting appropriate proportions. The remuneration structure is each year discussed and approved between the Chairman of Board and the Managing Director.

2.3. Membership

a) Process for monitoring the changes in the Membership structure

Each of our Members is an important player on the international energy market and is therefore submitted to intensive surveillance by national and international authorities. Due to their size and (self)-control, EMANI considers its Members as being reliable and financially sound. Still a financial assessment is performed on a candidate Member on the one hand and a yearly financial review for existing Members on the other hand.

Membership is submitted to the Board of Directors and becomes effective after approval by General Meeting. New Members have to contribute to a sound and prudent management in EMANI as well as to the stability of the financial institution and its development on a going concern basis. The fee to enter as a Member is set at 10.000 €.

Every Member represents one vote in the Mutual except for the non-insured Members who have no voting rights. Because every insured Member is treated equally, there are no controlling Members even though each Member has got different participations in the funds. A complete list of the Members is reported to the National Bank of Belgium (commonly abbreviated as NBB).

This transparent membership structure and the fact that membership contracts are signed on an individual basis, helps to protect the Mutual against agreements between Members to act jointly or to meet separately and unofficially. The statutory allocation in the Articles of Association of one vote for each insured Member, aid in preventing that an association within the Association is established who could attain a majority. To EMANI's knowledge, no arrangements between Members, relating to the relation between Members on the one side and the Mutual on the other side, exist.

EMANI encourages its Members to participate at the Members Meetings. In order to facilitate this, agendas and all other relevant information are sent in advance of the Members Meetings. During the meeting, the Board of Directors presents a management report and financial overview of the latest financial figures. The General Meeting acts by simple majority of votes if quorum is reached unless for those cases stated in the Articles of Association where the approval is needed of three-quarters of the Members.

Yearly there can be two Members Meetings, one before the 30th June and another in the second half of the year. As the Annual General Meeting according to Article 10 of the Articles of Association must meet before the 30th June, the AGM and Members Meeting are organized on the same day. Minutes of the AGM are drafted and adopted during the meeting itself.

3. Fit & Proper, external functions and transactions with Governing Bodies

3.1. Fit & Proper

a) Policy

Annually, EMANI updates and discloses a fit & proper policy to the NBB. Two standards of evaluation are at the center of the fit and proper policy:

1) Expertise (« fitness »):

A person is considered as being expert ("fit") for a specific function when he / she combines knowledge and experience, skills and the professional behavior required for the function in question.

2) Professional worthiness (« properness »):

The professional worthiness concerns the honesty and the integrity of a person. A person is considered as professionally honorable (" proper ") in the absence of indicating elements the opposite and when there is either no reason for questioning reasonably the good reputation of the person involved. In other words, we can leave the principle that the person will execute in an honest, ethical and integrate way the task which is confided to him (her).

All people occupying critical functions in EMANI are aimed by this policy. By critical function we understand:

- The members of the Board;
- The members of the Executive Committee;
- Four key functions defined in the Directive Solvency II: Actuarial, Compliance, Risk Management and Internal Audit Function.
- Any other function which EMANI would estimate as critical for the smooth running of the company either internal or external.

Critical functions have to have the necessary professional expertise, the skills and the worthiness to be able to perform their functions. The same requirements apply to the holders of any critical outsourced function.

In order to remain fit & proper, EMANI at least yearly evaluates the critical functions. The Board of Directors therefore performs an annual self-assessment. The key functions are assessed yearly by the responsible person.

b) Implementation Process

"Fit and proper" implies a thorough process of evaluation which allows to obtain, by means of various relevant elements, the most complete possible image of the capacity of a person for a determined function. The evaluations concerning, on one hand, the expertise and, on the other hand, the professional worthiness of a person, are complementary.

The available information which can support a "fit and proper" file is always used and balanced according to their relevance and to their importance compared with the responsibilities. Several weighting factors allow not granting the same importance for all the elements of the case. EMANI takes into account following weighting factors:

- The gravity of the information in the light of the objectives of the prudential control
- The seniority of the information
- The attitude and/or the motivation of the concerned person with regard to the information
- The combination of available information

A global overview of histories and available information allows to obtain a less static and precise image of the functioning of the person. The combination of the information gives an idea of the way of functioning and/or the carelessness of a person and can lead to the conclusion that the interested is not considered (any more) as being capable or has to improve its expertise on a very precise point.

The evaluation of capacity takes place as in principle before the entry in a function or during a change of function. Management assists the candidate by transferring relevant documents.

3.2. Loans, credits or guarantees and insurance contracts for Governing Bodies and Members

There are currently no loans, credits or guarantees and insurance contracts granted to Members of the Board of Directors or Executive Committee.

No loans/credits are granted to shareholders, related institutions and related persons in the event of transactions of more than of EUR 100,000.

4. Risk Management System, ORSA process and risk management function

4.1. Risk Management System

a) Framework for risk appetite and tolerance limits

The appetite for risk represents the underlying foundation of any effective Risk Management System. Understanding risk appetite helps Boards and managements to make better strategic and tactical decisions. It enhances understanding of Board and stakeholder expectations and enables risk-reward decision-making. It reduces the likelihood of unpleasant surprises.

The ability to take on risks is determined by more than just a capacity to absorb losses. The ability to manage risks based on skill sets and experience, systems, controls and infrastructure is also crucial. Understanding risk appetite helps in the efficient allocation of risk management resources across a risk portfolio, and may enable the pursuit of business opportunities that, without an understanding of the appetite, would otherwise be rejected.

The Risk Appetite Framework (RAF) is defined as being the overall approach, including policies, processes, controls, and systems, through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

The RAF has been developed to articulate the level of risk that the Board is willing to accept in order to achieve the overall strategic objective.

The RAF contains the following characteristics:

- Identification of the key areas used to measure the success in achieving its overall objectives. These have been determined as available capacity, underwriting results, solvency, liquidity and reputation. These are referred to as "Dimensions" in this report;
- Quantification of the risk appetite attributed to each of the areas above, where quantifiable;
- Risk Profile (Risk Log): all of the risk faced by EMANI are identified, shortly described and categorized both for the head office and for the Swiss Branch;
- Integration and control of the risk appetite through the Association;
- Dashboard for monitoring.

We define the risk appetite as being the nature and quantity of risks that EMANI is ready to accept or to tolerate in the pursuit of its strategic objectives, taking into account the expectations of the stakeholders.

The risk tolerance defines the maximum amount of risk (bearing activities) needed to achieve all the organisational strategic objectives while simultaneously remaining compliant with the stakeholder's expectations.

The risk target is the optimal risk level to achieve the strategic objectives with respect of the tolerance limits.

b) General risk management policy

EMANI assumes risk to generate an adequate return on capital. The success of its business model therefore depends materially on its ability to manage risk. EMANI considers the implementation of a suitable and effective Risk Management system as a strategic imperative not only to meet increasingly changing regulatory requirements but also to gain a competitive edge by improving its understanding of its own risks and overall solvency needs.

As an integral part of EMANI's business cycle, the Board shall approve the Risk Strategy and issue a Statement of Risk Appetite. "Risk" is defined as the degree of uncertainty with respect to achieving planned goals and targets and equally encompasses the probability of loss or gain. The Risk Strategy, including the Statement of Risk Appetite shall be clearly reflected in the agreed business targets, financial budgets, underwriting guidelines, and operational plans.

The Board delegates to the Executive Committee the responsibility of implementing adequate risk management processes and policies to ensure risk management is correctly embedded within all operations and in all departments. The Board and Executive Committee are assisted in this task by the CRO and Risk Committee.

A Risk Management Policy documents EMANI's internal Risk Management guidelines that staff members are required to observe when exercising their day-to-day responsibilities. The purpose of the Risk Management Policy is to establish a Risk Management framework that enables EMANI to achieve an accurate and timely understanding of (1) the nature, materiality and sensitivity of the risks to which it is exposed, (2) its ability to mitigate and manage them, and (3) to deal with them should they fall outside the stated Risk Appetite and agreed risk tolerances and limits. EMANI's Board owns the Risk Management Policy. As such, the Board is responsible for the approval of any periodic changes and revisions introduced to this document.

EMANI's Risk Management Policy, its Risk Management System and ORSA are to be reviewed by the Board at least annually. The review will be based on input provided by the CRO and Senior Management. More regular reviews may be undertaken when required or when there is a material change in the business or risk profile of EMANI or where a risk issue which raises doubts about the effectiveness of the Risk Management System has been identified.

4.2. ORSA process

a) ORSA policy

The ORSA process seeks to draw together considerations of risk, capital and returns within the context of the overall business strategy, both in the present and forward looking, providing a holistic view of the capital, risk and return over the forecast period.

The process is iterative, as outlined below:

The ORSA process is used to:

- Ensure there is sufficient capital available to meet the current business requirements (Solvency II compliance);
- Determine the supplementary capital required to meet the growth and diversification plans and other strategic decisions;
- Ensure that any risks that exceed the risk appetite are identified, assessed and if required the remedial action plan in place;
- Provide assurance to the Board, financial regulators and other stake holders that risk management and capital planning processes are embedded within the business.

The adjustments are the result of exchanges between management and the Board, while operational limits are developed jointly by the risk taker and risk management function.
We must therefore expand and review a large number of future scenarios (defined in terms of the most significant risks), to change the risk parameters and compare the different risk margins and the respective capital requirements and then take recapitalization measures or risk mitigation if necessary. We are then able to conclude whether the tolerance limits are exceeded and whether measures should be taken.

It is important that the ORSA process is a continuous reiterative process which is embedded within the business decision making and strategy setting process.

EMANI performs an ORSA at least annually or when the risk and solvency profile change significantly. The risk profile is continuously monitored against the risk appetite and periodically reported by CRO.

b) Implementation process

The overall purpose for the ORSA assessment is to ensure that we can continuously meet our current and planned future regulatory targets and internally set capital target, in the face of planned changes to the risk profile and business plans, and expected development in the external environment.

As a management tool, it is designed to embed risk awareness within the business culture and decision making. It is an integral to the successful delivery of the overall strategic plan as it provides the management with a good understanding of the risk it is assuming and the capital required to cover those risks. It must be treated as a management process rather than a compliance exercise.

TIME HORIZON

The time horizon of the ORSA is fixed to 5 years, same horizon as used in the strategic business plan. The strategic business plan is the Base scenario of the forecasted P&L and Balance Sheet. For the solvency projections in ORSA use will be made of best estimates, market value balance sheet and SCR from Pillar I calculations as starting point.

SCENARIO - STRESS TESTS

The Strategic Business Plan (SBP) figures will be used for projection of the technical provisions and cash flows in and out. The calculation of the projected SCR can then be done. The final result is the "Base Case" and gives the expected capital needs/surpluses.

Besides the base scenario, we analyse also the effects of adverse developments on its solvency position. This is done with the help of scenario analysis and stress testing: we define scenario analysis as assessing the impact of a combination of factors. Stress testing is an extreme scenario that crosses the boundaries of the SCR-MCR.

USE OF THE ORSA RESULTS

A part of the ORSA is the determination of the capital needed to manage the business. The results of ORSA are used for:

- Yearly evaluation of the risk appetite framework in relation to the capital position and the strategy;
- Start the strategic business plan with the most recent capital assessment;
- Monitoring capital position from regulatory, rating agencies and internal angle;
- The assessment of the target and realized solvency ratios;
- An analysis of the evolution of the capital position and the forecast of eventual funding requirements on the horizon period.

MANAGEMENT ACTIONS

We use also the results of the ORSA to take management actions:

- Accept the risks.
- Mitigate the risks.
- Transfer the risks.
- Terminate the risk generating activity.

FREQUENCY OF THE ORSA AND TRIGGERS

We perform an ORSA at least annually and an update when the risk and solvency profile change significantly. The risk profile is continuously monitored against the risk appetite and periodically reported.

Examples of trigger for updating the ORSA:

- An acquisition that significantly changes risk profile.
- A significant change in the financial markets that has a big impact on the value of the asset portfolio.
- A significant change in regulation.
-

The decision of performing an update of the ORSA is taken by the Executive Committee.

REPORTING

An annual ORSA Report will be produced by the Risk Management Function. This report will be discussed at different levels:

- First level: the resulting ORSA report will be discussed and approved by the Executive Committee.
- Second level: the resulting ORSA report will be discussed and recommended by the Risk Committee.
- Third level: finally, the report will be discussed and the sign off will be given by the Board of Directors.
- Recommendations from Executive Committee, Risk Committee and Board of Directors can be included as action plan.

QUALITY REVIEW

The quality review is conducted by the Executive Committee and acknowledged by the Board of Directors. The quality review will treat at least the following aspects:

- The ORSA policy;
- The ORSA process;
- The methods used;
- The outcome of the ORSA and the follow-up of management actions.

The following criteria will be judged to assess the quality:

- Training and experience of staff involved;
- The cooperation between key functions: actuary, risk management, compliance;
- The involvement of management.

4.3. Risk Management Function

The Risk Management Function, is responsible to maintain an enterprise-wide aggregated view on EMANI's risk profile and operate its Risk Management System, monitors and reports to the Risk committee on actual risk exposures in comparison to Risk Appetite, Risk Tolerance and solvency requirements as set by the Board. The Risk Management function is executed by the CRO on the level N-1 because EMANI is a non-significant company.

The Risk Management Function, objectively and free from the influence of other parties, is responsible for:

- implementing appropriate methodologies and procedures to assess EMANI's risks and solvency position ensuring their assessment is consistent with prevailing professional standards and regulatory requirements.
- implementing appropriate methodologies and procedures for risk assessment including Risk Policy and Risk Strategy.
- Reporting details of material risk exposures and advising the Board, Executive Committee and senior management with regard to risk management matters including the Risk Appetite, risk tolerances and risk limits.
- Monitoring risk aggregations (and diversifications) across lines of business, geographies, risk types and categories, etc.

5. Organizational structure, internal control, compliance function, integrity and IT infrastructure

5.1. internal Control System

Identification and assessment of the risks

The permanent control system has to lean on an analysis and a measure of the risks, regularly updated, by every person in charge of business units (which are risk owners).

For the identification and description of risks, EMANI has focused on key risks and on management related controls that mitigate those risks. EMANI's key risks definitions are based on existing information such as different control reports and regularly self-assessments. To lead to an efficient identification of those controls, interviews were conducted with every member of the Management. All this information has come together in a working document referred to as EMANI's risk log.

The risk log identifies EMANI's key risks. The management crosschecks the type of risk with existing control measures to see how they are currently mitigated. This exercise is performed at the end of each year and in preparation for the year to come.

In the risk log, EMANI additionally estimates the potential loss given default of each risk category in case the risk should occur. In order to quantify each individual risk, EMANI therefore combines two parameters which are the probability of occurrence and the (financial) loss impact. Furthermore, an evaluation is made on the effectiveness of the current controls so that the Association can target threats and plan actions were needed.

Each person in charge receives yearly a personal self-assessment form enumerating all risks falling under his authority. This form allows him to analyse and evaluate his control measures on risk and, if needed, plan action. Further, the person in charge declares that his self-assessment has been completed to his best ability before dating and signing off the document.

Finally, EMANI emphasises that risk awareness is a priority of every member of staff.

Policies and procedures

Policies and procedures are instruments of organization and control that contribute to the realization of the fixed objectives. They have to be in adequacy with the various identified, easily accessible risks and be the object of a communication and adequate trainings. They must be updated also regularly. The risk owners are responsible for the maintenance of processes and procedures.

Adequate training

The staff is trained and sensitized to their role in the internal control system by his experienced manager. Each Member of Staff has a copy of the Procedure Manual explaining all procedures and controls to be carried out.

All Staff is for his job always involved to update the Procedure manual were needed.

Due to the size of the organization controls on the effectiveness of the procedures followed by the staff are done on a permanent basis by the Management, Compliance officer, Internal Control.

New employees are instructed in the procedure manual and are trained on the job by experienced colleagues.

Each Member of Staff has a copy of the Procedure Manual explaining all procedures and controls to be carried out.

Control plans

By "control" EMANI understands supplying the assurance of the conformity of the operations and the processes with one or several standards or rules, as well as the good implementation of these procedures. In a more general term, it indicates any measure taken by the management, the internal or external auditors or the other parties to manage the risks and increase the probability that the purposes and the fixed objectives will be reached.

EMANI has formalized and documented the system of control on different levels. A good example is the performance of the self-assessment by the risk owner of the risk log. The risk owner identifies in a personal self-assessment the frequency with which the process is reviewed, verifies that the measurement system is adequate, if corrective actions should be taken, and looks forward to where the risk might be in the year to come.

Reporting and recommendations

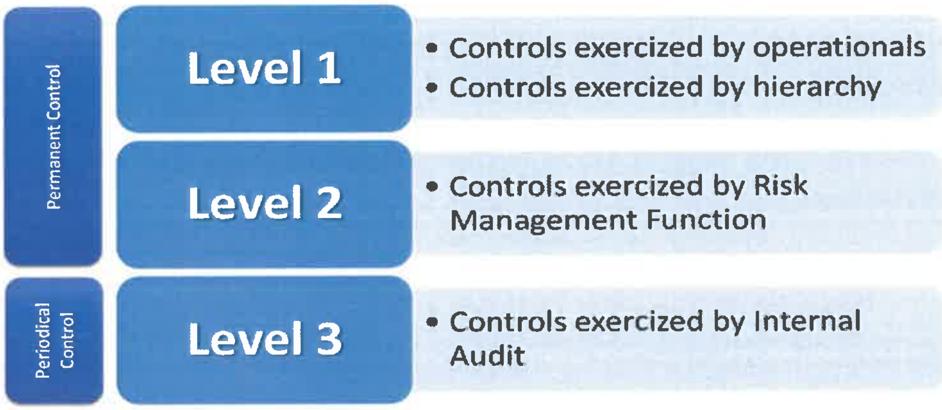
The reporting is the responsibility of the risk management function.

Further to a report on a situation of failure or inefficiency or an evolution of the permanent control, various participants can emit a recommendation (the Supervisor, the Statutory Auditor, the Internal Auditor) or introduce an action of correction / prevention. The impulse of actions of correction or prevention and their follow-up are the current responsibilities of the management. The level of formalization in the action plan possibly implemented and its follow-up must be proportioned at the incurred risk, at the difficulty of implementation, at the desire at the risk of the Mutual.

Piloting, action, arbitration

Every person in charge examines regularly the business unit he is responsible for in order to enhance the control system, in particular the procedures, the controls or the monitoring systems of the risks. These decisions also include the organization and the affectation of means in resources (human or computing).

The piloting by the person in charge also has to take into account the contributions of the periodic control and those of the external audit and the Supervisor, of which in particular all the recommendations and the proposals concerning the permanent control system.



5.2. compliance Function

The Compliance function is in EMANI executed by the Compliance officer. The Compliance officer makes proposals as regards the integrity policy to be followed by the Association and submits them for approval to the Board of Directors. He acts as an adviser to the Executive Committee on the measures to be taken within the context of integrity policy and applicable law, to ensure the development of the entity's integrity code.

The responsibility of the Compliance function is to proactively:

1. identify, assess and monitor the compliance risks faced by EMANI: in particular, the most important mission of the Compliance officer is to master the legislative and statutory environment and to watch his respect by EMANI
2. assist, support and advise management in fulfilling its compliance responsibilities
3. advise any employee with respect to their (personal) compliance obligations thereby helping EMANI to carry on business successfully and in conformity with external and internal standards.

The task of the Compliance officer is not limited to analyzing the situation, identifying a solution and giving advice to management. The Compliance officer must continue to pursue the matter until a satisfactory solution has been fully implemented. If necessary, the actions taken should include escalating the issue to a higher level.

The Compliance function activities includes:

- Identification and prioritization of potential compliance risks leading to damage to EMANI's reputation, legal or regulatory sanctions, or financial loss to safeguard the Mutual's reputation, the members of its legal organs of administration, the management, the employees, and in particular the rules of integrity and ethics. The function also includes assessing the possible impact of any changes in the legal environment on the operations of the insurance undertaking, and the identification and evaluation of risk of non-compliance

- Development and implementation of risk mitigating measures, including clear standards, procedures and guidelines to prevent, mitigate or minimise (important) compliance risks and to detect, report and respond to compliance violations.
- Risk monitoring
- Incidents management: reporting in the ad-hoc tool, initiate and drive appropriate action
- Training and education of personnel where needed
- Implementation of the Compliance policy and minimum standards
- Leading the relationship with the supervisor in compliance related matters.

Material compliance incidents are periodically reported. They have to be immediately reported by the Compliance officer to the Executive Committee if:

1. exceed actual loss amount >2.500.000€
2. can lead/could have led to a (potential) loss of Euro >500.000€
3. have senior management involvement
4. have material adverse reputation damage
5. are reported to and/or (potentially) leading to investigation by external authorities

The incidents can fall in one of the following categories:

1. Internal Crime and Fraud (e.g. internal fraud by employee)
2. External Crime and Fraud
3. Business Product Malpractice (e.g. misspelling/misleading a Member)
4. Employment Malpractice (e.g. harassment by EMANI's employee)
5. Unauthorised activities (e.g. activities adverse to EMANI's Business Standards)
6. Control failure (e.g. incorrect or late filing of regulatory report)

Independence

The Compliance function is a key function and must be fit and proper. Therefore, the Compliance function is independent of operational functions within EMANI and has the prerogatives and resources necessary for the proper performance of their duties. The remuneration of the Compliance function is set according to the objectives linked to this function, independent of the performance areas of controlled activities. To avoid potential conflicts of interests will report directly to the Executive Committee and the Board of Directors.

The compliance officer has the widest access right to the information. He benefits from the largest right of initiative.

The compliance officer can rely on a Charter in which is explained the responsibilities and duties of the Compliance function. The Charter is regularly reviewed.

Reporting &Planning

A yearly compliance report as well as a plan for next year is provided to the Board and Executive Committee in which key risks, major developments and issues and compliance incidents are brought to attention, including recommendations for follow-up. The plan will contain focus points for the year to come.

If needed, the Executive Committee or Board gives new or complementary missions to the Compliance function.

The report is also disclosed to the Supervisor.

Key function

The compliance officer works in parallel with the internal auditor, CRO and the appointed actuary who communicate him his notices on the contractual, statutory and regulatory measures.

Escalation procedure

In case of blocking, the compliance officer has the obligation to inform immediately the Chairman of the Board, and the internal and external auditors.

Capabilities

The Compliance function is a key function and is submitted to the Fit & Proper policy. In case of replacement of the Compliance function, EMANI will inform the supervisor, motivate her decision and wait for confirmation before appointing his successor.

6. Internal Audit Function

Object

The Internal Audit function constitutes a function of independent evaluation within EMANI charged to examine and to estimate the efficiency and the management of its activities. The objectives of the Internal Audit function are to assist the Management of the Association and the Board in the effective fulfillment of their responsibilities by supplying analyses, evaluations, recommendations, advices and information about the examined activities and by promoting an effective control to a reasonable cost.

The Internal Audit function is controlled by the Board and its responsibilities are defined by the Audit Committee and the Board, as being part of the control function. More information can be found in the Internal Audit policy.

Professional standards

The staff of the Internal Audit, either the internal staff, or the staff of an outside consultant, will conform to the "Code of ethics" of the Institute of the Internal Audit. The "Standards for the Professional practice of the Internal Audit" and the "Definition of the Responsibilities" will constitute the procedures of functioning of the department.

Furthermore, the Internal Audit will conform to guidelines and to procedures of EMANI as well as to the "Internal Audit charter".

The Internal Audit function is considered to be a key function and has to be fit and proper. Therefore, the Internal Audit function is independent of operational functions within EMANI and has the prerogatives and resources necessary for the proper performance of their duties. The remuneration of the Internal Audit function is set according to the objectives linked to this function, independent of the performance areas of controlled activities.

Powers

Powers are granted to the Internal Audit function to guarantee a total, free and unlimited access to files, to material properties and to staff concerned by any examined function. All the employees are asked to give assistance to the Internal Audit function in the execution of its function. The Internal Audit function will also have a free and unlimited access to the Chairman of the Board and to the Audit Committee. Documents and information given to the Internal Audit function during a periodic examination are treated in the same careful way that by the employees who are normally responsible for it.

Organisation

Within EMANI, the function of Internal Auditor has been outsourced and therefore follows the principles of the outsourcing policy. However, there is sufficient experience within the Board to challenge the findings of the Internal Auditor. The Internal Auditor is nominated by the

Board for a period of 3 years. To insure his/her independence, the Internal Auditor reports functionally and administratively to the Managing Director and to the Audit Committee as representative of the Board. Periodical monitoring by the management is implemented in order to verify if the Internal Audit and internal control processes are still functioning correctly.

Independence

No element within EMANI can influence the activities of Internal Audit, included the business within the framework of the audit, the procedures, the frequency, the timing or the contents of the reporting to guarantee an independent attitude and free objective reports.

The Internal Auditor will not assume either operational responsibilities or powers in connection with the activities which they examine. Besides, they are not authorised to develop or to promote systems or procedures, to prepare files or to make a commitment in any activity normally subject to an audit.

EMANI enables the person responsible for the Internal Audit to exercise his function in an objective and independent manner and this at every level of the Mutual. Periodical monitoring by the management is implemented in order to verify if the internal audit and internal control is still functioning correctly.

Audit field

The scope of work of the Internal Auditor is to determine whether EMANI's network of risk management, internal control and governance processes, as designed and represented by management, is adequate and sufficient. The responsibilities of the Internal Auditor are further explained in the Internal Audit Charter. The key role of the Internal Auditor is to assist the Board and the Audit Committee in discharging its governance responsibilities by delivering:

- An objective evaluation of the existing risk and internal control framework
- Systematic analysis of business processes and controls
- A source of information on irregularities and unacceptable levels of risk
- Reviews of the compliance framework and specific compliance issues.
- Evaluations of operational and financial performance
- Recommendations for more effective and efficient use of resources
- Feedback on the values and ethics of the association

Audit planning

The Internal Auditor starts at the end of year -1 by informing the Audit Committee of the issues and objectives he will focus on for the coming year. Internal audits take place at the various divisions of the Mutual at regular times but at least twice a year.

Reporting

The audits are executed by an external person who will write down his observations in a report for the Audit Committee. This report, if necessary with comments from the Audit Committee, is finally presented to the Board. Yearly the Executive Committee reports to the Board on Internal Audit. The report is also disclosed to the Supervisor.

The person in charge of the Internal Audit can include in the audit report the reactions and the taken corrective actions or to take taking into account the conclusions and the recommendations. The remarks of the Management should include a schedule of completion of the actions to be taken and an explanation for any retained recommendation.

In case the internal audit report contains any remark, the management of the audited department will react, in writing, prior to next session of the Internal Auditor. The Internal Auditor will be responsible for the appropriate follow-up of the conclusions and the recommendations inherent to the Audit.

7. Actuarial function

In accordance with Article 48 (2) of the Solvency II Framework Directive, the actuarial function is carried out by a person who has knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business and who is able to demonstrate their relevant experience with applicable professional and other standards.

The actuarial function is a key function and must be fit and proper. Therefore, the actuarial function is independent of operational functions within EMANI and has the prerogatives and resources necessary for the proper performance of their duties. The remuneration of the actuarial function is set according to the objectives linked to this function, independent of the performance areas of controlled activities. Due to the size and the activity (mono-line) of the EMANI, the actuarial function is outsourced and therefore needs to comply with guidelines of the outsourcing policy.

According to article 48 of the Directive Solvency 2 the actuarial function has the following responsibilities:

Coordination of the technical provisions calculation

Control of the methodologies and hypotheses used for the calculation of the Best Estimates. The actuarial function must reveal any incoherence compared with the requirements defined to articles 76 - 85 of the Solvency 2 directive for the calculation of the technical reserves and proposes, if necessary, corrections.

Control and explanation of the evolution of the Best Estimates

According to the article 48 of the Solvency 2 directive, the actuarial function has to explain, between two calculation dates, any importing effects on the technical amount of reserves due to the change of data, methodologies or hypotheses, if these technical reserves are already calculated on basis of the Solvency 2 directive.

Control the data quality

The actuarial function estimates the coherence of the internal and external data used in the calculation of the technical reserves compared with the quality standards of the data defined in the Solvency 2 directive. If necessary, the actuarial function should supply recommendations as for the internal procedures to improve the quality of the data to guarantee that the Mutual is capable of meeting the requirement of the Directive.

Advice on the underwriting and reinsurance policies

The actuarial function has to express her opinion on the Underwriting policy and on the Reinsurance policy of the Mutual. The opinion should contain a link with the technical reserves.

The actuarial function shall report, express an opinion and make recommendations to the Board of Directors and Executive Committee. These recommendations will be expressed in a final actuarial report to the attention of the Board of Directors and Executive Committee.

Particular responsibilities

The actuarial function shall guarantee the compliance of the management process with the outsourcing policy.

The actuarial function shall contribute to a fluent relationship with Statutory Auditor and Supervisor.

Swiss Branch

A Responsible Actuary is nominated by FINMA specifically for the Swiss Branch. The Responsible Actuary is responsible for ensuring that the entire tied assets required and the provisions (on the assets and liabilities side of the balance sheet) comply with the requirements of supervision law (art. 24 ISA). The Swiss Responsible Actuary and the Belgian actuarial function remain however in close contact as they need to exchange data and calculations.

8. Outsourcing

a) Policy

EMANI updates and discloses yearly an outsourcing policy to the NBB. The respect for this policy is compulsory every time a subcontracted activity can have a significant influence on the functioning of EMANI. The activity, the service or the process are assessed by:

- Strategic impact: The concerned activity is inherent to the status of EMANI;
- Significant impact on the control of the risks: the realisation of the tasks linked to the concerned activity implies significant risks and/or affects directly the control of the risks;
- Significant impact on the budget or the financial results: the realisation of the tasks linked to the concerned activity represents a significant cost and/or products a significant financial result.

For critical or important functions or activities, EMANI takes into account the different stages of the outsourcing cycle:

(i) pre-contractual stage (monitoring conditions, due diligence of the service provider and performance of a risk assessment);
(ii) contractual stage (content of the outsourcing agreement);
(iii) post-contractual stage (outsourcing monitoring system and exit strategy).

EMANI also respects the recommendations of the NBB (Circular NBB_2020_18 on cloud outsourcing) to avoid undue operational risks in outsourcing activities to cloud service providers. Contracts with suppliers of cloud services were reviewed and renewed in respect of these recommendations.

In accordance with the Solvency II Law, when outsourcing a critical or important function or activity, EMANI notifies the NBB of its intention to do so and inform the NBB of any major developments relating to the function.

More information as well as the inventory can be found in the Outsourcing Policy of EMANI.

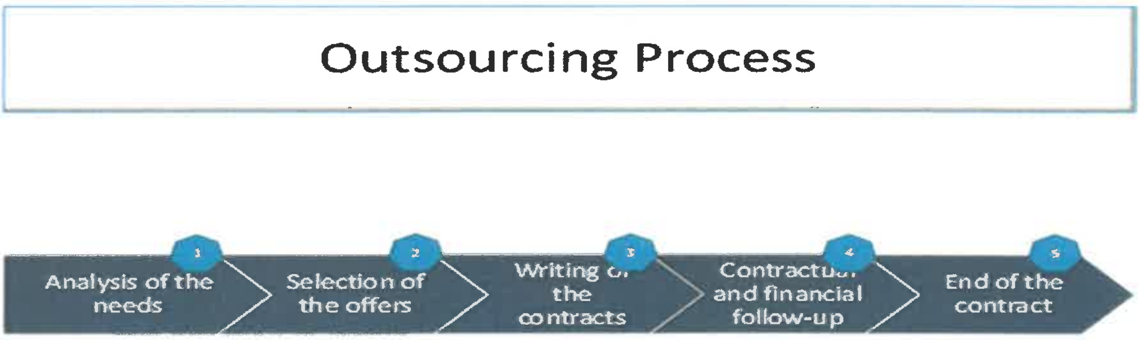
b) Staffing of supervision

The subcontracting reduces in no way the responsibility of the Executive Committee and the Board of EMANI whether regarding the Members, Supervisory Authorities or other shareholders EMANI has to keep ultimate responsibility of its activity.

For any subcontracted essential activity, the Executive Committee of EMANI will appoint in house a person in charge of the subcontracted function to whom it will delegate the correct application of the present policy. This person will be in charge in particular of defining the contents of the subcontracting, the necessary internal resources, the interfaces between the parties, the controlling of the subcontracting, the establishment of the assessment of the subcontracted function (economic profits vs risks) and the reporting to the Executive Committee.

The subcontracted organization of the outsourced function will have to allow a permanent control of the provider. The subcontracted organization will have in particular the obligation to raise any operational incident having an impact on the subcontracted activities, as well as in emergency situation.

The process of outsourcing withing EMANI is resumed in the plan below. Each of the stages of the process is detailed as described in the outsourcing policy and procedure manual.



Dependence with regard to the service provider

To protect EMANI from a too strong dependence with regard to the service provider or to an implemented technical solution by the latter, the internal responsible person will remain attentive to the fact that:

- Technologies, systems, applications and instruments are reliable and sufficiently current, known and compatible;
- The necessary comprehension of the technical characteristics of organisation and management of the outsourced functions exists in-house;
- The intellectual property of the outsourced activities and process remains in-house;
- It is possible at any moment to get back all the data under exploitable form;
- The contractual legal documentation offers the necessary flexibility to be able to end the contractual relation with the service provider at any time while giving sufficient guarantees as for the confidentiality and the safety of the confidential data of EMANI, and by planning, where necessary, modalities of transition.

Internal audit, Compliance, Statutory Auditor and Prudential control

The internal audit is an independent and objective activity which brings to the management an assurance on the degree of control of its operations, brings him his advice to improve them and contributes to create added value. For this, the internal audit dreads all the objectives of the organization, analyses the risks connected to its objectives and estimates periodically the robustness of the controls set up to manage these risks. The outsourced operations are an integral part, thus also of the field of the Audit and of the risk analysis of the latter.

The outsourcing cannot harm the laws and the regulations to which EMANI is submitted. Compliance has to verify that the respect for these laws and regulations which come within his/her skills are the object of a preliminary examination, a sufficient guarantee on behalf of the service provider and an appropriate follow-up.

The internal audit and Compliance must be able to have access at any time and without any trouble, to the outsourced activities and have the possibility of exercising their control powers. The access of Compliance and internal audit to the outsourced activities must be guaranteed in the outsourcing contract.

The same conditions also apply to the Statutory Auditor and the prudential organs. According to the exercise of their missions of control, they need to have access at any time and without incident to the information on the subcontracted essential activities and have the possibility of exercising their controls on these activities.

Specific requirements for the Swiss Branch

FINMA has set supervisory requirements applicable to outsourcing solutions for branches of foreign insurance companies. Most requirements are already identified within this policy but some are specific whenever the Swiss Branch mandates a service provider to perform all or part of a function that is significant to the company's business activities independently and on an ongoing basis.

An inventory of outsourced functions must be drawn up and kept up to date at all times. It must contain a description of the outsourced function and indicate the service provider (including subcontractors), the service recipient and the unit responsible within the outsourcing company.

Where security-relevant functions are outsourced (particularly in information technology), the Branch and the service provider must contractually agree security requirements.

The Branch, its audit firm and FINMA must be able to verify the service provider's compliance with supervisory regulations. They must have the contractual right to inspect and audit all information relating to the outsourced function at any time without restriction. Outsourcing to another country is admissible if the Branch can expressly guarantee that it, its audit firm and FINMA can assert and enforce their right to inspect and audit information.

9. Risk profile

EMANI's Risk Management system, based on a top-down as well as bottom-up approach, covers all existing as well as evolving risks that have the potential to materially impact the adequacy of its financial resources, the volatility of its results or its ability to meet its commercial, legal and regulatory obligations. These risks include, but are not limited to, the following:

Insurance Risks (including reinsurance and claims):
Insurance risks refer to the risk of loss, or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectations at the time of underwriting.

Market Risk:
Market risk is the risk of loss or adverse change in the financial position due to fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This risk may be caused by fluctuations in foreign exchange rates, interest rates or equity, market liquidity, property and securities values.

Credit Risk:
Credit risk is the risk of loss or adverse change in the financial position due to fluctuations in the credit standing of issuers of securities, reinsurers, counterparties or any other debtors.

Operational Risk:
Operational risk, including compliance risk, refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all functions rendered in the course of conducting business, including strategy and business planning, underwriting, reinsurance purchasing, reserving, claims management, accounting, investments, treasury, information technology, legal and regulatory, and financial reporting functions.

Liquidity Risk:
Liquidity risk is the risk of a loss or inability to realise investments and other assets in order to settle financial obligations when they fall due.

Strategic Risk:
Strategic risk is the risk of the current or prospective impact on earnings or capital arising from adverse business decisions, improper execution of decisions made, or lack of responsiveness to industry changes. Strategic Risk includes risks relating to accessing / raising capital, capital allocation, competition and maintaining ratings.

Reputational Risk:
Reputational risk is the risk of potential loss through a deterioration of EMANI's reputation or standing due to a negative perception of its image among members, counterparties, shareholders or supervisory authorities.

Emerging Risks:
Emerging risks refer to risks that do not currently exist or are not currently recognised but have the potential to materially impact the adequacy of EMANI's financial and operational

resources, the volatility of its results and expected financial income or its ability to meet its commercial, legal and regulatory obligations following changes in the environment.

ESG Risks (from 2021 on):
ESG generally means a broad set of environmental, social and corporate governance considerations that may impact EMANI's ability to execute our business strategy and create value over the long term.

While ESG factors are at times called non-financial, how a company manages them undoubtedly has measurably financial consequences. EMANI manages to create a short list of the most pervasive and persuasive ESG metrics that we believe provide the greatest insight into the sustainability performance of EMANI. Our evaluation of these metrics will be based on five key factors: precedent, prevalence, potential, perspective, and practicality. Sustainability performance will go beyond just the investment strategy and also include governance policy and business ethics, ecological footprint of EMANI, human capital, reporting…

10. Valuation for Solvency purposes

For the purpose of Solvency II, investments are reported at market value. Therefore, the unrealized capital gains or losses that are not reported in the Statutory balance sheet are added to the Basic Own Fund.

EMANI has asked the approval from the NBB to use the supplementary contribution as part of its eligible capital. The process to recall contributions will be performed according to the Articles of Association and the interpretation of them as agreed upon with the NBB. EMANI has received the annual approval for the use of calls in the Solvency calculation. In line with regulation, EMANI will only use the calls in the Solvency II calculation for maximum 50% of SCR.

The market value of the equities is the market price at 31 December. These unrealized capital gains or losses are the main contributor to the 'Asset adjustments' in the economical balance sheet.

Whereas the equalization reserve is considered as a technical reserve in the Statutory accounts, it is considered as Basic Own Funds in Solvency II. It is therefore the main contributor to the 'Liabilities adjustments' on the economical balance sheet.

The technical provisions under the Solvency II regime include the best estimates for claims and premiums together with the Solvency II Risk Margin and differ therefore from the statutory account by reason of:

- a discounting effect with the use of the yield curve provided by EIOPA;
- the inclusion of a risk margin as required in the EIOPA guidelines;
- the shift of the equalization reserve to the eligible own funds.

EMANI

EUROPEAN MUTUAL ASSOCIATION FOR NUCLEAR INSURANCE

BALANCE SHEET AS OF 31 DECEMBER 2022

(Currency - Euro)

ASSETS	BE Gaap	Solvency II	Difference	
C. Investments				
III. Other financial investments				
1. Parts in investment funds	310.117.244,44	298.431.225,24	- 11.686.019,20	
2. Bonds and other fixed interests	0,00	0,00	+ 0,00	
6. Term deposits with financial institutions	0,00	0,00	+ 0,00	
7. Other investments	164.140,00	0,00	- 164.140,00	
Derivatives (Solvency II)	0,00	145.907,54	+ 145.907,54	
	310.281.384,44	**298.577.132,78**	**- 11.704.251,66**	*(1)*
D. bis Part of reinsurers in the technical reserves				
I. Reserve for non-earned premiums and current risks	4.291.045,00	0,00	- 4.291.045,00	
III. Reserve for claims receivable	5.386.062,50	0,00	- 5.386.062,50	
	9.677.107,50	**0,00**	**- 9.677.107,50**	*(2)*
Reinsurance recoverables (Solvency II regime)				
Premium provisions - Total recoverable from reinsurance	0,00	4.204.845,29	+ 4.204.845,29	
Claims provisions - Total recoverable from reinsurance	0,00	5.119.153,84	+ 5.119.153,84	
	0,00	**9.323.999,12**	**+ 9.323.999,12**	*(2)*
E. Receivables				
I. Receivables resulting from direct insurance	1.154.727,03	1.154.727,03	+ 0,00	
1. Insurers	*1.154.727,03*	*1.154.727,03*	*+ 0,00*	
2. Intermediaries of insurers	*0,00*	*0,00*	*+ 0,00*	
II. Receivables resulting from reinsurance	3.455.057,99	3.455.057,99	+ 0,00	
III. Other receivables	61.292,43	61.292,43	+ 0,00	
IV. Subscribed capital, not paid				
	4.671.077,45	**4.671.077,45**	**+ 0,00**	*(3)*
F. Other assets				
I. Tangible assets	718.245,64	718.245,64	+ 0,00	
II. Liquidity	39.898.623,16	40.142.988,27	+ 244.365,13	
	40.616.868,80	**40.861.233,91**	**+ 244.365,11**	*(4)*
G. Transitory accounts				
I. Interests and rent	693.170,09	448.804,96	- 244.365,13	
	693.170,09	**448.804,96**	**- 244.365,13**	*(5)*
TOTAL ASSETS	*365.939.608,28*	*353.882.248,22*	*- 12.057.360,06*	

(1) Whereas investments are reported at their book value under Belgium GAAP,
the Solvency II regime takes into account multiple factors :
- the initial value of the investments is the market value at the reference date (= date of the balance sheet)
- possible shocks on the assets related to interest rate risk, equity risk, property risk, spread risk, currency risk and concentration risk
- accrued interest

(2) Provisions for reinsurance under the Solvency II regime are discounted to their net present value (NPV) at reference date and reported as "Reinsurance recoverables"

(3) No adjustments under Solvency II

(4) Tangible assets (excl. real estate) are valued at their book value both under Belgian GAAP as Solvency II.
Under Solvency II, the liquidities are valued at their nominal value including the accrued interests.

(5) Under the Solvency II regime, the amounts of accrued interests on assets are included in the value of the assets themselves.

BALANCE SHEET AS OF 31 DECEMBER 2022
(Currency - Euro)

LIABILITIES	BE Gaap	Solvency II	Difference	
A. Equity				
I. Subscribed capital or equivalent fund, net of uncalled capital				
1. Guarantee fund securities	91.850.045,47	91.850.045,47	+ 0,00	
V. Retained earnings	971.290,64	971.290,64	+ 0,00	
Reconsiliation reserve (Solvency II regime)				
Asset adjustments (1) + (2) + (3) + (4) + (5)	0,00	-12.057.360,06	- 12.057.360,06	
Liabilities adjustments (8) + (9) + (10)	0,00	261.359.015,41	+ 261.359.015,41	
Technical provisions adjustment (7)	0,00	-40.666.858,74	- 40.666.858,74	
	92.821.336,11	**301.456.132,72**	**+ 208.634.796,61**	*(6)*

Technical provisions - non life (Solvency II regime)				
Best Estimate		23.794.814,94		
Best Estimate Premium provisions		*13.548.371,70*		
Best Estimate Claimls provisions		*10.246.443,25*		
Risk Margin		16.872.043,80		
		40.666.858,74	**+ 40.666.858,74**	*(7)*

C. Technical reserves				
I. Reserve for unearned premiums and for unexpired risks	13.767.272,23	0,00	- 13.767.272,23	
III. Reserve for claims payable	10.756.309,33	0,00	- 10.756.309,33	
V. Reserve for egalisation and catastrophies	236.817.201,39	0,00	- 236.817.201,39	
	261.340.782,95	**0,00**	**- 261.340.782,95**	*(8)*

G. Payables				
I. Payables resulting from direct insurance business	1.542.889,69	1.542.889,69	+ 0,00	
II. Payables resulting from reinsurance business	3.391.090,57	3.391.090,57	+ 0,00	
V. Other payables	5.654.403,98	5.636.171,52	- 18.232,46	
1. Fiscal and social payables	637.725,84	637.725,84	+ 0,00	
a) Taxes	*0,00*	*0,00*	*+ 0,00*	
b) Social Payables	*637.725,84*	*637.725,84*	*+ 0,00*	
2. Other	5.016.678,14	4.852.538,14	- 164.140,00	
Derivatives (Solvency II)	0,00	145.907,54	+ 145.907,54	
	10.588.384,24	**10.570.151,78**	**- 18.232,46**	*(9)*

H. Transitory accounts	1.189.104,98	1.189.104,98	+ 0,00	
	1.189.104,98	**1.189.104,98**	**+ 0,00**	*(10)*

TOTAL LIABILITIES	***365.939.608,28***	***353.882.248,22***	***- 12.057.360,06***

(6) Under Solvency II, the own funds are calculated as the excess of assets over other liabilities.
and composed out of the capital and the reconsilation reserve
Non-eligible capital is cleared from the balance sheet (not mentioned as capital nor as reconsiliation reserve)
The reconsiliation reserve consists of the asset adjustments, liability adjustments and technical provision adjustments

(7) The technical provision is calculated as the sum of the Best Estimate (= discounted Premium and Claim reserves) and the Risk Margin (= additional capital buffer to be calculated using a cost of capital of 6% p.a. and discounted at the risk-free rate.)

(8) Solvency II does not recognize technical reserves. These reserves are transfered to
- technical provisions (subject to calculation of shocks and to a discount factor)
- own funds (subject to calculation of shocks and to a discount factor)

(9) There is no distinction between the origin of the payables under Solvency II.
If applicable, payables are valued at market value under Solvency II.

(10) Transitory accounts are valued at their nominal value under Solvency II

11. Capital Management

EMANI must implement a capital management available over a period corresponding to the business plan; the risk capacity is defined as the means used by the company to counter the negative consequences of the occurrence of a risk:

- Basic own funds;
- Ancillary own funds;
- others: human resource, IT systems, ALM…

EMANI has asked the approval from the NBB to use the supplementary contribution as part of its eligible capital. The process to recall contributions will be performed according to the Articles of Association and the interpretation of them as agreed upon with the NBB. EMANI has received the annual approval for the use of calls in the Solvency calculation and respects the limitations set out by EIOPIA in this respect (max 50% of SCR).

The Board has identified two capital measures that EMANI should take into account in setting its Medium-Term Capital requirement:

- Regulatory: based on the capital requirement set by reference to Solvency II, a Minimum of capital is calculated to ensure that EMANI is, and will continue to, operate where the level of risk-based capital is above a 100% solvency ratio. The margin in excess of 100%, the Target amount of capital, is the level of Solvency that is required to be consistent with the capital required to meet the EMANI's internal objective of 125%.
- Rating agency: the capital requirement is also judged against the alternative capital calculations from a rating agency; then the Target amount of capital is the amount of capital necessary to maintain an A rating of AmBest.

MCR & SCR RATIO - 31 December 2022

Total Basic own funds			**301.456.132,72**	*(11)*
- Own funds Tier I		*301.456.132,72*		*(11a)*
- refund Mutual members account		*0,00*		*(11b)*
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds			**0,00**	*(11c)*
Deductions for participations in financial and credit institutions			**0,00**	
Ancillary own funds			**0,00**	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	222.873.989,00			
Eligible ancillary own funds			**150.422.391,57**	*(12)*
Total eligible own funds to meet the SCR (11a) + (11b) + (12)			**451.878.524,29**	*(13)*
Total eligible own funds to meet the MCR (11a) + (11b) with (11b) ≤ 20% of (16)			**301.456.132,72**	*(14)*
Solvency Capital Requirement (SCR)			**300.844.783,14**	*(15)*
Minimum Capital Requirement (MCR)			**75.211.195,78**	*(16)*
Linear MCR	3.271.384,11			
MCR floor = 25% of (15)	75.211.195,78			
Absolute floor (if both Linear MCR and MCR floor below)	4.000.000,00			
SCR ratio (13)/(15)			**150,20%**	*(17)*
MCR ratio (14)/(16)			**400,81%**	*(18)*

(11) See Solvency II balance sheet.

(11c) Uncalled capital or called capital that is not payable within 3 months are considered as non-eligible own funds

(12) Supplementary members calls can be taken into account as ancillary own funds.
The amount of ancillary own funds is however limited to 50% of the SCR amount. = max 50% of (15)
and subject to approval by the regulator

(13) Total eligible own funds is the sum total basic own funds and the eligible ancillary own funds

(13) Total eligible own funds to meet the SCR is the sum total basic own funds and the eligible ancillary own funds

(14) To determine the eligible own funds to meet the MCR, only the Basic own funds are taken into account = (11).
However the Tier II capital taken into account is limited to 20% of the MCR. (Eligible Tier II capital = max 20% of (16)

(15) See seperate calculation sheet for the composition of the SCR
The SCR is the sum of market risks, default risk and non-life risk, after a correlation factor is applied.

(16) The linear MCR is calculated according to the Solvency II guidelines (standard formula non-life business).
The MCR is equal to the linear MCR, however a minimum of 25% of the SCR is applied

(17) The SCR ratio is calculated as the total eligible own funds to meet the SCR (13) devided by the SCR (15)

(18) The MCR ratio is calculated as the total eligible own funds to meet the MCR (14) devided by the MCR (16)

12. Status of the Solvency and Financial Condition Report

For practical reasons, the SFCR is written in a masculine version where we often use words as he or his. In EMANI, where we believe in equal rights, it is not more than normal that those words can be used if appropriate in their feminine form.

A Mutual is always in change. To avoid continuous and minor adaptations to the SFCR, the Executive Committee yearly evaluates and updates the document where necessary. A minimal improved version is too insignificant to be presented to the Board of Directors. However, major modifications that have a structural impact on the organization should be approved by the Board of Directors. Their consent will be expressed by the signature of the Managing Director.

Drawing- up date	31-03-2023
Latest Assessment Executive Committee	31-03-2023
Brought to the Board	02-06-2023

Approved by,

Vercammen, M.

....

M. Vercammen
Finance Manager

....

T. Houben
Chief Risk Officer

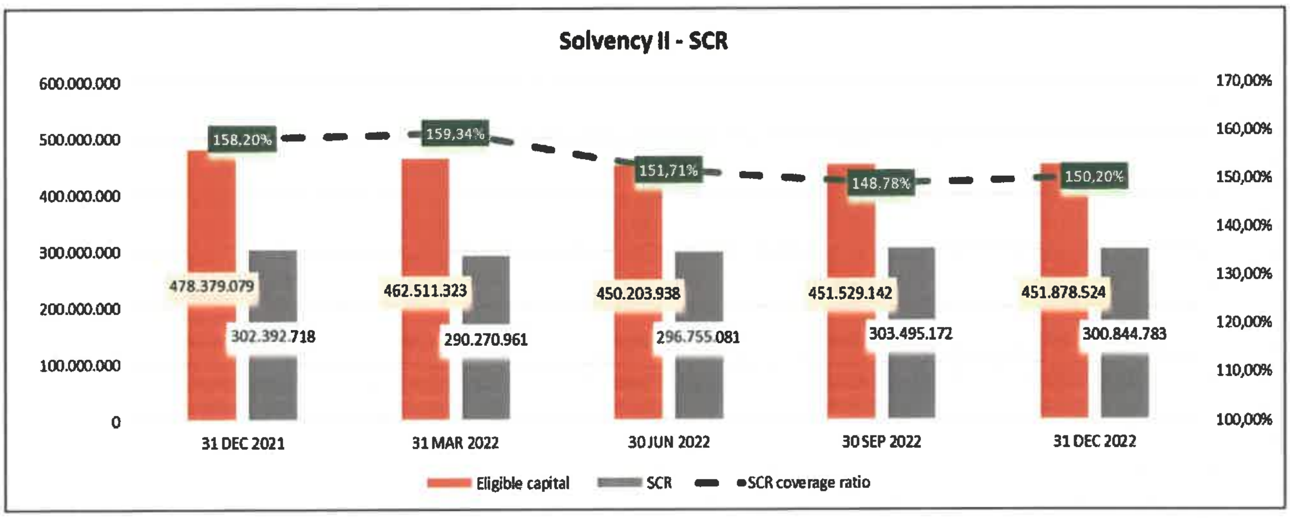
....

P. Vandekerckhove
Managing Director

Annex

Annex 1: SCR evolution

	31 DEC 2021	31 MAR 2022	*Change to 31 DEC 2021*	30 JUN 2022	*Change to 31 MAR 2022*	30 SEP 2022	*Change to 30 JUN 2022*	31 DEC 2022	*Change to 30 SEP 2022*
SCR	302.392.718	290.270.961	*-4%*	296.755.081	*+2%*	303.495.172	*+2%*	300.844.783	*-1%*
Eligible capital	478.379.079	462.511.323	*-3%*	450.203.938	*-3%*	451.529.142	*+0%*	451.878.524	*+0%*
surplus	175.986.362	172.240.361	*-2%*	153.448.857	*-11%*	148.033.970	*-4%*	151.033.741	*+2%*
SCR coverage ratio	**158,20%**	**159,34%**	*+1%*	**151,71%**	*-8%*	**148,78%**	*-3%*	**150,20%**	*+1%*



Annex 2: list of critical functions that are outsourced

descripition of outsourced function or activity	description of reason of critical function or activity	name of service provider	country and location	service provider sub-contracting
internal audit	independent control function	BDO represented by Christophe Quévrieux	Belgium, Brussels	not applicable
actuary	independent control function	Veerle Nicolaï	Belgium, Antwerp	not applicable
first line support, installation of new lap tops (helpde	IT activities & infrastructure	ARCO Information N.V.	Belgium, Mechelen	in case ARCO depends on his providers the terms and conditions of these providers apply
File & Printserver hosting	IT activities & infrastructure	ARCO Information N.V.	Belgium, Mechelen	in case ARCO depends on his providers the terms and conditions of these providers apply
Accounting server and software hosting - Backup solution Office365 data	IT activities & infrastructure	ARCO Information N.V.	Belgium, Mechelen	in case ARCO depends on his providers the terms and conditions of these providers apply
Microsoft Customer Agreement	IT activities & infrastructure	Microsoft Ireland Opertions Limited	Ireland, Dublin 18	not applicable
financial asset management	specialised independent management of assets	AVIVA	France, Paris	not applicable
financial asset management	specialised independent management of assets	JP Morgan	UK, Londen	not applicable
financial asset management	specialised independent management of assets	KBC	Belgium, Brussels	not applicable
custodian partner	specialised independent management of assets	State Street	Nederland, Amsterdam	not applicable
insurance brokerage, independent insurance, intermediaries, agent, availablity of insurance cover	management of the core business, insurance activities	BPL Global	UK, Londen	not applicable
insurance brokerage, independent insurance, intermediaries, agent, availability of insurance cover	management of the core business, insurance activities	AON	UK, Londen +Aon Belgium	not applicable
re-insurance: brokers	management of the core business, insurance activities	JLT = Marsh		not applicable
claims expert	expertise in case of a claim	TEXA		not applicable
insurance: claims expert	management of the core business, insurance activities	Crawford		not applicable

Annex 3 “Special Mechanisms” Document

Law of 13 March 2016 on the legal status and supervision of insurance or reinsurance companies: Article 42, § 1/1; Article 517, § 5; Article 569, § 1, fourth paragraph; Article 598, § 1, first paragraph, and Article 600.

Insurance companies operating in Belgium are prohibited under the various supervisory laws from setting up special mechanisms.
A “special mechanism” refers to a process that meets the following four cumulative conditions:

1° it has the aim or effect of enabling or facilitating tax fraud by third parties;

2° it is initiated by the institution or company itself or the institution or company clearly takes an active
part in it, or it results from gross negligence on the part of the institution or company;

3° it involves a pattern of conduct or omission;

4° it is of a special nature, i.e. the institution or company knows or should know that the mechanism
deviates from the standards and normal practices for banking, insurance and financial operations.

After investigation EMANI did not carry out operations that would enable or facilitate tax fraud by its Members and that cannot be justified in the context of normal and proper operations or services provided.

The Statutory Auditor neither declared the existence of any special mechanisms after performing an audit.

SE.02.01.16.01

					Solvency II value	Statutory accounts value
					C0010	C0020
Assets	Goodwill			R0010		
	Deferred acquisition costs			R0020		
	Property, plant & equipment held for own use			R0060	718.245,64	718.245,64
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	298.577.132,78	310.281.384,44
		Property (other than for own		R0080	0,00	
		Holdings in related undertakings, including		R0090	0,00	
		Collective Investments Undertakings		R0180	298.431.225,24	310.117.244,44
		Derivatives		R0190	145.907,54	164.140,00
		Deposits other than cash equivalents		R0200	0,00	0,00
		Other investments		R0210	0,00	
	Reinsurance recoverables from:			R0270	9.323.999,12	9.677.107,50
		Non-life and health similar to non-life		R0280	9.323.999,12	9.677.107,50
			Non-life excluding health	R0290	9.323.999,12	9.677.107,50
			Health similar to non-life	R0300	0,00	
		Life index-linked and unit-linked		R0340	0,00	
	Deposits to cedants			R0350	0,00	
	Insurance and intermediaries receivables			R0360	1.154.727,03	1.154.727,03
	Reinsurance receivables			R0370	3.455.057,99	3.455.057,99
	Receivables (trade, not insurance)			R0380	61.292,43	61.292,43
	Own shares (held directly)			R0390	0,00	
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	0,00	
	Cash and cash equivalents			R0410	40.142.988,27	39.898.623,16
	Any other assets, not elsewhere shown			R0420	448.804,96	693.170,09
	Total assets			R0500	353.882.248,22	365.939.608,28
Liabilities	Technical provisions – non-life			R0510	40.666.858,74	261.340.782,95
		Technical provisions – non-life (excluding health)		R0520	40.666.858,74	261.340.782,95
			Technical provisions calculated as a whole	R0530	0,00	
			Best Estimate	R0540	23.794.814,94	
			Risk margin	R0550	16.872.043,80	
	Derivatives			R0790	145.907,54	0,00
	Debts owed to credit institutions			R0800	0,00	0,00
		Debts owed to credit institutions resident domestically		ER0801	0,00	
		Debts owed to credit institutions resident in the euro area other than domestic		ER0802	0,00	
		Debts owed to credit institutions resident in rest of the world		ER0803	0,00	
	Insurance & intermediaries payables			R0820	1.542.889,69	1.542.889,69
	Reinsurance payables			R0830	3.391.090,57	3.391.090,57
	Payables (trade, not insurance)			R0840	5.490.263,98	5.654.403,98
	Subordinated liabilities			R0850	0,00	0,00
		Subordinated liabilities not in Basic Own Funds		R0860	0,00	0,00
		Subordinated liabilities in Basic Own Funds		R0870	0,00	0,00
	Any other liabilities, not elsewhere shown			R0880	1.189.104,98	1.189.104,98
	Total liabilities			R0900	52.426.115,50	273.118.272,17
Excess of assets over liabilities				R1000	301.456.132,72	92.821.336,11

S.05.01

				Line of Business for: non-life insurance and reinsurance	Total
				Fire and other damage to property insurance	
				C0070	C0200
Premiums written	Gross - Direct Business		R0110	44.537.193,82	44.537.193,82
	Gross - Proportional reinsurance accepted		R0120	0,00	0,00
	Gross - Non-proportional reinsurance accepted		R0130		0,00
	Reinsurers' share		R0140	19.055.494,86	19.055.494,86
	Net		R0200	25.481.698,96	25.481.698,96
Premiums earned	Gross - Direct Business		R0210	43.564.903,94	43.564.903,94
	Gross - Proportional reinsurance accepted		R0220	0,00	0,00
	Gross - Non-proportional reinsurance accepted		R0230		0,00
	Reinsurers' share		R0240	18.610.988,86	18.610.988,86
	Net		R0300	24.953.915,08	24.953.915,08
Claims incurred	Gross - Direct Business		R0310	5.567.068,43	5.567.068,43
	Gross - Proportional reinsurance accepted		R0320	0,00	0,00
	Gross - Non-proportional reinsurance accepted		R0330		0,00
	Reinsurers' share		R0340	4.050.943,18	4.050.943,18
	Net		R0400	1.516.125,25	1.516.125,25
Changes in other technical provisions	Gross - Direct Business		R0410	0,00	0,00
	Gross - Proportional reinsurance accepted		R0420	0,00	0,00
	Gross - Non- proportional reinsurance accepted		R0430		0,00
	Reinsurers' share		R0440	0,00	0,00
	Net		R0500	0,00	0,00
Expenses incurred			R0550	4.632.053,76	4.632.053,76
	Administrative expenses	Gross - Direct Business	R0610	4.701.444,42	4.701.444,42
		Gross - Proportional reinsurance accepted	R0620	0,00	0,00
		Gross - Non-proportional reinsurance accepted	R0630		0,00
		Reinsurers' share	R0640	0,00	0,00
		Net	R0700	4.701.444,42	4.701.444,42
	Investment management expenses	Gross - Direct Business	R0710	424.328,46	424.328,46
		Gross - Proportional reinsurance accepted	R0720	0,00	0,00
		Gross - Non-proportional reinsurance accepted	R0730		0,00
		Reinsurers' share	R0740	0,00	0,00
		Net	R0800	424.328,46	424.328,46
	Claims management expenses	Gross - Direct Business	R0810	-493.719,12	-493.719,12
		Gross - Proportional reinsurance accepted	R0820	0,00	0,00
		Gross - Non-proportional reinsurance accepted	R0830		0,00
		Reinsurers' share	R0840	0,00	0,00
		Net	R0900	-493.719,12	-493.719,12
	Acquisition expenses	Gross - Direct Business	R0910	0,00	0,00
		Gross - Proportional reinsurance accepted	R0920	0,00	0,00
		Gross - Non-proportional reinsurance accepted	R0930		0,00
		Reinsurers' share	R0940	0,00	0,00
		Net	R1000	0,00	0,00
	Overhead expenses	Gross - Direct Business	R1010	0,00	0,00
		Gross - Proportional reinsurance accepted	R1020	0,00	0,00
		Gross - Non-proportional reinsurance accepted	R1030		0,00
		Reinsurers' share	R1040	0,00	0,00
		Net	R1100	0,00	0,00
Other expenses			R1200		0,00
Total expenses			R1300	4.632.053,76	4.632.053,76

S.17.01

				Direct business and accepted proportional reinsurance Fire and other damage to property insurance
				C0080
			R0010	0,00
Direct business			R0020	0,00
Accepted proportional reinsurance business			R0030	0,00
Accepted non-proportional reinsurance			R0040	
			R0050	0,00
Best estimate	Premium provisions		R0060	13.548.371,70
		Gross - direct business	R0070	13.548.371,70
		Gross - accepted proportional reinsurance business	R0080	0,00
		Gross - accepted non-proportional reinsurance business	R0090	
			R0100	4.246.093,03
		Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	4.246.093,03
		Recoverables from SPV before adjustment for expected losses	R0120	0,00
		Recoverables from Finite Reinsurance before adjustment for expected losses	R0130	0,00
			R0140	4.204.845,29
			R0150	9.343.526,41
	Claims provisions		R0160	10.246.443,25
		Gross - direct business	R0170	10.246.443,25
		Gross - accepted proportional reinsurance business	R0180	0,00
		Gross - accepted non-proportional reinsurance business	R0190	
			R0200	5.136.525,24
		Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	5.136.525,24
		Recoverables from SPV before adjustment for expected losses	R0220	0,00
		Recoverables from Finite Reinsurance before adjustment for expected losses	R0230	0,00
			R0240	5.119.153,84
			R0250	5.127.289,41
	Total Best estimate -		R0260	23.794.814,94
	Total Best estimate -		R0270	14.470.815,82
Risk margin			R0280	16.872.043,80
TP as a whole			R0290	0,00
Best estimate			R0300	0,00
Risk margin			R0310	0,00
Technical provisions - total			R0320	40.666.858,74
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty			R0330	9.323.999,12
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total			R0340	31.342.859,62
Premium provisions - Total number of homogeneous risk groups			R0350	1,00
Claims provisions - Total number of homogeneous risk groups			R0360	1,00
Cash out-flows	Future benefits and		R0370	13.548.371,70
	Future expenses and other cash-out flows		R0380	0,00
Cash in-flows	Future premiums		R0390	0,00
	Other cash-in flows (incl. Recoverable from salvages and		R0400	0,00
Cash out-flows	Future benefits and		R0410	10.246.443,25
	Future expenses and other cash-out flows		R0420	0,00
Cash in-flows	Future premiums		R0430	0,00
	Other cash-in flows (incl. Recoverable from salvages and		R0440	0,00
			R0450	0,00
			R0460	0,00
			R0470	40.666.858,74
			R0480	0,00
			R0490	40.666.858,74

S.19.01.01.02 & S.19.01.01.04 & S.19.01.01.08 & S.19.01.01.10

gross claims paid		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	0,00	0,00
N-14	R0110	0,00	0,00
N-13	R0120	0,00	0,00
N-12	R0130	0,00	0,00
N-11	R0140	0,00	0,00
N-10	R0150	0,00	0,00
N-9	R0160	0,00	0,00
N-8	R0170	0,00	0,00
N-7	R0180	0,00	0,00
N-6	R0190	0,00	0,00
N-5	R0200	0,00	0,00
N-4	R0210	0,00	0,00
N-3	R0220	24.604.669,17	24.604.669,17
N-2	R0230	426.127,70	25.030.796,87
N-1	R0240	523.433,37	25.554.230,24
N	R0250	24.903,38	25.579.133,62
Total	R0260	25.579.133,62	25.579.133,62

gross BE claims provision		Year end (discounted data)
		C0360
Prior	R0100	0,00
N-14	R0110	0,00
N-13	R0120	0,00
N-12	R0130	0,00
N-11	R0140	0,00
N-10	R0150	0,00
N-9	R0160	0,00
N-8	R0170	0,00
N-7	R0180	0,00
N-6	R0190	0,00
N-5	R0200	0,00
N-4	R0210	0,00
N-3	R0220	0,00
N-2	R0230	0,00
N-1	R0240	200.000,00
N	R0250	10.046.443,25
Total	R0260	10.246.443,25

RI PAID		In Current year	Sum of years (cumulative)
		C0760	C0770
Prior	R0300	0,00	0,00
N-14	R0310	0,00	0,00
N-13	R0320	0,00	0,00
N-12	R0330	0,00	0,00
N-11	R0340		0,00
N-10	R0350	0,00	0,00
N-9	R0360	0,00	0,00
N-8	R0370	0,00	0,00
N-7	R0380	0,00	0,00
N-6	R0390	0,00	0,00
N-5	R0400	0,00	0,00
N-4	R0410	0,00	0,00
N-3	R0420	7.932.315,21	7.932.315,21
N-2	R0430	80.388,99	8.012.704,20
N-1	R0440	94.866,40	8.107.570,60
N	R0450	0,00	8.107.570,60
Total	R0460	8.107.570,60	8.107.570,60

RI RESERVE DISCOUNTED BE		Year end (discounted data)
		C0960
Prior	R0300	0
N-14	R0310	0
N-13	R0320	0
N-12	R0330	0
N-11	R0340	0
N-10	R0350	0
N-9	R0360	0
N-8	R0370	0
N-7	R0380	0
N-6	R0390	0
N-5	R0400	0
N-4	R0410	0
N-3	R0420	0
N-2	R0430	0
N-1	R0440	38.300
N	R0450	5.080.854
Total	R0460	5.119.153,84

S.22.01

Not reported as no LTG measures or transitionals are applied.

S.23.01.01.01 & S.23.01.01.02

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	0,00	0,00		0,00	
	Share premium account related to ordinary share capital	R0030	0,00	0,00		0,00	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	98.934.371,52	98.934.371,52		0,00	
	Subordinated mutual member accounts	R0050	0,00		0,00	0,00	0,00
	Surplus funds	R0070	0,00	0,00			
	Preference shares	R0090	0,00		0,00	0,00	0,00
	Share premium account related to preference shares	R0110	0,00		0,00	0,00	0,00
	Reconciliation reserve	R0130	228.187.629,78	228.187.629,78			
	Subordinated liabilities	R0140	0,00		0,00	0,00	0,00
	An amount equal to the value of net deferred tax assets	R0160	0,00				0,00
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	0,00				
Deductions	Deductions for participations in financial and credit institutions	R0230	0,00	0,00	0,00	0,00	0,00
Total basic own funds after deductions		R0290	327.122.001,30	327.122.001,30	0,00	0,00	0,00
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	0,00			0,00	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0,00			0,00	
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	222.996.477,00			222.996.477,00	0,00
	Other ancillary own funds	R0390	0,00			0,00	0,00
Total ancillary own funds		R0400	222.996.477,00			222.996.477,00	0,00
Available and eligible own funds	Total available own funds to meet the SCR	R0500	550.118.478,30	327.122.001,30	0,00	222.996.477,00	0,00
	Total available own funds to meet the MCR	R0510	327.122.001,30	327.122.001,30	0,00	0,00	
	Total eligible own funds to meet the SCR	R0540	478.318.360,14	327.122.001,30	0,00	151.196.358,84	0,00
	Total eligible own funds to meet the MCR	R0550	327.122.001,30	327.122.001,30	0,00	0,00	
SCR		R0580	302.392.717,68				
MCR		R0600	75.598.179,42				
Ratio of Eligible own funds to SCR		R0620	1,5818				
Ratio of Eligible own funds to MCR		R0640	4,3271				

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	327.122.001,30
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	98.934.371,52
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
		R0760	228.187.629,78
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	0,00
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	0,00
Total Expected profits included in future premiums (EPIFP)		R0790	0,00

S.23.02.01.01 & S.23.02.01.02

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	0,00	0,00		0,00	
	Share premium account related to ordinary share capital	R0030	0,00	0,00		0,00	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	92.821.336,11	92.821.336,11		0,00	
	Subordinated mutual member accounts	R0050	0,00		0,00	0,00	0,00
	Surplus funds	R0070	0,00	0,00			
	Preference shares	R0090	0,00		0,00	0,00	0,00
	Share premium account related to preference shares	R0110	0,00		0,00	0,00	0,00
	Reconciliation reserve	R0130	208.634.796,61	208.634.796,61			
	Subordinated liabilities	R0140	0,00		0,00	0,00	0,00
	An amount equal to the value of net deferred tax assets	R0160	0,00				0,00
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	0,00				
Deductions	Deductions for participations in financial and credit institutions	R0230	0,00	0,00	0,00	0,00	0,00
Total basic own funds after deductions		R0290	301.456.132,72	301.456.132,72	0,00	0,00	0,00
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	0,00			0,00	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0,00			0,00	
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	222.873.989,00			222.873.989,00	0,00
	Other ancillary own funds	R0390	0,00			0,00	0,00
Total ancillary own funds		R0400	222.873.989,00			222.873.989,00	0,00
Available and eligible own funds	Total available own funds to meet the SCR	R0500	524.330.121,72	301.456.132,72	0,00	222.873.989,00	0,00
	Total available own funds to meet the MCR	R0510	301.456.132,72	301.456.132,72	0,00	0,00	
	Total eligible own funds to meet the SCR	R0540	451.878.524,29	301.456.132,72	0,00	150.422.391,57	0,00
	Total eligible own funds to meet the MCR	R0550	301.456.132,72	301.456.132,72	0,00	0,00	
SCR		R0580	300.844.783,14				
MCR		R0600	75.211.195,78				
Ratio of Eligible own funds to SCR		R0620	1,5020				
Ratio of Eligible own funds to MCR		R0640	4,0081				

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	301.456.132,72
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	0,00
	Other basic own fund items	R0730	92.821.336,11
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
		R0760	208.634.796,61
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	0,00
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	0,00
Total Expected profits included in future premiums (EPIFP)		R0790	0,00

S.25.01.01.01 & S 25.01.01.02

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	37.373.876	37373875,68	0
Counterparty default risk	R0020	5.554.370	5554369,542	0
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	0	0	0
Non-life underwriting risk	R0050	285.097.067	285097067,3	0
Diversification	R0060	-28.487.477	-28487476,53	
Intangible asset risk	R0070	0	0	
Basic Solvency Capital Requirement	R0100	299.537.836	299537836	

			Value
			C0100
Adjustment due to RFF/MAP nSCR aggregation		R0120	0
Operational risk		R0130	1.306.947
Loss-absorbing capacity of technical provisions		R0140	0
Loss-absorbing capacity of deferred taxes		R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	0
Solvency Capital Requirement excluding capital add-on		R0200	300.844.783
Capital add-on already set		R0210	0
Solvency capital requirement		R0220	300.844.783
Other information on SCR	**Capital requirement for duration-based equity risk sub-module**	R0400	0
	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
	Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
	Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4 - No adjustment
	Net future discretionary benefits	R0460	0

S.28.01

		C0070
Linear MCR	R0300	3.271.384,11
SCR	R0310	300.844.783,14
MCR cap	R0320	135.380.152,41
MCR floor	R0330	75.211.195,78
Combined MCR	R0340	75.211.195,78
Absolute floor of the MCR	R0350	4.000.000,00
Minimum Capital Requirement	R0400	75.211.195,78