Canada Life Re Ireland dac

Solvency and Financial Condition Report

December 31, 2023

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List of Abbreviations and Acronyms

ALM	Asset Liability Management
AML	Anti-Money Laundering
AOTP	Actuarial Opinion on Technical Provisions
ARTP	Actuarial Report on Technical Provisions
BEL	Best Estimate Liability
CBI	Central Bank of Ireland
CF	Controlled Function
CFO	Chief Financial Officer
CLA	The Canada Life Assurance Company
CLACBB	Canada Life Assurance Company (Barbados Branch)
CLAM	Canada Life Asset Management Limited
CLD	Canada Life Dublin dac
CLIHC	Canada Life Irish Holding Company Limited
CLFIS	Canada Life Financial Investment Services
CLG	The Canada Life Group (UK) Limited
CLGS	Canada Life Group Services Limited
CLIRe	Canada Life International Re dac
CLReI	Canada Life Re Ireland dac
CMI	Continuous Mortality Investigation
CRO	Chief Risk Officer
CRS	Capital and Risk Solutions
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EU-IFRS	International Financial Reporting Standards as adopted by the E.U.
EUR	Euro
F&P	Fit and Proper
FVOCI	Fair Value through Other Comprehensive Income
GBP	Great British Pound (Sterling)
GWL	Great-West Lifeco
HIA	Head of Internal Audit
HoAF	Head of Actuarial Function
HR	Human Resources
IBNR	Incurred But Not Reported
ILGS	Irish Life Group Services
IS	Information Systems
LACODT	Loss Absorbing Capacity Of Deferred Tax
LLCBC	London Life & Casualty (Barbados) Corporation
LOC	Letter Of Credit
LoD	Lines of Defence
LTG	Long Term Guarantee
MCR	Minimum Capital Requirement
OCI	Other Comprehensive Income
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
PCF	Pre-Approval Controlled Function
PfAD	Provision for Adverse Deviation
PV	Present Value
QRT	Quantitative Reporting Template
RAF	Risk Appetite Framework
RFI	Risk Function Indicator
RM	Risk Margin
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
TM	Transitional Measure
TP	Technical Provisions
UPR	Unexpired Premium Reserve
USD	United States Dollar
VA	Volatility Adjustment

SUMMARY

The Solvency II Directive published in 2009, and formal clarifications published since then, requires narrative and quantitative disclosures from all regulated insurance entities.

In accordance with the Solvency II Directive, the Solvency and Financial Condition Report ("SFCR") is required to be published annually by Canada Life Re Ireland dac ("CLReI" or "the Company"). The purpose of the SFCR is to provide a concise overview of the business written, system of governance, risk profile and solvency position over the reported year.

This report has been drafted for the purpose of public disclosure, in line with requirements and structure defined by the European Insurance and Occupational Pensions Authority ("EIOPA"). The report provides an overview of CLReI's business, describes how the Company is run and governed, outlines methodologies and assumptions used in the valuation of assets, liabilities and capital requirements, and highlights, where appropriate, material expert judgements that have been applied while also indicating any areas of uncertainty. Any material differences between the Solvency II regulatory reporting basis and the financial statements of CLReI are provided.

Where possible, this report has been prepared on the basis of existing policies and other relevant documents as reviewed and approved within the governance structures in CLReI. The report has been written as a standalone document so that reference to other documents is not required to understand the content.

This report is based on results and methodology pertaining to CLReI as at December 31, 2023. The Company adopted IFRS17 Insurance Contracts effective January 1, 2023 and prior year numbers are restated to reflect amounts presented in the financial statements. All numbers in this report are in GBP '000 unless otherwise stated.

Each section of the report is summarised below:

A. Business and Performance

Canada Life Re Ireland dac ("CLReI" or the "Company"), formerly London Life and General Reinsurance dac was established in Ireland in 1991 and is a member of the Great-West Lifeco ("GWL") group of companies and operates as part of the Capital and Risk Solutions ('CRS') Division of GWL. The Company is authorised by the Central Bank of Ireland ("CBI") to write life and non-life reinsurance.

The primary focus of the GWL CRS Division is on life and non-life reinsurance business in Europe, United States, and worldwide. This is supported by the Company where appropriate, through directly writing the business and through internal retrocessions. The main business lines and divisional business strategies are Traditional Life, Structured Life, Payout Annuities, Non-Life Structured and Property & Casualty.

In addition to pursuing new business opportunities, the Company's focus is on ensuring that a strong balance sheet is maintained to meet Solvency II requirements, and minimising potential volatility in results.

In the year ending December 31, 2023, the Company reported earnings before income taxes of GBP 14.6m in its financial statements (2022: GBP 3.0m). This can be summarised as follows:

Earnings before income taxes	2023	2022
Underwriting income	8,996	4,512
Investment income	5,979	(552)
Operating expenses	(408)	(930)
Financing charges	(3)	(2)
	14,564	3,028

Underwriting income has increased by GBP 4.5m since the prior year. Underwriting income includes insurance service result (increase of GBP 3.2m), net investment result (excluding surplus investment income) (increase of GBP 3.3m) and fee income (decrease of GBP 2.0m) as presented on the Statement of Earnings in the financial statements.

The increase in the insurance service result is primarily driven by new structured non-life business, a release of insurance contract liabilities on run off accident and health business and positive claims experience on the payout annuity business. The increase in net investment result is primarily due to positive market experience on the payout annuity business. The reduction in fee income is due to a recapture of the Group Life business in 2022.

Investment income of GBP 6.0m has increased by GBP 6.5m since the prior year primarily due to a higher realised gains in 2023 compared to realised losses in 2022 of GBP 3.3m and increased yields in 2023 on surplus assets of GBP 3.2m.

Operating expenses of GBP 0.4m relate non-attributable operating expenses. Attributable operating expenses are included in underwriting income. The reduction in operating expenses in 2023 is due to a higher proportion of attributable expenses flowing through the underwriting income line versus the operating expenses line in 2023 compared to 2022.

B. System of Governance

The Board of Directors of CLReI is responsible for the governance and oversight of risks in the Company.

The Committees critical to the governance structure are set out below:

The Board has assigned key duties and responsibilities in relation to risk identification, assessment, measurement, monitoring and control to the Risk Committee. The Company also has a comprehensive Risk Management Framework in place for this purpose.

The Risk Committee is responsible for providing advice to the Board in its oversight of the Company's principal risks.

The Audit Committee manages risks inherent in the financial reporting process by reviewing significant financial reports and monitoring the effectiveness of internal controls, internal audit and the external auditor.

The Reinsurance Committee is responsible for reviewing and approving certain reinsurance transactions as mandated in the Underwriting Policy.

CLReI Governance Structure

2023

The directors of CLReI Board and its sub-committees are:

Board of Directors

Name	Director Status	Board member	Audit Committee member	Risk Committee member	Reinsurance Committee Member
S. Dolan	Independent Non-executive	Yes	Chair	Yes	Yes*
J. Doyle	Independent Non-Executive	Yes	Yes	Chair	Yes*
O. Gaughan	Non-Executive	Yes	Yes	Yes	Yes
J. Occleshaw	Non-Executive	Chair	Yes	Yes	Yes
C. O'Neill	Executive	Yes	Yes	Yes	Yes

*One of the Independent Non-Executive Directors is nominated at the commencement of each meeting as Chair of the Reinsurance Committee.

There were three changes to directors during 2023.

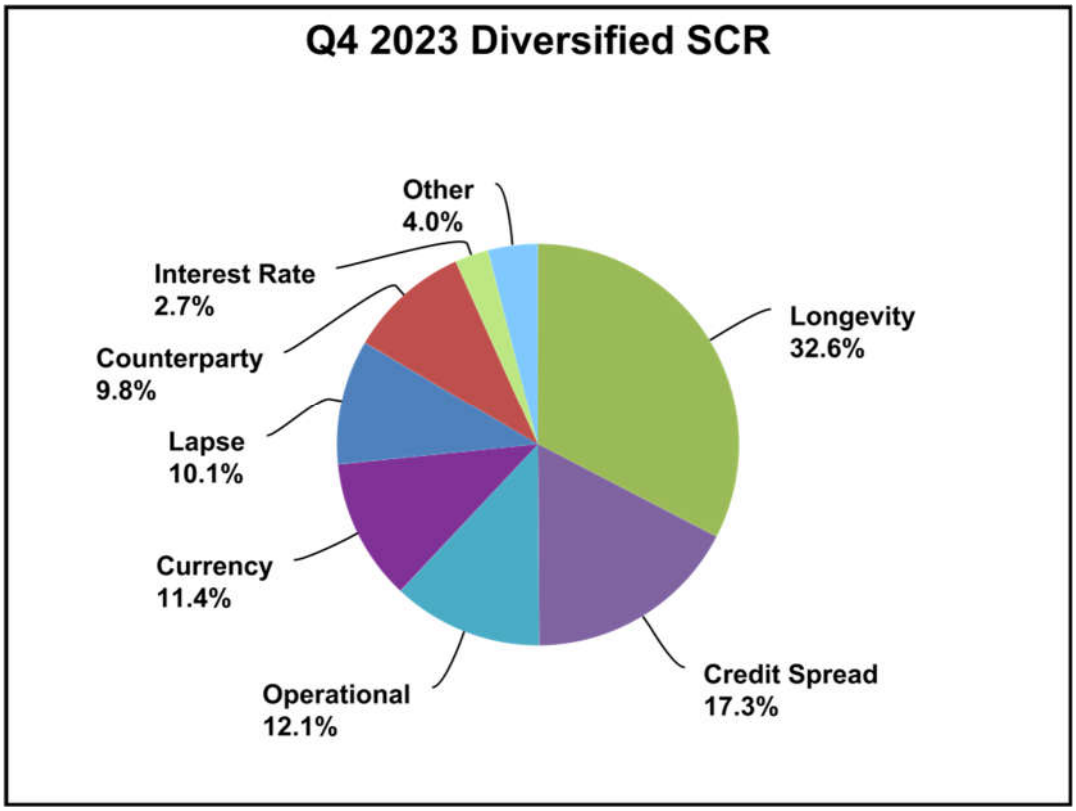
The Remuneration Committee and the Nomination and Governance Committee are constituted at the level of Canada Life Irish Holding Company Limited ("CLIHC"), our Group Solvency II holding company in Ireland. The membership of these committees includes some directors of CLReI.

C. Risk Profile

CLReI's objective is to manage risk in a manner that is consistent with its Risk Appetite Framework ("RAF") and Risk Strategy whilst growing shareholder value.

One quantitative measurement that is used by CLReI is the Standard Formula as set out by the Solvency II Directive and Delegated Regulations. The Solvency II Standard Formula Solvency Capital Requirement ("SCR") sets out how much capital a company must hold against the risks on its balance sheet.

The chart below shows the proportion of CLReI's diversified SCR that can be attributed to each risk:



A more detailed analysis of the Company's risk profile, including risk sensitivity, concentration and risk mitigation techniques is provided in Section C.

D. Valuation for Solvency Purposes

The main focus of Solvency II reporting is the financial strength (capital resources) of the (re)insurer, as opposed to its performance during the year. As such, the Solvency II balance sheet is intended to reflect an economic valuation of all assets and liabilities at the balance sheet date.

For the purposes of reporting on business performance, accounts have also been prepared in accordance with International Financial Reporting Standards as adopted by the E.U. ("EU-IFRS"). The Company adopted IFRS17 from January 1, 2023 and this requires the asset and liability tables in this document to be reclassified to allow meaningful comparison:

- Reinsurance contract held assets is the net of reinsurance recoverables and reinsurance payables and has been reclassified on a gross basis between these two categories in the table below.
- Reinsurance assets have been reclassified to reinsurance recoverables.
- Insurance contract liabilities is the net of technical provisions and deposits to cedants and has been reclassified on a gross basis between these two categories in the table below.
- Reinsurance contract held liabilities is the net of deposits to Reinsurers and Reinsurance Recoverables and has been reclassified on a gross basis in the table below.
- Investment contract liabilities have been reclassified to Technical Provisions
- Funds held under reinsurance contracts has been reclassified to Deposits to Reinsurers.

Significant differences in the asset values for material asset classes recorded on the Solvency II balance sheet and on the EU-IFRS balance sheet as at December 31, 2023 are shown in the following table:

	EU-IFRS	Reclassification	Restated EU-IFRS	Solvency II value	Difference
Insurance contract assets	1	(1)	—	—	—
Reinsurance contract held assets	3,428	(3,428)	—	—	—
Reinsurance assets	402,640	(402,640)	—	—	—
Reinsurance recoverables	—	2,294,058	2,294,058	2,208,569	(85,489)
Deposits to cedants and Insurance and intermediaries receivables	—	2,150,383	2,150,383	2,146,898	(3,485)
Deferred Tax Asset	3,905	—	3,905	3,993	88
Assets without significant valuation differences	845,790	2,900	848,690	848,657	(33)
Total assets	1,255,764	4,041,272	5,297,036	5,208,117	(88,919)

Significant differences in the liability values for material asset classes recorded on the Solvency II balance sheet and on the EU-IFRS balance sheet as at December 31, 2023 are shown in the following table:

	EU-IFRS	Reclassification	Restated EU-IFRS	Solvency II value	Difference
Insurance contract liabilities	136,342	(136,342)	—		—
Reinsurance contract held liabilities	53,905	(53,905)	—		—
Investment contract liabilities	402,640	(402,640)	—		—
Funds held under reinsurance contracts	435,846	(435,846)	—		—
Technical provisions	—	2,690,044	2,690,044	2,604,056	(85,988)
Deposit to Reinsurer & Reinsurance Payables	—	2,377,921	2,377,921	2,375,893	(2,028)
Liabilities without significant valuation differences	1,248	2,040	3,288	3,247	(41)
Total liabilities	1,029,981	4,041,272	5,071,253	4,983,196	(88,057)

An analysis of the valuation of the Company's assets and liabilities per the Solvency II balance sheet (in Appendix 1) is provided in the report in Sections D.1 Assets and D.3 Other Liabilities. Technical provisions are discussed in Section D.2.

E. Capital Management

The aim of CLReI's capital management strategy is to ensure the Company has sufficient capital, reserves and liquidity to meet its liabilities as they fall due and to meet regulatory solvency requirements. The ratio of CLReI's available capital to its regulatory SCR was 244.2% as at December 31, 2023, indicating capital resources were well in excess of the regulatory minimum and in excess of the Board's required range.

The coverage of the SCR and the Minimum Capital Requirement ("MCR") is summarised in the following table:

	Dec 31, 2023	**Dec 31, 2022**
Available Capital to meet SCR	224,461	235,176
SCR	91,921	98,200
SCR Coverage Ratio	244.2%	239.5%
Available Capital to meet MCR	220,469	231,488
MCR	22,980	24,550
MCR Coverage Ratio	959.4%	942.8%

GBP 220.5m of the December 2023 available capital in the table above is classified as tier one capital. GBP 4.0m is a deferred tax asset and classified as tier three capital.

At end 2023, CLReI applied two long term guarantee ("LTG") adjustments as approved by the CBI to the risk free interest rates:

- The Volatility Adjustment ("VA") was applied to all GBP denominated liabilities; and
- The Transitional Measure ("TM") on risk free interest rate was applied to all UK Payout Annuity liabilities.

If the VA was removed the solvency ratio at December 31, 2023 would move to 240.7%. If the TM was removed the solvency ratio at December 31, 2023 would move to 222.4%.

A. BUSINESS AND PERFORMANCE

A.1. Business

A.1.1. Company Structure

CLReI is regulated by the CBI.

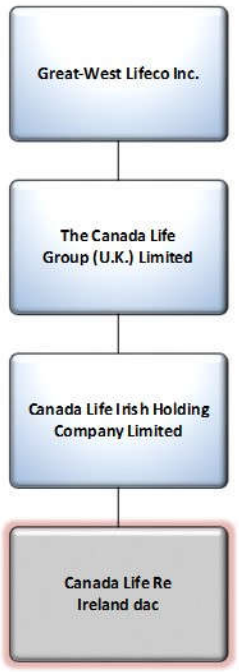
The contact details for the CBI are: Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1.

The Company's independent auditors are Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm. The contact details for Deloitte are: Deloitte, Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2.

CLReI is a member of the Great-West Lifeco Inc group of companies ("GWL"), one of the world's leading life assurance organisations. Great-West Lifeco Inc. and its subsidiaries, have approximately $2.9 trillion Canadian Dollars in consolidated assets under administration and are members of the Power Financial Corporation Group of companies.

The Company is a wholly owned subsidiary of Canada Life Irish Holding Company Limited ("CLIHC"'). CLIHC is the Irish holding company for a number of GWL's Irish regulated companies which is in turn an indirect subsidiary of GWL.

A simplified organisational structure for GWL is as follows:



The Company, as a subsidiary of GWL, operates as part of the Capital and Risk Solutions ('CRS') division of GWL.

The primary focus of the CRS division is on life and non-life reinsurance business in Europe, United States, and worldwide. This is supported by the Company where appropriate, through directly writing the business and through internal retrocessions. The main business lines and divisional business strategies are Traditional Life, Structured Life and Non-Life, Property & Casualty ("P&C") and Payout Annuities.

A.1.2. Material changes during the year

The Company adopted and successfully implemented IFRS 17 and 9 effective January 1, 2023. This milestone marks the culmination of a multi-year enterprise-wide initiative. The transition to the new standards did not have a material impact on the Company. The accounting change does not impact the underlying economics of the Company's business activities nor change the Company's business strategy.

A.1.3. Performance Summary

CLReI prepares its financial statements under EU-IFRS. The financial information provided throughout Section A is on an EU-IFRS basis.

In the year ending December 31, 2023, the Company reported earnings before income taxes of GBP 14.6m in its financial statements (2022: GBP 3.0m). This can be summarised as follows:

Earnings before income taxes	2023	2022
Underwriting income	8,996	4,512
Investment income	5,979	(552)
Operating expenses	(408)	(930)
Financing charges	(3)	(2)
	14,564	**3,028**

Further detail on financial performance is included in A.2. to A.4.

A.2. Underwriting performance

In the year ending December 31, 2023, the Company reported underwriting income of GBP 9.0m (2022: GBP 4.5m) on its life and non-life reinsurance business. Underwriting income consists of insurance service result of GBP 8.2m, net investment result of GBP 0.6m and fee income of GBP 0.2m.

The insurance service result increased by GBP 3.2m. This increase is primarily due to new structured non-life business, a release of insurance contract liabilities on run off accident and health business and positive claims experience on the payout annuity business. The net investment result increased by GBP 3.3m due to positive market experience on the payout annuity business. Fee income reduced by GBP 2m as 2022 income related to UK Group Life business did not reoccur in 2023 due to the recapture of the deal.

A.3. Investment performance

During the year ending December 31, 2023, the Company reported net investment income on assets other than those supporting technical provisions of GBP 5.9m (2022: GBP (0.6)m) summarised as follows.

Net Investment Income	2023	2022
Interest income	6,427	3,179
Income from subsidiary	(63)	(29)
Realised gains/ (losses)	66	(3,271)
Investment management and administration expenses	(451)	(431)
Net investment income/ (loss)	5,979	(552)

In 2023, the Company's net investment income primarily arose from income on bonds (consisting of government bonds, corporate bonds and collateralised securities) and an intercompany loan. The average asset balance over the course of the year on which interest income was earned was GBP 260.3m (2022: GBP 278.6m).

Net fair value movements of GBP 4.2m (2022: GBP (14.1)m) on the above assets were recorded through Other Comprehensive Income.

Securitisations

The Company does not hold investments in off-balance sheet securitisation vehicles. For Spread SCR calculation purposes, the Company classified investments in collateralised securities of GBP 26.4m with an average Solvency II-equivalent rating of A as Type 1 Securitisations and GBP 8.1m with an average Solvency II-equivalent rating of AA as Type 2 Securitisations.

A.4. Performance of other activities

A.4.1. Operating expenses

In the year ending December 31, 2023, the Company reported non-attributable operating expenses of GBP 0.4m (2022: GBP 0.9m). The 2023 reduction is due to a higher allocation to attributable expenses, captured in the Insurance Service Result. Operating expenses are primarily incurred in Euro.

A.4.2. Financing charges

In the year ending December 31, 2023, the Company incurred financing charges of GBP 3k (2022: GBP 2k).

Financing charges arise on Letter of Credit ("LOC") facilities in place to support Health business.

A.4.3. Leasing

The Company has had no leasing arrangements in place during the reporting period.

A.5. Any other information

Nothing to report.

B. SYSTEMS OF GOVERNANCE

B.1. General information on the system of governance

B.1.1. Governance Structure

The Board of Directors of the Company is responsible for the governance and oversight of all operations and risks in CLReI.

The governance structure of CLReI facilitates reporting and escalation of risk issues from the bottom up, and communication and guidance relating to risk policy and risk decisions from the top down.

The Committees critical to the governance structure are set out below:

Governance Structure

Risk governance in CLReI is supported by a risk management framework, as described in the Board approved Enterprise Risk Management Policy. The Board sets risk policy for the Company in relation to the types and level of risk that the Company is permitted to assume in the implementation of the strategic and business plans.

The Board has assigned key duties and responsibilities in relation to risk identification, assessment, measurement, monitoring and control to the Risk Committee. The Risk Committee is responsible for providing advice to the Board in its oversight of the Company's principal risks.

The Board is in place to lead and control the Company. The Board has reserved to itself for decision a formal schedule of appropriate matters, including the requirement to refer all material strategic decisions to the Board. Documented rules on management authority levels and on matters to be notified to the Board are in place, supported by an organisational structure with clearly defined authority levels and reporting responsibilities.

The Board considers its current size and structure to be appropriate to meet the requirements of the business. Membership of the Board and the range of qualifications, skills and experience are kept under review by the Board. The roles of the Chair and the Chief Executive Officer are separated and are clearly defined.

Directors, in furtherance of their duties, may take independent professional advice, at the Company's expense. Training facilities and professionals are made available to directors to ensure they remain briefed on all aspects required to fulfil their duties.

The Company Secretary is responsible for advising the Board through the Chair on all governance matters. All directors have direct access to the Company Secretary.

The **Risk Committee** has responsibility for oversight and advice to the Board on risk governance, the current risk exposures of the Company and future risk strategy and the embedding and maintenance throughout the Company of a supportive culture in relation to the management of risk.

The Risk Committee reviews and assesses compliance with the Enterprise Risk Management ("ERM") framework and provides advice to the Board on risk oversight matters. The Risk Committee reviews the Company's RAF and Risk Strategy, and supporting risk policies, ensures that effective processes are in place for the identification, measurement, management, monitoring and reporting of current and emerging risks. The Risk Committee also approves the mandate for the Risk Function and the mandate for the Compliance Function and satisfies itself that the Risk Function and the Compliance Function maintain the resources, authority and independence necessary to fulfil their responsibilities. The Committee also recommends changes to the risk framework and the appointment of the CRO and the Head of Compliance.

The Risk Committee is responsible for monitoring adherence to risk appetite statements and to risk policies. Where exposures exceed levels established in the Risk Appetite Statement

or risk policies, the Risk Committee is responsible for developing appropriate responses or approving management's proposed responses.

The Risk Committee consists of all directors of the Company.

The **Audit Committee** provides a link between the Board and the external auditors. It is independent of management and is responsible for making recommendations in respect of the appointment of external auditors and for reviewing the scope of the external audit. It also has responsibility for reviewing the Company's annual report and financial statements and monitoring the effectiveness of internal control systems and the internal audit function.

The Audit Committee manages risks inherent in the financial reporting process by reviewing significant financial reports and monitoring the effectiveness of internal controls, internal audit and the external auditor. The Committee reviews the financial statements for CLReI and Solvency II Pillar III disclosure requirements. The Committee reports thereon to the Board before such documents are approved by the Board and disclosed.

The Audit Committee monitors the Actuarial and Finance Functions, approving the mandates for each and satisfying itself that these functions maintain the resources, authority and independence necessary to fulfil their responsibilities.

The Audit Committee consists of all directors of the Company.

The **Reinsurance Committee** is responsible for reviewing and approving certain reinsurance transactions that are set forth in the Underwriting Policy as follows:

- all reinsurance inward and outward transactions that fall outside the approval limits of management.
- all new product lines that fall within overall Reinsurance Division Guidelines.

The Chair of the Reinsurance Committee reports to the Board on the activity of the Committee.

The Reinsurance Committee consists of all directors of the Company.

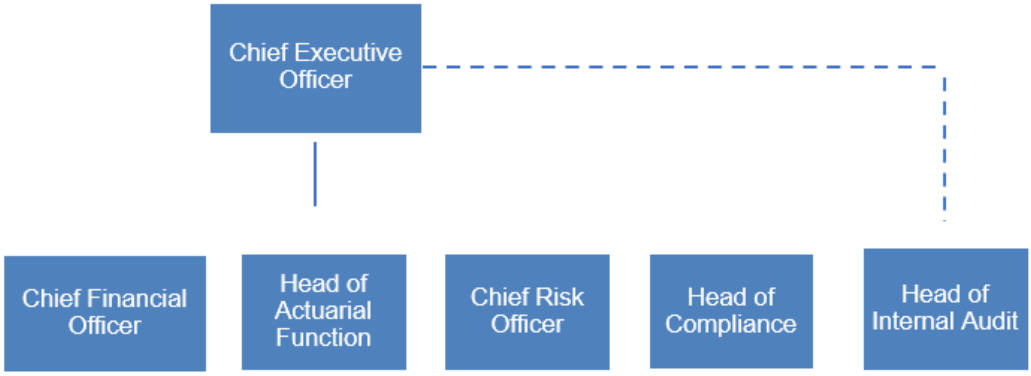
The Risk Committee has further established an **Investment Committee** which reports to the Risk Committee in relation to investment matters and advises the Risk Committee on the Company's Investment Policy. The members consist of the Chief Executive Officer, Chief Financial Officer, Head of Actuarial Function and Chief Risk Officer. The Investment Committee operates within a Charter which is reviewed and approved by the Risk Committee at least annually. The Investment Committee meets quarterly in advance of the Risk Committee meetings.

Management have established a **Risk Management Committee** which reports to the Risk Committee and is a forum to facilitate and review the effectiveness of the Company's risk management practices. The members consist of the Chief Risk Officer, Chief Executive Officer, Head of Actuarial Function, Chief Financial Officer and Head of Compliance. The Risk Management Committee meets quarterly in advance of the Risk Committee meetings.

B.1.2. Key Function Holders

The organisational chart below shows the position of key management personnel and key function holders for CLReI.

The chart shows the reporting lines for operational purposes and day to day management. However, as set out in the respective control function mandates, the heads of the control functions have a direct reporting line and responsibility to the Board and Committees for oversight matters.



B.1.3. Adequacy of and Review of Systems of Governance

The Company is committed to high standards of Corporate Governance which are in line with best practice. The Company is required to comply with the CBI Corporate Governance Requirements for Insurance Undertakings, 2015 (the "Requirements"). This includes requirements relating to among other items, the composition of the Board, the Chair, the Chief Executive Officer, Independent Non-Executive Directors ("INEDs"), CRO, Risk Appetite, and Board Committees. The Requirements also require that CLReI submits to the CBI on an annual basis, a compliance statement specifying whether the Company has complied with the Requirements during the period to which the statement relates. As a result, the adequacy and operation of the systems and governance in the Company are assessed on at least an annual basis. This includes an annual review of the performance of the Board, an annual review of the Board and Committee Charters and an annual review of each control function's self-assessment. Additionally, the mandate for each control function is reviewed and approved on an annual basis, with the exception of the mandate for the Head of Internal Audit which is approved following material amendments (or at least every 5 years). The Board is satisfied that the governance arrangements are appropriate.

B.1.4. Remuneration

The Company's Remuneration Operating Policy is intended to attract, retain and reward qualified and experienced employees who will contribute to the success of the Company.

The Company utilises remuneration to:

- Support the Company's objective of generating value for shareholders and customers over the long term;
- Motivate employees to meet annual corporate, divisional and individual performance goals;
- Promote the achievement of goals in a manner consistent with the Company's Code of Conduct; and
- Align with sound risk management practices and regulatory requirements.

The Remuneration Operating Policy is supported by a performance management process that promotes the development of a risk-aware performance culture in line with the Company's vision and values. This process is characterised by the core principles of quality feedback and open conversations; shared responsibility for the process; equitable treatment of staff and acknowledgement of the positive contribution of staff.

The overall approach for managing the risks relevant to the remuneration policy are those set out in the umbrella policy for operational risk and the Great-West Life 'Code of Conduct'. The Company has used these principles to determine its own principles and uses them in turn as a reference point to determine the specific approach set out in the Remuneration Operating Policy.

The principles are:

- The remuneration programmes promote sound and effective risk management and align with the risk strategy and preferences as approved by the Board;
- The remuneration programmes are consistent with business and risk strategy and long term shareholders' interests;
- The Remuneration Operating Policy is communicated to all staff;
- The remuneration programmes are competitive and fair and gender neutral;
- To attract, reward and motivate staff to deliver on objectives and achieve success; and
- There is clear, effective and transparent governance in relation to remuneration.

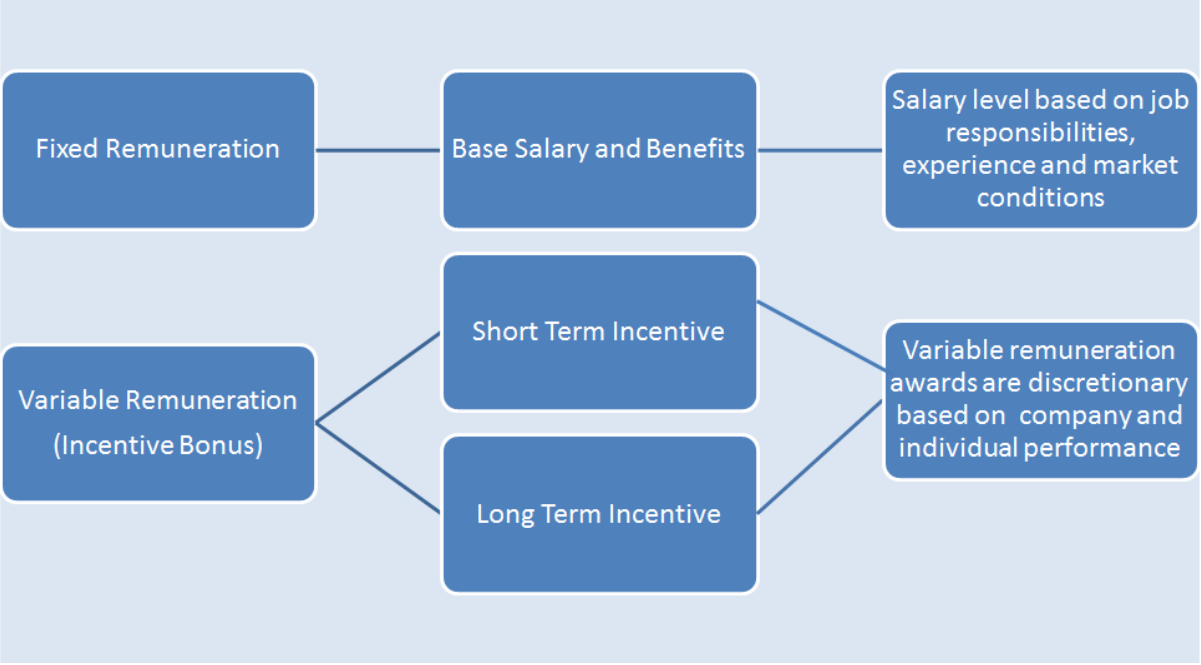
The Remuneration Operating Policy is designed to meet the regulatory requirements applicable to the Company. Applicable Solvency II principles around remuneration (predominantly Article 275) were identified, compliance arrangements put in place and documented including:

- Establishing a CLIHC Board Remuneration Committee to help the CLIHC and subsidiary Boards carry out its remuneration-related roles and responsibilities; the Remuneration Committee, based on data provided, makes sure we comply with the Remuneration Policy each year.

- There are specific remuneration arrangements (programmes) for the Board, Senior Leadership roles and the key control functions;
- Base salaries are determined based on market rate for the role as defined in independent salary surveys;
- All bonus schemes are required to include assessment against both personal and financial targets. For senior oversight roles, financial targets are not significantly linked to the Company's performance;
- The Remuneration Operating Policy is subject to audits and risk assessments; and
- The Company's Remuneration Operating Policy is made available to all employees.

B.1.4.1 Share Options, Shares or Variable Components of remuneration

All remuneration programmes consist of 4 primary elements; a base salary, annual incentive bonus, retirement benefits and benefits during the course of employment. The proportion of each element in the overall package will vary based on the role. Senior positions may include a 5th element – long term incentive.



The base salary reflects the skills, competencies, experience and performance level of the individual. Base salaries are determined based on market rate or the role as defined by independent salary surveys.

To relate the overall remuneration to the performance of the Company and the performance of the individual, an annual incentive bonus scheme exists. The bonus award is based on delivery of bonus objectives that are high impact in nature and closely aligned to business units within the Company's critical priorities, except for senior oversight roles whose bonus awards are not significantly linked to the Company's performance. A number of incentive schemes exist linked to the level of the role in the organisation and where appropriate type of role. Each staff member has a number of operational objectives for the year including an accountability heading of Risk and Management Control. The variable components of the

remuneration programmes are designed to ensure that the element of fixed pay is sufficient to avoid dependencies on variable compensation.
Individual objectives for the Compliance, Risk and Audit functions are set based on the performance of their teams. The Company results are not a significant factor in the bonus calculation for these roles.

Long Term Incentives are made up of performance share units.

B.1.4.2 Supplementary Pension or early retirement schemes for the members of the management body and other key functions

The Company's Remuneration Operating Policy does not include any supplementary pension or early retirement schemes for members of the Board or other key function holders.

B.1.4.3 Material Transactions during the reporting period

There were no material transactions in relation to remuneration in the period.

B.1.5. Key Functions

Consistent with Section 1.4 of the EIOPA Guidelines on System of Governance (EIOPA-BoS-14/253), CLReI considers key functions to comprise the Risk Management, Compliance, Actuarial and Internal Audit Functions. In addition, CLReI considers the Finance Function to be a key function, and collectively refers to these five functions as 'control functions'.

As noted above the control functions assist the Board in meeting its responsibilities to ensure proper management of the Company.

Each of the control functions reports to either the Board, Audit or Risk Committee. The Board or relevant Committee approves the mandate and resources for the control functions on an annual basis, with the exception of the mandate for the Head of Internal Audit which is approved following material amendments (or at least every 5 years). In addition, the Risk Committee approves an annual plan for the Compliance Function.

The control functions report to each meeting of the Board or relevant Committee, and the head of each control function has a direct line of communication with the Chair of the Board or relevant Committee.

Risk Function

The Risk Function is established as an independent second line function separate from business operations. The function is staffed and resourced by appropriately skilled and experienced professionals outsourced from Canada Life Group Services Limited.

The Risk Function's key responsibilities are set out in the Risk Function Mandate, which is set by the Risk Committee. The mandate is reviewed on an annual basis. Compliance with

the mandate and an assessment of the performance of the Risk Function is also carried out each year.

As defined in the Risk Function Mandate, the Risk Function is responsible for developing, implementing and reviewing the Company's Enterprise Risk Management ("ERM") Framework, including:

- Risk Governance and Culture
- The RAF;
- Risk processes: ensuring that appropriate processes are in place relating to:
  - Risk identification, assessment and prioritisation;
  - Risk measurement and limit setting;
  - Risk management, responses and mitigation strategies;
  - Risk monitoring and reporting;
- Risk infrastructure: ensuring people, tools, technology, risk systems and data are in place to support all risk processes related to the CLReI ERM Framework;
- Own Risk and Solvency Assessment ("ORSA");
- Recovery Plan;
- Risk Opinions: The CLReI CRO's opinion will be required for significant company initiatives and will be provided alongside the initiative proposal where review and approval is being sought at appropriate governance levels; and
- Participation in management Committees.

The mandate also conveys authority on the CRO and Risk Function to have access to all CLReI records, information and personnel required to carry out the responsibilities and to follow up on issues raised. The CRO also has the right of access to the Risk Committee and to attend meetings of the Risk Committee.

The CRO and Risk Function are established independent from the operating divisions and are required to remain objective in their work. The CRO reports to the Risk Committee for oversight matters and the Risk Committee approves Risk Function resources. The CRO reports to the Chief Executive Officer for operational matters and day to day management. The Risk Function/ CRO provide updates to each meeting of the Risk Committee.

Compliance Function

The Compliance Function is led by the Head of Compliance. The Compliance Function is established as an independent second line function separate from business operations. The function is staffed and resourced by appropriately skilled and experienced compliance professionals outsourced from Canada Life Group Services Limited. The Head of Compliance is responsible for the implementation of compliance arrangements within the Company. The primary role of the Compliance Function is to ensure that a good state of compliance is maintained in the Company and in assessing the adequacy of, adherence to and effectiveness of regulatory compliance management controls together with conducting independent risk-based monitoring and testing of regulatory compliance controls across the Company. The Compliance Function supports the business by providing independent advice in relation to regulatory developments and other compliance matters.

The Head of Compliance has a direct reporting line and responsibility to the Risk Committee for oversight matters, reports to the Chief Executive Officer for operating matters and day to day management and has a reporting line to the Chief Compliance Officer - Ireland.
The Compliance Function operates within a mandate which is presented for annual review by the Risk Committee who recommend to the Board for approval. Regular reports provided to the Risk Committee are as follows:

- Quarterly Compliance Report;
- Annual Compliance Plan;
- Annual Counter-Terrorist Financing Update;
- Annual Privacy Officer Report;
- Annual report on the Code of Conduct;
- Annual review of relevant compliance policies;
- Annual self-assessment of effectiveness of the Compliance Function; and
- Annual review of the resources and independence of the Compliance Function.

The Head of Compliance also reports directly to the Risk Committee on any breaches by the Company in relation to relevant regulations, guidelines, codes or any of the Company's policies, and to the Board annually on compliance with the Company's policies with the exception of risk related policies where the CRO reports to the Board annually; the Remuneration Policy where the Chair of the CLIHC Remuneration Committee monitors and reports in relation to compliance with the Remuneration Policy in accordance with the Policy; and the Diversity Policy where the Company Secretary monitors and reports to the Board in relation to compliance with the Diversity Policy.

Finance Function

The Finance Function is led by the Chief Financial Officer ("CFO") and is staffed and resourced by appropriately skilled and experienced accounting professionals outsourced from Canada Life Group Services Limited.

The CFO has a direct reporting line and responsibility to the Audit Committee for oversight matters. The CFO is responsible to the Chief Executive Officer for operating matters and day to day management.

The CFO is independent of the operational aspects of the Company's business units and is not involved directly in revenue generation or in the management and financial performance of any business line.

The Finance Function's key responsibilities include:

- Financial control and governance;
- Reporting of financial information on a statutory and regulatory basis;
- Management of the relationship with the external auditors;
- Budgetary, cost and financial management; and
- Presenting the overall annual budget to the Board for approval.

The Finance Function provides both a first line of defence role in managing the financial control and reporting requirements of the Company and a second line of defence role in

reviewing and providing oversight of this data prior to adopting it for financial and regulatory reporting and performance management of the Company. The CFO provides the Board and Audit Committee with periodic financial and performance updates along with detail to aid the Board in their assessment and approval of the annual statutory financial statements and regulatory returns.

Actuarial Function

The Actuarial Function is led by the Head of the Actuarial Function ("HoAF"), and is staffed and resourced by appropriately skilled and experienced actuarial professionals outsourced from Canada Life Group Services Limited.

The HoAF has a reporting line to the Audit Committee and operates within a mandate which is reviewed and approved by the Audit Committee at least annually. The HoAF is responsible to the Chief Executive Officer for actuarial matters and is responsible to the Head of Actuarial for day to day management of the Actuarial Function.

The responsibilities of the Actuarial Function include:

- Technical provisions: calculation of technical provisions and reporting to the Audit Committee and Board on technical provisions in line with regulatory requirements; and
- Risk management: contributing to the effective implementation of CLRel's risk management system.

Further details in relation to the Actuarial function are outlined in section B6.

Internal Audit Function

The Internal Audit Function is outsourced to Canada Life Group Services Limited, a related party service provider.

The Internal Audit Function operates in accordance with the Audit Committee approved Charter. Its objective is to provide an effective and responsive internal audit service that adds value to, and improves, the Company's operations through risk-based, independent assessment of the adequacy, effectiveness and sustainability of the Company's governance, risk management and control processes; with the ultimate objective of providing an opinion on the control environment to the Audit Committee. All activities undertaken within, and on behalf of, the Company are within the scope of the Internal Audit Function. This includes the activities of other control functions. Internal Audit has unrestricted access at any time to all records, personnel, properties and information of the Company.

Further details in relation to the Internal Audit Function are outlined in section B5.

B.2. Fit and proper requirements

The Company's Fit and Proper ("F&P") Policy takes full account of the Central Bank of Ireland's Fit and Proper Regulations, Standards and Guidance (the F&P Regime), their Guidance on Fit and Proper Notification Process for Insurance Holding Companies and

Mixed Financial Holding Companies under Solvency II and forms part of the Company's system of governance. It is the policy of the Company to comply in full with the requirements of all Fitness and Probity legislation and regulation. The Policy is also designed to meet the following regulatory requirements:

• S.I. 485 2015 – EU (Insurance and Reinsurance) Regulation 2015, R 45; R261
• Solvency II Delegated Regulation, Article 273
• EIOPA System of Governance Guidelines, Guidelines 11-14

The purpose of the Company's Fit and Proper ("F&P") Policy is to ensure that:

- persons holding key positions within the Company are assessed in terms of their fitness and probity in relation to a proposed role and on an on-going basis;
- procedures are in place to undertake this assessment effectively;
- the results of such an assessment are documented;
- the Board is satisfied that it can conclude that persons holding key positions are fit and proper;
- responsibility is assigned to ensure fitness and probity are monitored on a continuous basis; and
- prior approval is sought from the CBI in relation to persons proposed to perform PCF roles.

The Board delegates responsibility to the CLIHC Nomination and Governance Committee for recommending Board and Board Committee appointments. The CLIHC Nomination and Governance Committee is responsible for recruitment and selection, including the identification and nomination of candidates, to fill both executive and non-executive Board vacancies, for approval by the Board.

The F&P Policy forms part of the Company's System of Governance. The F&P Policy provides that should the Company become aware that there may be concerns regarding the fitness and probity of an individual in a role subject to fitness and probity the Company will investigate such concerns. The F&P Policy is designed to ensure that all persons subject to the fitness and probity regime meet the requirements. The F&P Policy applies equally whether a role subject to the fit and proper requirements is outsourced, or whether it is performed by employees within the Group.

The Group 'How to Guide' is designed to provide comprehensive guidelines to all persons with responsibility for managing and maintaining the Fitness & Probity processes and procedures and / or the Fit and Proper Register within the GWL companies based in Ireland to ensure compliance with CBI Fitness and Probity Standards and Guidance.

There is a role profile in place for all roles applicable to persons who effectively run the undertaking or have other key functions. Typically the role profile will set out the accountabilities for the role, the level of knowledge, skills and experience required to carry out the role, together with the behavioural competencies that are essential for the role.

A due diligence assessment of a person's fitness and probity for a PCF role or a CF role is conducted before the person is appointed. After their appointment, on an annual basis, by way of a declaration confirming that there have been no changes in circumstances and that the position holder continues to meet the F&P Standards as applicable to his/ her position

and agrees to continue to abide by the F&P Standards. On-going due diligence is carried out in line with regulatory guidance.

Management is responsible for ensuring that the Human Resources Department is informed where there is a change in a PCF or CF position holder and for reporting any non-compliance with the Policy to the Board and the Head of Compliance and/ or the CRO, as appropriate.

The Company also complies with all relevant requirements of the Individual Accountability Framework ("IAF") which came into effect in 2023 with all firms required to comply with the conduct standards and enhanced fitness and probity regime by December 29, 2023.

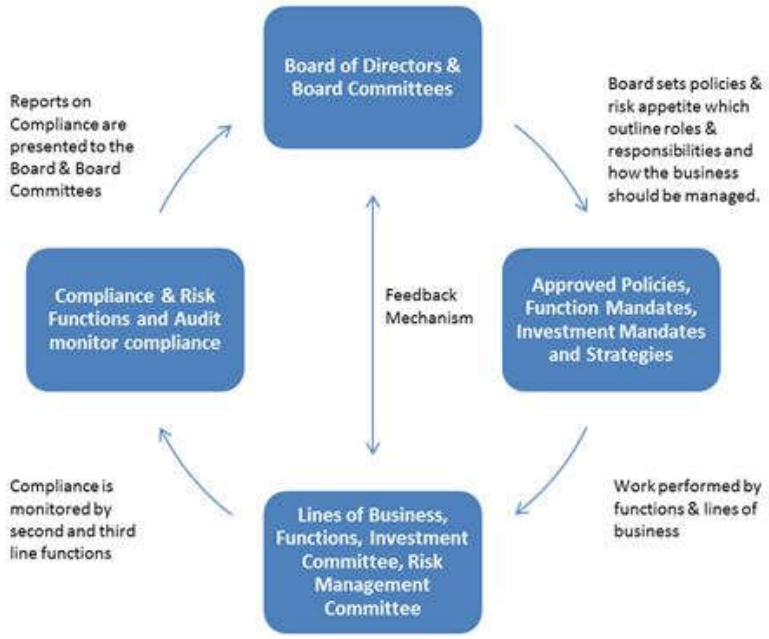
There is a close alignment between the Company's Code of Conduct (the "Code") and the F&P Policy, with both setting high standards of compliance for all directors, officers and employees. On an annual basis all are required to reaffirm commitment to the Code through a declaration process.

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

The CLReI Board is ultimately accountable for risk oversight within CLReI and is supported and advised by the Risk Committee and sub-Committees which have responsibilities defined in documented Terms of Reference and Committee Charters. The Risk Committee is supported in turn by the Investment Committee and Risk Management Committee.

The governance effected through each of these Committees is evidenced through the operation of the Committees in accordance with their respective Terms of Reference/ Charters, the reporting presented at each of these Committees and the analysis, review and discussion minuted at these meetings.

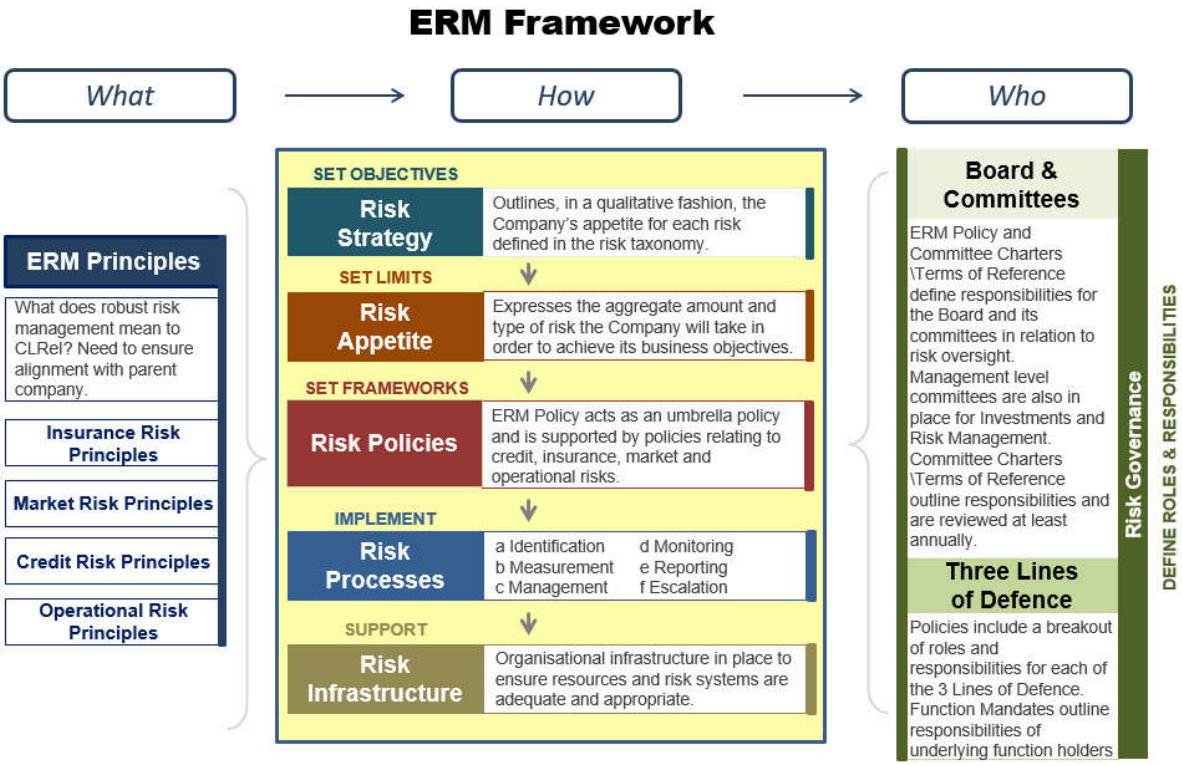
The governance structure is summarised in the following diagram. Policies, Charters & Mandates are approved by the Board and / or its sub-Committees. These are then implemented by the Lines of Business & Functions. Second and third line functions provide oversight of compliance with the approved documents and feedback is provided to the Board and sub-Committees.



B.3.1 ERM Framework

The ERM Policy prescribes the ERM Framework (CLReI terminology for the Risk Management System) through which the Board and management have established CLReI's approach to effective risk management and oversight.

The ERM Framework can be shown diagrammatically as follows:



The ERM Framework ensures that effective risk management processes are embedded into the day-to-day business activities. This means that there is an awareness of the inherent risks in business operations and products developed and managed which are diligently and prudently identified, assessed and considered to ensure that appropriate risk mitigation strategies and responses are established and implemented to protect the Company's reputation and brand as well as shareholders' interests.

ERM is effected by the Company's Board, management and other personnel and is applied in conducting business and strategy setting across all areas of the Company. The process is designed to:

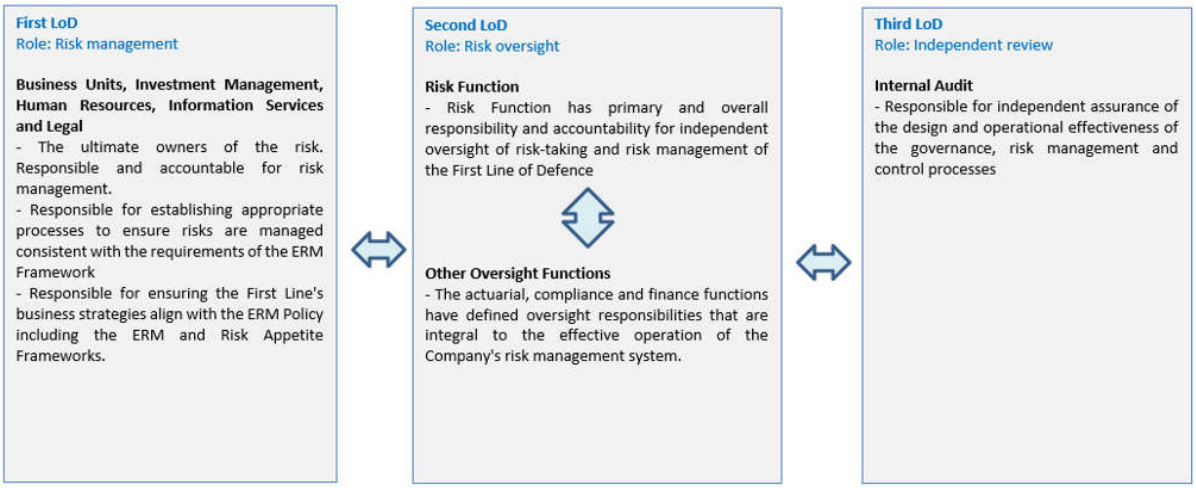
- identify potential events or emerging issues that may affect the Company;
- manage risks to be within the Company's risk appetite; and
- provide reasonable assurance regarding the achievement of the Company's objectives.

The owner of the ERM Policy is the CRO.

The Policy is scheduled for review and revision by the Board every year or at such other times as deemed necessary by the CRO. The ERM Policy was last approved by the Board on November 13, 2023.

B.3.2 Risk Management Model – Three lines of defence

The Company operates a Three Lines of Defence ("LoD") risk governance model as summarised below:



- The first line (business) is fully responsible and accountable for the management of the risks assumed in the conduct of their business activities;
- CLReI second line functions are primarily responsible for providing appropriate second line oversight and challenge to the first line. In areas where specialised skills or experience are required or for risks which apply group-wide, the oversight itself may be provided through a central European group risk team or GWL team which has defined accountability to each operating subsidiary. Where risk oversight roles are performed centrally, the Company will ensure that it receives adequate information in order to satisfy itself that the information provided is reliable and appropriate;
- The third line is entirely independent from both first and second lines and tests the effectiveness of the first and the second line.

B.3.3 Risk Appetite and Strategy

The Company's Risk Strategy includes a comprehensive listing of the risks assumed and its preference for each. It is an essential component of the RAF and is maintained as a separate self-contained document. The Company's Risk Strategy is reviewed by the Risk Committee and approved by the Board annually.

The GWL RAF identifies risk strategy as the risk philosophy that links to the business strategy. In this regard GWL's main objective is to keep its commitments while growing shareholder value, which it achieves by:

- Establishing a risk awareness culture that is ingrained in all business activities with a risk governance model based on the three lines of defence. The underlying subsidiaries of the GWL Group have full accountability for all risk taking decisions. The Risk Function has primary responsibility for independent risk oversight and effective challenge within the second line of defence. Internal Audit provides the third line of defence;
- Employing a conservative approach to taking and managing risk with emphasis on:
  - Diversification of products and services, customers, distribution channels and geographies;
  - Prudent investment management and diversification by asset type, issuer, sector and geography;
  - Disciplined application of pricing standards and underwriting, and extensive testing of the risks involved in new products and offerings;
  - Comprehensive management of in-force business through a regular process of review, assessment and implementation of relevant changes;
  - Resilience of business operations and sustainable growth taking into consideration corporate social responsibility;
- Conducting business to high standards of integrity based on the employee Code of Conduct and sound sales and marketing practices to safeguard the group's reputation; and
- Maintaining its financial strength and strong reputation while growing shareholder value in a manner that balances the interest of all stakeholders (including through profitable and growing operations).

The Company willingly accepts and manages risk where doing so is necessary to achieve its business objectives and contributes to shareholder value. As a provider of reinsurance, the Company assumes insurance, market, credit and operational risks as defined in the Risk Strategy. The Company's business model is to:

- Manage existing liabilities in an appropriate manner, ensuring that all commitments can be met; and
- Acquire new reinsurance treaties on an opportunistic basis, consistent with specified risk preferences and its business strategy, as and when such opportunities arise.

In establishing the aggregate level of risk the Company is willing to assume the following Risk Appetite objectives are considered:

- **Strong capital position:** The Company strives to maintain a strong balance sheet and establishes its Target Solvency Range, Risk Appetite and Risk Limits so as to ensure its obligations will be met even under extreme circumstances. As the Company is part of a larger organisation, it may adopt large risks which can then be balanced or otherwise managed within the GWL Group;
- **Strong liquidity**: The Company will maintain a high quality, diversified investment portfolio with sufficient liquidity to meet the demands of cedants and financing obligations under normal and stressed conditions;
- **Maintaining the Company's reputation**: The Company has no appetite for unethical business practices and in all business activities the potential impact on the reputation of the Company is considered. This is articulated in the Company's Code of Conduct. As part of the ongoing management of the business, appropriate

consideration is also given to corporate social responsibility and effective management of sustainability and reputational risks; and

- **Stability in Earnings:** The Company will manage its risks to avoid substantial volatility in its earnings (which are measured on an IFRS financial reporting basis) with a view to meeting the reported earnings and dividend plans. Limits applicable to the reinsurance division will also be considered, as appropriate.

These objectives are considered in all operations of the Company and in designing and entering new transactions.

The Company operates a multi-layer risk limits framework. This is designed to enable effective monitoring, evaluation and constraint of risk-taking activities.

Level 1 Limits: Limits on Aggregate Risk

- **Capital at Risk**: As part of the ORSA process, a Target Solvency Range above the minimum regulatory requirement is set for CLReI.
- **Liquidity**: CLReI maintains a minimum liquidity ratio of 100% of the liquidity needs in a 1 in 200 year adverse scenario. Both the available and required sources of liquidity are subjected to the 1 in 200 year adverse stress.
- **Long Term Stress**: Stresses are performed in order to assess CLReI's ability to meet all liabilities under a stressed environment for the outstanding duration of liabilities. A limit on the level of capital remaining after these stresses is prescribed in the RAF.

Level 2 Limits: Solvency Volatility Limits

Level 2 Solvency Volatility Limits support the management of CLReI's Solvency II capital position and help to monitor whether the Company's solvency volatility has changed significantly relative to the position when the Level 1, Short Term Limits and Target Solvency Range were defined. The limits aim to focus on the most likely drivers of volatility underlying the Company's solvency ratio.

Level 3 Limits: Business Metric Limits

These are more granular limits based on metrics which are aligned to how the business is managed. These limits are established to provide easily understood and directly applicable metrics to monitor and constrain risk taking. These limits are designed in the context of specific treaties and exposures and are aligned with relevant risk appetite limits at group level where applicable.

B.3.4 Risk Processes

Risk Processes are in place to ensure that risks are effectively identified, measured, monitored managed and reported upon as summarised in the diagram below:

Further details of key processes are summarised below:

Process	Description	Monitoring	Owner
Risk Strategy	Provides definitions for the CLReI universe of risks and details the strategic preference and mitigation in place for each.	Annually	Risk Function
RAF	Constrains and monitors risk profile versus defined limits to ensure CLReI's risk profile and solvency remains within approved boundaries.	Quarterly	Risk Function
Risk Policies	Risk policies in place include the ERM Policy, Operational Risk Management Policy and the ORSA Policy. First Line owned operational policies ensure compliance with the Credit, Market and Insurance Risk Policies of CLReI's European Holding Companies.	Annually	Risk Function
Risk Register	The Risk Register is reviewed and updated annually and includes an assessment, both gross and net of controls, of the risk categories defined in the Risk Strategy. The assessment identifies key controls as well as potential residual risk exposures. Reputational risk impacts are considered as part of this process. Monitoring of controls is also carried out under the Internal Control Policy.	Annually	Risk Function

Process	Description	Monitoring	Owner
ORSA	The ORSA process and annual report provides a formal assessment of the solvency position under normal and stressed conditions. This includes setting and calculating an agreed suite of sensitivity and scenario tests. In the event of a material change to the risk profile of the Company, a non-regular ORSA Report will be drafted and presented to the Board.	Annually / Ongoing	Risk Function
Risk Reporting	A risk report is presented to the Risk Committee on a quarterly basis which monitors compliance with limits and Risk Function Indicators ("RFIs") defined in the RAF as well as monitoring the Company's risk exposures.	Quarterly	Risk Function
Compliance Reporting	Compliance with risk policies is monitored through a formal reporting process.	Semi-Annually	Risk Function
Emerging Risk Assessment	Emerging risks are monitored quarterly and are included in the quarterly Risk Report that is presented to the Risk Committee.	Quarterly	Risk Function
Loss Events Reporting	Loss Events are monitored on an ongoing basis with a loss events report presented to the Risk Management Committee on a quarterly basis. Loss events are reported to the Risk Committee in the Risk Report, as appropriate.	Quarterly	Risk Function
Thematic Reviews	The CLReI Risk Function participates in Group wide thematic reviews and undertakes its own specific reviews on an annual basis.	Annually	Risk Function

B.3.5 Application of Prudent Person Principle

The CLReI Investment Policy covers the factors that the CBI expects management and the Board to consider in establishing investment policies and ensuring that they are effectively implemented.

The Investment Policy refers to all CLReI managed operating and surplus assets owned by the Company.

CLReI's RAF sets out the Board's attitude to risk. CLReI is a risk-averse investor. It is CLReI's policy to assume risk only when the risks have been assessed and understood and when there is a commensurate level of return. Investment risk is controlled through the Investment Policy, fund mandates and oversight provided by the Investment Committee.

The Board has ultimate responsibility for setting the CLReI Investment Policy. The policy, together with any proposed changes, is presented to the Board annually for approval.

There is a strong link between the Investment Policy and the ERM Policy, RAF and the Business Strategy.

In summary, the CLReI Investment Policy covers, amongst other topics:

- Asset Liability Management ("ALM") Guidelines which state how CLReI enacts ALM with particular reference to the objectives, approach, monitoring, cash flow and duration matching, currency matching and permitted ALM mismatching. The Risk Report contains an assessment of interest rate risk and the ALM position of the Company;

- Securities Lending & Pledging of Assets;
- Requirement to comply with regulatory limits;
- Approach to liquidity management, liquidity requirements in the short and medium term, impact on liquidity of new business and external financing. A limit on required liquidity levels in a stressed scenario is provided in the RAF and monitored in the Risk Report;
- A definition of non-routine investments and the approach to be taken prior to engaging in any non-routine investment; and
- Derivative Guidelines including a requirement to demonstrate how the quality, liquidity or profitability of the whole portfolio is improved where derivatives are used to facilitate efficient portfolio management. Speculative use of derivatives is prohibited.

Fund mandates are established and approved annually by the Investment Committee for each CLReI-managed operating and surplus fund. Mandates provide:

- Quantitative limits on assets and exposures including duration requirements, individual asset quality, permitted investments, counterparty exposures and overall fund quality. Quantitative limits and RFIs are also included in the RAF; and
- Parameters within which the suitably qualified investment managers are to conduct investment activities and operations and select suitable assets for purchase.

The Investment Committee:

- Considers investment market conditions & outlook for the future;
- Monitors the performance and risk profile of invested assets;
- Monitors adherence to Fund mandates, Investment Policy & agreements with the Investment Managers; and
- Reviews compliance breaches and corrective actions.

Stress testing is used as a key risk indicator and results are provided in the Risk Report and ORSA Report.

For these reasons, CLReI considers its approach to investment management to be in accordance with the prudent person principle. With respect to all invested assets, CLReI will invest only in assets and instruments whose risks can be properly identified, measured, monitored and reported, and appropriately taken into account in the assessment of overall solvency needs.

B.3.6 Own Risk and Solvency Assessment

B.3.6.1 Processes undertaken to complete the ORSA

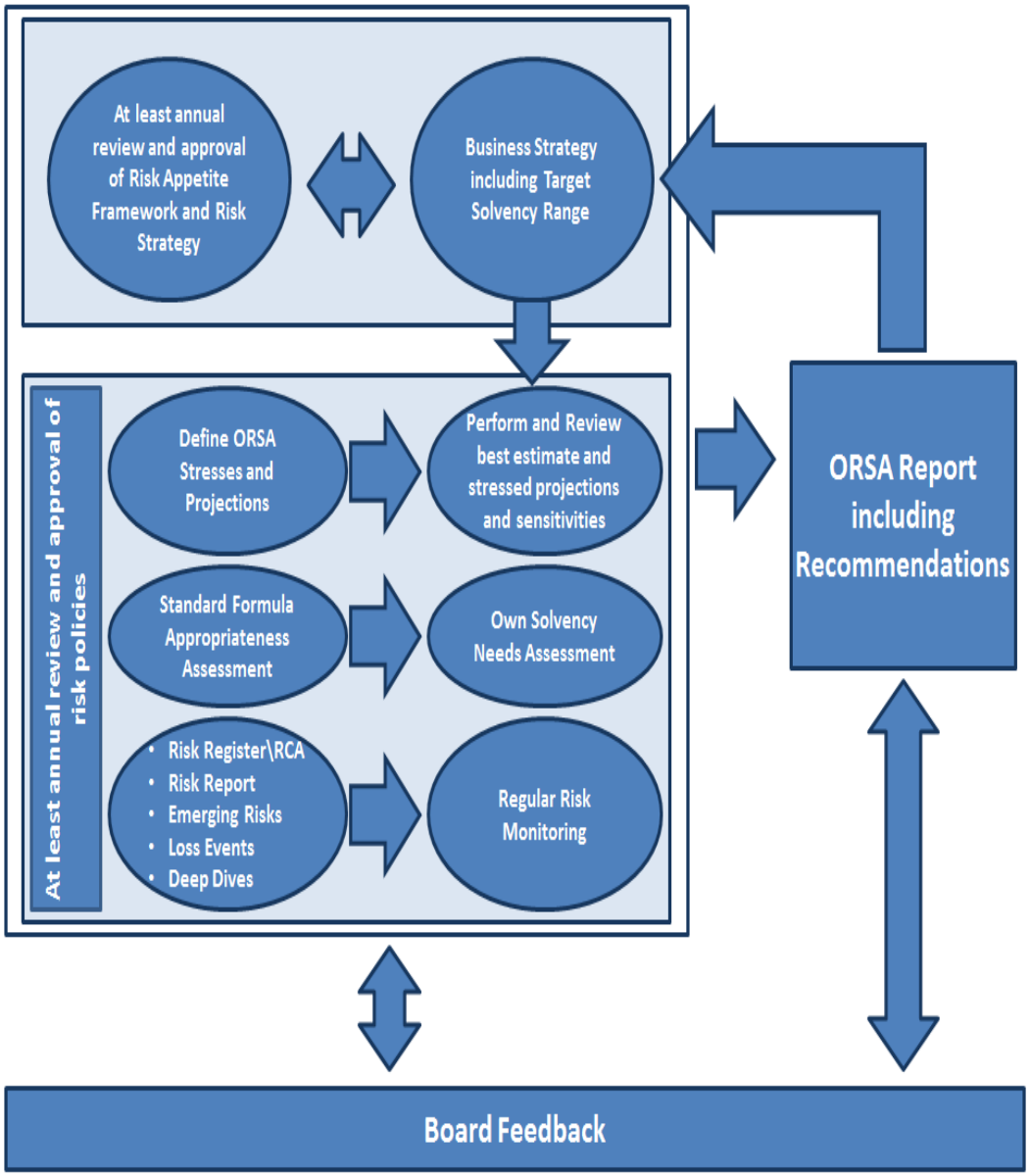
The ORSA is a collection of processes, merging the ERM Framework with capital management and business planning. All components that form part of the “ORSA process” are important in their own right. The regular ORSA process will be performed at a minimum on an annual basis and, in 2023, was presented to the Board for approval at the scheduled Quarter 3 Board meeting. A refresh of part or the whole ORSA may be triggered by a significant event, as described in the ORSA Policy, or at the request of the Board, Risk Committee or CRO.

The primary aim of the ORSA is to conduct a comprehensive assessment of the overall solvency needs of the Company in light of its risk profile, its business plan and strategy and the available capital resources with a focus on risks particular to the Company.

The processes that are followed in order to complete the ORSA are summarised in the diagram below. The performance of these processes is supported by an indicative timetable included in the Board-approved ORSA Process Standard.

Board feedback is received throughout the year and an ORSA Workshop is held annually in Quarter 3 with the purpose of discussing the draft results of stress and scenario testing and to note any further Board direction in relation to the final ORSA Report in addition to that already provided.

An ORSA Record is maintained as an electronic file directory which is updated on an ongoing basis to document the analysis carried out in relation to the ORSA. The ORSA Record is structured to ensure ease of mapping to the ORSA Report and includes a mapping document which aims to ensure that data included in the ORSA Report can be traced back to its original source.



B.3.6.2 Integration of the Own Risk and Solvency Assessment in to the organisational and decision-making structure of the Company:

The ORSA plays an important role in the management of the business:

- **Business Plan & Business Strategy:** ORSA projections are aligned to the existing business plan. The potential impact of risk events, including external events, is monitored as part of the ORSA Process including in the Risk Report. A significant change to the business plan or the business strategy could trigger a non-regular ORSA Report.
- **Risk Management:** Scenario analysis may help to identify improved ways of managing risks. Stress and Scenario Testing includes analysis of potential mitigation actions. The adequacy of current capital levels is assessed. Conclusions include suggested action items for the following year.
- **Management of In-Force Business:** Existing risks are monitored and stressed with possible mitigation actions identified. Deep dives and stress testing enhance understanding of risks.
- **RAF:** Relevant findings from the ORSA are reflected in the following year's RAF. Risk Strategy and Business Strategy are aligned.
- **Capital Management:** Key tasks that form part of the ORSA process include:
  - Setting & reviewing the Target Solvency Range
  - Assessment of Standard Formula Appropriateness
  - Own Solvency Needs Assessment
  - Liquidity monitoring

In addition, the ORSA Policy states that a refresh of part or the whole ORSA may be triggered by a material change in the risk profile of the Company, amongst other things. The Board, Risk Committee and CRO have the authority to call for the performance of a non-regular ORSA.

B.3.6.3 Determination of Own Solvency Needs:

A three step approach is followed in order to determine the total solvency needs of the company:

Step 1	**Own View Of Capital** **Does the Standard Formula provide an adequate level of capital to ensure CLRel can pay its claims at the 1-in-200 level?**	The Company's own view of capital is based on the Solvency II, Pillar I calibration with adjustments applied to ensure a better fit with CLRel's risk profile. The Own View of Capital considers output from the Standard Formula Appropriateness Assessment as well as Board and management input.
Step 2	**Volatility Buffer** **How much capital above the required level should the Company target?**	The correlated impact of stresses on key risks, estimated at approximately a 1-in-10 and 1-in-20 severity level, is calculated. These stresses are used to derive a suitable Target Solvency Range.
Step 3	**ORSA Stresses & Scenarios** **Does the level of capital proposed under Step 2 appear adequate?**	Proposed sensitivities and five year stressed projections are discussed with the Board throughout the year. Base projections are consistent with the existing business plan. These stresses are calculated and are assessed in the context of the proposed Target Solvency Range from Step 2.

The above approach is not intended to result in a 'hard and fast' rule in relation to the level of the Target Solvency Range but, instead, aims to assist in providing supporting information to the Board when setting the Target Solvency Range. The Target Solvency Range that is approved as a result of this exercise is reflected in the Capital Management Policy and the RAF.

Any material change in the business plan or the acquisition of a material new reinsurance treaty could trigger a re-run or recalculation of the relevant metrics.

B.4. Internal control system

The Board are responsible for internal controls in the Company and for reviewing their effectiveness in managing the risks in line with the Board approved RAF, Risk Strategy and Business Strategy.

The requirements for the Company's Internal Control System are established in the Company's Internal Control Policy. The objective of the Internal Control Policy is to ensure that the Company's internal control environment and reporting arrangements demonstrate that appropriate systems, processes and people are in place in order to provide effective internal control, allowing the Company to achieve its objectives. The Internal Control Policy is reviewed and approved by the Board at least annually.

B.4.1. Internal Control Framework

The Internal Control Framework is a set of processes carried out by management and all personnel, reported to and reviewed regularly by the Board and designed to provide assurance of:

- The level of risk being within the stated risk appetite;
- Alignment of the key controls with the key risks;
- Compliance with laws and regulations; and
- Reliability and accuracy of financial and non-financial information.

The processes also enable the Company to discharge its obligations under the relevant codes and guidelines issued by the CBI and any requirements of other applicable regulators.

Responsibility for ensuring internal controls are in place can fall to either Committees or individuals. Committees that form part of the governance structure with responsibility for ensuring the Company has appropriate systems to provide effective internal control include:

- The Audit Committee;
- The Risk Committee;
- The Reinsurance Committee;
- The Investment Committee; and
- The Risk Management Committee.

The Board establishes and approves the Policies and the RAF including risk tolerance limits and determines the governance environment and culture for financial reporting, risk and control management.

The Board has established an Audit Committee which monitors the effectiveness and adequacy of the Company's internal control system and Internal Audit function and reviews the integrity of the Company's financial statements. The Chair of the Audit Committee reports to the Board at least twice a year.

The Board has established a Risk Committee which advises the Board on risk appetite and tolerance and the effectiveness of policies and strategies to cover the risks of the Company. The Chair of the Risk Committee reports to the Board at least twice a year.

The Risk Committee has established an Investment Committee which reports to the Risk Committee in relation to investment matters and advises the Risk Committee on its Investment Policy. The Investment Committee meets at least four times a year.

The Risk Management Committee reports to the Risk Committee on risk management and advises the Risk Committee on its risk policies and effectiveness of policies. The Risk Management Committee meets at least four times a year.

The Board has established a Reinsurance Committee which is responsible for reviewing and approving certain reinsurance transactions that are set forth in the Underwriting Policy. The Chair of the Committee reports to the Board on the activity of the Committee at the next scheduled Board meeting.

Governance functions with responsibility for challenging that the Company has appropriate systems to provide effective internal controls comprise:

- Finance;
- Risk Management;
- Compliance;
- Actuarial;
- Internal Audit; and
- External Audit.

B.4.2. Compliance Function

The Compliance Function is led by the Head of Compliance and key responsibilities are set out in the Compliance Function Mandate. On an annual basis, the Risk Committee reviews and approves the Mandate of the Compliance Function.

The Compliance Function, is independent of the business operations of the Company and overseen by the Risk Committee. The Head of Compliance reports to the Risk Committee. The Head of Compliance provides independent information and objective advice to the Risk Committee on regulatory issues and developments in relation to the Company.

B.5. Internal Audit Function

Overview

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are adequately designed and operating effectively.

Internal Audit activity is executed within the framework of a risk-based audit plan as approved by the Audit Committee.

Internal Audit prepares regular reports for the Audit Committee summarising audit activity in the quarter, identified weaknesses in the internal control environment, inadequacies in compliance with laws and regulations, recommendations to remedy weaknesses and updates to previous recommendations.

All audit reports are distributed to those members of the organisation who are in position to take corrective action or ensure that corrective action is taken for findings identified.

The Head of Internal Audit ('HIA') is independent of the business management activities of CLReI. The HIA is not involved directly in revenue generation or in the management and financial performance of any business line. Where the HIA has or is expected to have roles and/or responsibilities that fall outside of internal auditing, and where this is not prohibited by local regulations, safeguards are put in place to mitigate impairment to independence or objectivity; these may include periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.

Internal auditors have neither direct responsibility for, nor authority over, any of the activities reviewed, nor does their review and appraisal relieve other persons in CLReI of responsibilities assigned to them. Internal auditors are not responsible for developing,

revising, or installing systems, policies, or procedures, or for appraising an individual's performance related to operations audited.

The HIA will confirm to the Audit Committee of the Board of Directors, at least annually, the organisational independence of the HIA and internal audit function and will report any factors that may adversely affect Internal Audit's independence, objectivity, or effectiveness.

The HIA has a direct reporting line and responsibility to the Chief Internal Auditor of GWL and to the Audit Committee for oversight matters. The Audit Committee has sufficient authority to promote independence and to ensure a broad audit coverage and adequate consideration of audit reports.

The Audit Committee periodically reviews and approves the mandate of the HIA, reviews and recommends the appointment/removal of the HIA to the Board, annually assesses the performance of the Internal Audit Function, and through the Chair of the Audit Committee has the authority to communicate directly with the HIA. The HIA maintains direct and unrestricted access to the Audit Committee and meets with the Chair of the Audit Committee on regular basis, with and without management present

B.6. Actuarial Function

B.6.1. Description of Actuarial Function

The primary objective of the Actuarial Function is to establish and monitor sound actuarial processes, practices and the application of professional judgment for CLReI. This includes ensuring compliance with all related internal policies, professional standards, and regulatory guidelines.

The CLReI Actuarial Function is resourced by the Corporate Actuarial team of Canada Life Group Services Limited ("CLGS"), a related party company providing underwriting, administrative and actuarial services to Group companies. The Actuarial Function is led by the Head of Actuarial Function ('HoAF'), and is staffed and resourced by appropriately skilled and experienced actuarial professionals. The HoAF has a reporting line to the Audit Committee and operates within a mandate which is reviewed and approved by the Audit Committee at least annually. The HoAF is responsible to the Chief Executive Officer for actuarial matters and is responsible to the Head of Actuarial for day to day management of the Actuarial Function.

The HoAF is responsible for overseeing the requirements of the Actuarial Function. This includes the following:

- Technical Provisions: The Actuarial Function calculate the Solvency II technical provisions ("TPs"), in line with Solvency II requirements and the Reserving Policy, as required for Solvency II submissions to the CBI and submission to group holding companies;
- Annual Regulatory Reports: The HoAF prepares an annual Actuarial Opinion on Technical Provisions ("AOTP") on the adequacy of the calculation of the TPs for submission to the CBI. To support the AOTPs, the HoAF writes an Actuarial Report on Technical Provisions ("ARTP"). The HoAF is also required by the CBI to provide an annual written opinion on underwriting and reinsurance; and
- Risk Management: The Actuarial Function calculates the SCR and MCR and supports the Risk Function with respect to risk modelling. The HoAF provides a written actuarial opinion to the CBI on the ORSA process every year.

B.7. Outsourcing

The Company takes a prudent and conservative approach to outsourcing, designed to ensure that no outsourcing arrangement will be entered into if it would entail unacceptable risk in the context of its business strategy. Where functions and activities of the Company are outsourced, the Board and senior management retain ultimate responsibility for such outsourced functions and activities. The Board and senior management retain the necessary expertise to manage the outsourcing risks and provide oversight of outsourcing arrangements.

All outsourcing arrangements are conducted in accordance with the Board approved Supplier Risk Management Policy and supporting Standard. The purpose of this Policy is to establish minimum risk management requirements when engaging with suppliers and to provide clear direction in ensuring supplier risks are appropriately identified, measured, managed, monitored, and reported. Adherence to this Policy is intended to reduce the Company's supplier risk exposure.

CLReI currently utilises group companies to undertake critical or important functions on its behalf. The majority of outsourcing availed of by the Company is with other companies within CLG. The main service provider is CLGS.

Details of the functions or activities provided and the jurisdictions they operate in are shown in the table below:

Critical or important function	Location of Service Provider
Actuarial	Ireland
Risk	Ireland
Internal Audit	Ireland
Compliance	Ireland
Finance	Ireland
IS	Ireland and Canada
Investment Management	UK
Design and pricing of reinsurance products	Ireland

B.8. Any other information

None to note.

C. RISK PROFILE

Risk Strategy and Risk Appetite

The main objective of CLReI's Risk Strategy is to keep its commitments while growing shareholder value. The Risk Strategy involves generating returns to grow shareholder value through profitable and growing operations while maintaining a strong balance sheet and employing a conservative approach to risk management.

As described in Section B.3, CLReI has a three level limit structure defined in the RAF:

- Level 1 Limits include aggregate company-level limits on solvency, stressed liquidity and a long term stress;
- The Risk Strategy defines a risk preference level for all material risks. The risk preferences range from 1 ('no appetite') to 4 ('readily accepts'). The most likely drivers of short term solvency volatility are quantitatively monitored and controlled by Level 2 Solvency Volatility Limits which support management of CLReI's Solvency II capital position and help monitor potential volatility in the Company's Solvency Ratio; and
- Level 3 Limits are derived to complement the Level 1 and 2 Limits and are defined based on business-level metrics with the aim of ensuring that material deviations from the business plan are escalated appropriately.

A set of RFIs is also defined in the RAF to ensure an appropriate level of monitoring is in place across all of CLReI's risk exposures. All limits and RFIs are monitored quarterly for compliance in the Risk Report which is presented to the Risk Management Committee and to the Risk Committee.

Material Risk Exposures and Changes in Exposures over 2023

The following table shows the proportion of CLReI's total SCR that each risk consumes. Capital is allocated to each risk based on the method proposed by EIOPA in its Final Report on Public Consultation No 14/036 relating to Guidelines on Loss Absorbing Capacity of Deferred Taxes. This measure of exposures is monitored quarterly in the Risk Report as part of the monitoring of RFIs as described above.

Risk	Preference Level	Q4 2022	Q4 2023
Credit Spread	4	18%	17%
Longevity	4	31%	33%
Mortality	4	0%	0%
Catastrophe	4	0%	0%
Expense	4	2%	2%
Non-Life	4/3	3%	2%
Lapse	3	9%	10%
Currency	3	10%	11%
Interest Rate	3	5%	3%
Counterparty	3	9%	10%

Risk	Preference Level	Q4 2022	Q4 2023
Operational	2/1	12%	12%

Risk exposures at Q4 2023 are primarily driven by the Company's Payout Annuity treaties, where exposures are predominantly to UK lives. The Payout Annuity treaties drive the Company's longevity and credit spread risk exposures. Currency risk is primarily driven by an intercompany loan issued by CLReI in 2022. This loan is denominated in US dollars.

Changes in the proportion of CLReI's total SCR consumed by each risk were driven by a combination of the run-off of existing business, the addition of new reinsurance transactions, and asset portfolio rebalancing.

The Company is actively writing new business. This increases strategic and operational risks which are reduced by the Company's robust pricing process and associated controls.

Risk exposures are described in more detail in the sections C.1. - C.7. below.

C.1. Underwriting Risks

Insurance (underwriting) risk is associated with contractual promises and obligations made under reinsurance treaties. Exposure to these risks results from adverse events occurring under specified perils and conditions covered by the terms of each reinsurance treaty.

Insurance risk includes uncertainties around the ultimate amount of net cash flows (premiums, claims and related settlement expenses), the timing of the receipt and payment of these cash flows, and the impact of policyholder behaviour (e.g. lapses).

Changes in exposures over 2023 are described in the first part of Section C above.

Risk Description

Risk	Description
Longevity	Longevity risk relates to the risk of loss resulting from lower than expected mortality rates. Longevity risk is a core strategic risk, arising predominantly from UK Payout Annuity business. CLReI has significant longevity risk through reinsuring annuity business written by other insurance companies. It is a well understood and managed risk.
Mortality	Mortality risk relates to the risk of loss resulting from higher than expected mortality rates. CLReI's exposure to mortality risk arises from some legacy business that is in run-off and is immaterial.
Lapse	Lapse risk is the risk of losses arising due to changes in the level of early termination of contracts by policyholders. CLReI's exposure to lapse risk is driven by a quota share reinsurance transaction under which it provides mass lapse cover on a portfolio of insurance savings products.

Risk	Description
Mortality Catastrophe	Mortality catastrophe risk relates to losses arising due to catastrophic events, for example a pandemic impacting the population. CLReI has negligible exposure to mortality catastrophe risk.
Expense	Expense risk is the risk of losses arising due to higher than expected expense levels, including from higher than expected inflation rates, incurred by CLReI in administering its business.
Insurance Concentration	With regard to insurance concentration risk, CLReI's main exposure to Longevity risk arises from its Payout Annuity blocks. The Company has very limited exposure to terrorism risk. For mortality business, there is a maximum limit on the exposure to an individual life prescribed in the Underwriting Policy.
Property Catastrophe	Property Catastrophe risk relates to losses arising due to an adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular Property Catastrophe events. These events include natural catastrophes (e.g. storms, floods and earthquakes) and non-natural catastrophes (e.g. fires, explosions). CLReI's exposure is limited, however it would readily accept further risk in the pursuit of its business strategy, should attractive opportunities arise.
Non-Life Structured	Non-Life structured risk relates to losses occurring due to adverse changes in the value of insurance liabilities, resulting from changes in the level, trend or volatility of non-life structured claim rates. Non-life structured treaties cover a variety of underlying exposures including, but not limited to, extended warranty, gap insurance, parts insurance, pet and motor insurance, and credit property covers including unemployment cover. The Company has an appetite to participate in non-life structured reinsurance where attractive opportunities arise.

Risk Assessment and Mitigation

CLReI uses a series of techniques to assess, manage and mitigate underwriting risks. The techniques described below were used throughout 2023.

ORSA - CLReI assesses all material risks, both qualitatively and quantitatively, as part of the annual ORSA process.

Risk Limits and RFIs - As discussed above, risk limits are defined in the RAF and are monitored and reported on a quarterly basis by the Risk Function to the Risk Management Committee and to the Risk Committee. This enables trends in the risk profile to be monitored over time and also enables the identification of material deviations from business plans or from risk appetite levels.

Stress Testing – Stress testing is used by CLReI as part of the ORSA process to assess risk exposures. Stress testing can also be useful to help inform potential mitigation actions.

Reinsurance – Longevity, home loan default, property catastrophe, non-life structured and lapse risks are reduced by reinsurance.

Assumption/ Experience Monitoring - When underwriting a reinsurance treaty, CLReI makes a series of insurance risk assumptions defining the way the reinsured policies are expected to perform over the term of the treaty. Adverse experience relative to these assumptions will lead to reduced profits or even losses on the treaty written by the Company.

Regular experience investigations are carried out for the main exposures to allow the HoAF and the Board to assess the suitability of the assumptions made in the setting of reserves and in calculations supporting financial reports. On an annual basis, the Board approves the assumptions used to determine the value of TPs held by CLReI in relation to its liabilities, after considering recommendations from the HoAF. CLReI monitors risk experience versus assumed / expected experience on a regular basis through regular business division management information, budget tracking and quarterly profit reporting. Where the regular monitoring identifies a potential deviation in experience, this is investigated and is fed back into the reserving processes by the Actuarial Function as appropriate.

Experience is also monitored by the Risk Function in the Risk Report.

Underwriting - The Company has a defined process that must be followed when underwriting a new reinsurance transaction or amending an existing reinsurance transaction. This process is defined in the Underwriting Policy and the associated stage gate process. The Underwriting Policy defines the authority limits for entering into new transactions and amending / renewing existing transactions. The Head of Compliance is required to sign-off that the appropriate steps in the Underwriting Policy have been followed prior to entering into or amending / renewing existing transactions.

Stress Testing

Section C.7 below has further details of stress testing performed by CLReI.

C.1.1. Use of Special Purpose Vehicles

CLReI does not use Special Purpose Vehicles to reduce the risk exposure remaining on the balance sheet.

C.2. Market Risks

CLReI's material market risk exposures are comprised of interest rate risk, liquidity risk (see Section C.4 below) and currency risk.

Changes in exposures over 2023 are described in the first part of Section C above.

Risk Description

Risk	Description
Currency	Currency risk relates to losses arising due to changes in currency exchange rates. CLReI does not directly pursue currency risk as a source of strategic value generation. However, due to the international nature of reinsurance, transactions can lead to exposures in multiple currencies. Changes in exchange rates can drive changes in solvency ratios. The risk is well understood and managed. Limited diversification benefits are available between currency risk and other risk categories. The Company's reporting currency is GBP so its exposure, as measured by the SCR, is driven by a USD intercompany loan and other non-GBP surplus holdings. CLReI accepts currency risk in the pursuit of its business strategy but seeks to mitigate the risk where appropriate.
Interest rate	Interest rate risk relates to losses arising due to changes in interest rates. CLReI holds TPs in relation to policy liabilities. The value of those TPs is sensitive to prevailing long-term interest rates. However, CLReI largely mitigates this exposure by holding assets whose value also moves with interest rates. CLReI accepts interest rate risk in the pursuit of its business strategy. However, effective controls are maintained to manage this risk to reduce the impact under different capital and accounting regimes and to reduce potential volatility on the Company's balance sheet.
Market Concentration	CLReI actively seeks to avoid asset concentrations by applying detailed limits as part of the Investment Policy and investment strategies in order to manage the risk. CLReI does not have exposure to property or equity risks. Risk mitigation can be achieved via effective diversification of assets.

Risk Assessment and Mitigation

CLReI uses a series of techniques to assess, manage and mitigate market risks. The techniques described below were used throughout 2023.

ORSA - CLReI assesses all material risks, both qualitatively and quantitatively, as part of the annual ORSA process.

Risk Limits and RFIs - As discussed above, risk limits are defined in the RAF and are monitored and reported on a quarterly basis by the Risk Function to the Risk Management Committee and to the Risk Committee. This enables trends in the risk profile over time to be monitored and enables identification of material deviations from business plans or from risk appetite levels. Other exposure measurements are also regularly monitored.

Stress Testing – Stress testing is used by CLReI as part of the ORSA process to assess risk exposures. Stress testing can also be useful to help inform potential mitigation actions.

Asset Liability Matching - CLReI invests in assets with the aim of reducing the market risks associated with policy liabilities. CLReI mitigates the interest rate and inflation rate exposure of liabilities by matching expected cashflows with appropriate assets, which means that the value of the liabilities and assets move by similar levels when interest rates change.

Currency Risk - CLReI mitigates currency risk by holding assets in the same currency as the underlying liabilities whenever it is economically viable to do so. Risk limits and indicators are included in the RAF to monitor the additional currency risk associated with the intercompany USD loan issued by CLReI in 2022.

Prudent investment Strategy – CLReI invests its assets in a prudent manner, in line with the Prudent Person Principle as required by Solvency II regulations (see Section B.3.5 for further details of the application of the Prudent Person Principle by CLReI).

Stress Testing

Section C.7 below has further details of stress testing performed by CLReI.

C.3. Credit Risks

Credit risks relate to the risk arising from an obligor's potential inability or unwillingness to fully meet its on- and off-balance sheet contractual obligations. Exposure to this risk occurs any time funds are extended, committed or invested through actual or implied contractual agreements.

Changes in exposures over 2023 are described in the first part of Section C above.

Risk Description

Risk	Description
Fixed Income including Default, Downgrade & Spread	CLReI invests in government and corporate bonds as part of its investment strategy. The consequent default, downgrade and spread risks are actively managed and monitored. Primary risk relates to the potential inability or unwillingness of counterparties to fully meet their obligations. This risk is a core strategic risk, arising predominantly from the assets backing the UK Payout Annuity business.
Counterparty	CLReI uses reinsurance as a risk mitigation tool and is willing to accept reinsurance counterparty risk as a consequence. CLReI actively manages the resulting risk exposure to reinsurer default. Credit risk also arises in relation to deposits and other assets placed with banks.
Credit Concentration	Given the scale of CLReI's investment activities, credit concentration risk can arise as part of normal investment strategies. However, CLReI has only a limited appetite for credit concentration risk and excess concentration is actively managed and restricted by fund mandates which are actively monitored for compliance. Risk mitigation strategies of CLReI focus on diversification.

Risk	Description
Sureties & Residential Mortgage Reinsurance	CLReI has an appetite to write surety and mortgage reinsurance business which gives rise to the risk of loss due to extreme mortgage default experience. The risks underlying this business are mitigated by contract design and the remoteness of exposures. CLReI also utilises retrocession arrangements to control these risks. Risk Reporting tracks exposures relative to limits defined within the RAF and monitors key risk indicators including residential property prices and unemployment rates.

Risk Assessment and Mitigation

CLReI uses a series of techniques to assess, manage and mitigate credit risks. The techniques described below were used throughout 2023.

ORSA - CLReI assesses all material risks, both qualitatively and quantitatively, as part of the annual ORSA process.

Risk Limits and RFIs - As discussed above, risk limits are defined in the RAF and are monitored and reported on a quarterly basis by the Risk Function to the Risk Management Committee and to the Risk Committee. This enables trends in the risk profile over time to be monitored and enables the identification of material deviations from business plans or from risk appetite levels. Other exposure measurements are also regularly monitored.

Stress Testing – Stress testing is used by CLReI as part of the ORSA process to assess risk exposures. Stress testing can also be useful to help inform potential mitigation actions.

Prudent investment Strategy – CLReI invests its assets in a prudent manner, in line with the Prudent Person Principle as required by Solvency II regulations (see Section B.3.5 for further details of the application of the Prudent Person Principle by CLReI).

Accepting fixed income credit risks (and bond risks in particular) is central to the investment and reinsurance product strategies of CLReI. Allowable asset type exposures may be restricted by treaty requirements. Risk understanding and management processes are considered to be robust, but credit and market risk exposures are highly correlated in periods of economic adversity.

Risk is mitigated by effective mandates, regular monitoring and the appointment of expert fund managers who are subject to second and third line oversight. The Investment Policy and fund mandates prescribe CLReI's investment criteria, including permitted investments, minimum asset quality, diversification and issuer limits, asset liability matching and cashflow and duration matching.

Exposure to Fixed Income risks is also reduced by reinsurance.

Reinsurance Counterparty Risk - In relation to risks retroceded by CLReI, the Company transacts only with counterparties meeting specified creditworthiness requirements, as outlined in the Reinsurance Risk Management Policy. CLReI actively monitors the financial strength of its reinsurers. The use of collateral is a key risk mitigation tool. Derivatives could

also be used to help with risk mitigation. Other risk mitigation tools include a Board-approved Reinsurance Risk Management Policy and regular monitoring of exposures.

Stress Testing

Section C.7 below has further details of stress testing performed by CLReI.

C.4. Liquidity Risk

Liquidity Risk arises from a company's inability to generate the necessary funds to meet its obligations as they come due. It is not an area from which CLReI targets material value generation, and it requires close management / risk mitigation. Risk mitigation can be achieved via strict exposure monitoring and investment in liquid assets, but potentially at a cost of lower returns.

Liquidity strain can arise from various sources, for example:

- Higher than expected risk claims and payments;
- Market movements or reserve basis changes impacting collateral accounts;
- Timing of reinsurance payments;
- Reduced asset liquidity in stressed conditions; and
- Dividend payments.

Liquidity is required to meet ongoing payments to cedants, including regular annuity and lump sum payments under reinsurance treaties. CLReI's long-term assets and liabilities are closely matched to minimise liquidity risks associated with these obligations. Annuity amounts payable are stable from month to month and are communicated to the asset managers in advance.

Stress Testing

The Risk Function oversees regular stress testing to ensure CLReI has sufficient liquidity to meet its conceivable requirements even under severe stress scenarios. The results of the stress testing are reported on a quarterly basis to the Risk Management Committee and the Risk Committee.

The stress testing considers the potential liquidity strains to CLReI over a one year period under a 1 in 200 year adverse scenario. Individual stresses are then aggregated using a correlation matrix consistent with that prescribed by EIOPA under the Standard Formula. In addition, a minimum absolute level of liquid own funds (Minimum Liquidity Buffer) is defined within the RAF. The liquidity strain resulting from the stresses is compared to the available liquid Own Funds and a Liquidity Ratio is calculated as (Liquid Own Funds / the minimum of (Impact of liquidity calls and haircuts, Minimum Liquidity Buffer)). Negative reserves and assets held in collateral accounts are not classified as liquid Own Funds for the purposes of calculating the Liquidity Ratio.

CLReI has established an Escalation Trigger and a Hard Limit in relation to this stress test. Throughout 2023, the result of the stress test was substantially in excess of both limits, reflecting the high level of liquidity available to CLReI. Ongoing monitoring of the Liquidity

Ratio will aim to ensure that adequate liquidity is available to cover stressed conditions over the business planning period.

Risk Concentration

CLReI's concentration risk with respect to liquidity is driven by requirements to maintain collateral accounts and the realisable value of assets in a stressed environment. These risks are mitigated by holding sufficient liquid assets and regular monitoring against Board approved limits.

C.4.1. Expected Profit included in Future Premiums

As at December 31, 2023, the present value of profits in future premiums was calculated as GBP 6.3m.

C.5. Operational Risk

Risk Exposure

Operational risk is the risk associated with inadequate or failed internal processes, people and systems or from external events. CLReI accepts limited operational risks as part of its business model but implements controls to mitigate these risks through integrated and complementary policies, procedures, processes and practices, with consideration given to the cost/ benefit trade-off. A more granular description of risk exposure is contained in the table below.

Significant changes in exposures over 2023 are described in the first part of Section C above.

Risk Assessment and Mitigation

Within the CLReI risk taxonomy, Operational Risks are split into seven separate categories. Each risk is assigned a risk owner who is responsible for the controls and reporting of loss events associated with that risk. The top operational risks for CLReI are identified and assessed for specific monitoring. Where appropriate for each top operational risk, RFIs are maintained and reported quarterly as part of the Risk Report to the Risk Committee. RFIs are reviewed annually as part of the RAF review and approval process.

At December 31, 2023, the SCR for Operational Risk was approximately 12% of total SCR net of diversification allowances.

Top operational and emerging risks are discussed quarterly at the Risk Management Committee and are also included in the Risk Report presented to the Risk Committee. A thorough review is completed annually with the results presented to the Risk Management Committee and the Risk Committee. The Risk Register assesses all risks in CLReI’s risk taxonomy, identifies the key controls that are used to mitigate the risks and also monitors the effectiveness of those controls.

Deep dives and / or scenario analyses are also included in the ORSA Report each year. Risks to be examined are rotated each year following consultation with the Board and the Risk Management Committee.

A qualitative description of more specific operational risk exposures and associated key mitigation tools is included in the following table. Risk exposures are likely to be similar over the business planning period and will be monitored regularly in order to identify situations where exposures have increased.

Risk	Description
Fraud	CLReI has no appetite for fraud risk but recognises that financial services organisations are targets of both internal and external fraud. As a reinsurer, CLReI also has exposure to fraud risk via custodian and funds withheld arrangements. Risk mitigation options focus on vigilance, culture and controls but can only reduce rather than eliminate the risk. CLReI is firmly committed to acting with integrity and ethical behaviour, and supports the creation of an anti-fraud environment. Accordingly, CLReI adopts a zero tolerance approach to fraud. CLReI controls are informed by the Company's Code of Conduct. All fraud events are reported to the Risk Management Committee and the Risk Committee as part of the quarterly loss events reporting process.
Business Continuity	The company is exposed to risks that threaten the business infrastructure that supports value generation. The company has no appetite for risks which could endanger the physical safety of its staff and has limited appetite for other infrastructure risks. The company expects infrastructure risks to be managed directly by staff with the relevant skills.
Technology	The Company is exposed to the risk of loss from unauthorised use of or access to information, disruptions of technology and risk of loss from exposures related to the design and implementation of applications and from infrastructure systems. The company expects technology risks to be managed directly by staff with the relevant skills. In this context the European IS and Corporate Resources functions form an integral part of technology risk management strategy setting and maintenance. The European IS division develops and maintains appropriate IS frameworks for the company addressing applications, cyber, systems, technology and data.
Legal and Regulatory	CLReI has a limited appetite for legal and regulatory risk which is an inherent risk for the business given its heavily regulated target markets. A Compliance control function is employed within CLReI to develop and maintain the processes and control frameworks necessary to help manage legal and regulatory risks. The Compliance function operates under a Risk Committee approved mandate which establishes the function's operational independence. The Compliance function mandate is reviewed and approved on an annual basis by the Risk Committee.

Risk	Description
Supplier	CLReI recognises that suppliers can be used to reduce or control costs, to free internal resources and capital, and to access skills, expertise and resources not otherwise available within CLReI. However, CLReI has a limited appetite for the associated risks when outsourcing external to the GWL global organisation, and takes a prudent and conservative approach to outsourcing and supplier risk management in general. CLReI utilises an outsourcing and supplier risk management program designed to ensure that no outsourcing arrangement will be entered into if it would entail unacceptable risk. CLReI maintains a Board-approved Supplier Risk Management Policy to establish the specific framework under which outsourcing and supplier risks will be managed and monitored. Risk mitigation for outsourcing and supplier risk includes ensuring effective contract development, contingency planning and performance monitoring.
People	CLReI has a limited appetite for people risk. People risk is an inherent part of doing business and CLReI takes steps to manage and mitigate the risks. CLReI expects people risks to be managed directly by senior management with the relevant skills. In this context the Corporate Human Resources ("HR") function, and the control frameworks it develops and maintains, form an integral part of the risk management strategy. In relation to remuneration, CLReI maintains a Board-approved Remuneration Policy to establish the specific framework under which this element of people risk is managed.
Process & Infrastructure	Process risks are an inherent part of doing business. CLReI takes steps to manage and mitigate risks through the establishment of a robust control environment for core processes including a 'four eyes' approach and implementation of appropriate checks and balances and End User Computing controls. A thorough data governance program is in place to ensure that data used for the production of regulatory returns is appropriately checked and monitored. CLReI accepts the risks associated with more complex or detailed processes in the pursuit of the business benefits that such processes generate.

Risk Concentration

CLReI's business operations are largely located in a single campus in Dublin. The associated concentration risks are partially mitigated through business continuity planning and off-site centres for data backup and restoration should an incident occur at the Dublin campus. A hybrid working model is in place.

As a relatively small office, CLReI is exposed to key person dependency risks. Senior staff may have significant business contacts and corporate knowledge which could be difficult to replace. Key mitigation tools for this risk include the support of the Group HR function in terms of ensuring terms and conditions are in line with market rates, succession planning, monitoring for compliance by HR of the Remuneration Operating Policy, performance appraisals, expertise available within the wider GWL Group and documentation of processes.

C.6. Other Material Risks

C.6.1. Business and Strategic Risks

Strategic and Business Risks relate to failures of internal planning, strategic decision-making and implementation, or changes to the external environment. These risks arise as a result of being in business and, while they do not directly generate value, they are an inherent part of

writing reinsurance business. The Company recognises that it is impossible to fully mitigate these risks and is willing to accept the residual risk that is implicit in underwriting reinsurance business. Mitigants include the Underwriting Policy, reviews by various Committees, visits to ceding companies and monitoring of regulatory developments and their implications. Changes to the regulatory environment could result in significant restructuring of CLReI's business and/ or changes to the business and risk strategies.

C.6.2. Collateral

Each of CLReI's most material reinsurance transactions has an arrangement in place to provide security and reduce counterparty exposure for the cedant and for CLReI.

Payout Annuity treaties incorporate a collateral account while other significant transactions incorporate a funds withheld arrangement. Collateral accounts are supported by contractual protections including strong rights of offset. For business ceded to CLReI, the Company is responsible for maintaining the collateral at the level prescribed by the treaty. Failure to maintain the collateral at the required level could result in the cedant recapturing the affected treaty from CLReI. Where business is reinsured by CLReI to another party, the other party assumes this responsibility for the proportion of the treaty ceded to them.

C.6.3. Transactions with Group Companies

CLReI have the following transactions with Group Companies:

Outward Retrocession

CLReI entered into a quota share retrocession agreement whereby 40% of a UK Payout Annuity block of business reinsured by CLReI is ceded to the Canada Life Assurance Company (Barbados Branch) ("CLACBB"). This agreement has an inception date of October 1, 2014. The quota share was increased to 90% on July 1, 2019.

CLReI entered into a portfolio transfer agreement whereby it assumed a reinsurance contract consisting of a block of fixed-term annuity payments and supporting assets. This agreement was dated October 3, 2016. This reinsurance contract is 100% ceded to CLACBB.

On March 31, 2019, CLReI entered into a stop loss agreement covering the Guaranteed Annuity Option take-up costs on a portfolio of business. The underlying terms of this agreement were renewed on September 30, 2021. This reinsurance contract is 90% ceded to CLACBB.

On January 1, 2020, CLReI entered into a non-life quota share reinsurance agreement covering a portfolio of (non-life) affinity products. This reinsurance contract is 95% ceded to London Life & Casualty (Barbados) Corporation ("LLCBC").

On July 1, 2020, CLReI entered into a property and casualty excess of loss agreement covering all losses arising from natural catastrophes and non-natural catastrophes written by the Reinsured in Europe. The agreement was not renewed on July 1, 2022 and is currently in run-off. This reinsurance contract is 95% ceded to London Life & Casualty (Barbados) Corporation ("LLCBC").

On January 1, 2022, CLReI entered into a quota share transaction covering a block of motor and general liability products written by a cedant. There is a 95% quota share retrocession agreement with LLCBC on this transaction.

On April 1, 2022, CLReI entered into a quota share transaction covering a block of property and general liability products written by the Reinsured. There is a 95% quota share retrocession agreement with LLCBC on this transaction.

On December 31, 2022, CLReI entered into a quota share transaction providing mass lapse cover on a portfolio of insurance savings products written by the Reinsured. The reinsurance contract is 95% ceded to CLACBB.

On January 1, 2023, CLReI entered into a seven-year quota share transaction covering motor and liability insurance portfolios written by a third party. There is a 95% quota share retrocession agreement with LLCBC on this transaction.

On January 1, 2023, CLReI entered into a three-year surplus relief transaction covering pet health and liability products with a third party. There is a 95% quota share retrocession agreement with LLCBC on this transaction.

On January 1, 2023, CLReI entered into four non-life quota share reinsurance agreements covering portfolios of home loan surety business written by third parties. These reinsurance contracts are 76.8% ceded to LLCBC.

Intercompany Loan

In August 2022, CLReI entered into an arrangement with London Reinsurance Group US ("LRG US"), whereby CLReI issued LRG US a two year loan that is denominated in US dollars.

Asset Management and Investment Administration Services

Canada Life Asset Management (“CLAM”), a UK domiciled company has entered into a number of investment management agreements with the Company whereby it manages a number of invested asset portfolios on behalf of the Company. This includes portfolios of assets held to support technical liabilities as well as surplus assets supporting capital requirements.

CLFIS (UK) Limited (“CLFIS”) entered into a service agreement with the Company on May 27, 2014, whereby CLFIS provides investment administration services relating to invested assets managed by CLAM.

Information Systems and Administration Services

On January 1, 2006, the Company entered into a service agreement with The Canada Life Assurance Company ('CLA'), whereby CLA provides administration services to the Company.

On December 31, 2006, the Company entered into a service agreement with CLGS, whereby CLGS provides information systems services and a wide range of administration services. The agreement was amended and restated with effect from July 8, 2021.

On January 1, 2008 the Company entered into a service agreement with CLA, whereby CLA provides administration services.

On January 4, 2010, the Company entered into a service agreement with CLA, whereby CLA provide administrative services.

On January 1, 2012 the Company entered into a service agreement with LLCBC, whereby LLCBC provides administration services.

On October 1, 2014 the Company entered into a service agreement with ILGS, whereby ILGS provided internal audit services. On July 8, 2021, the Company entered into a new service arrangement with ILGS whereby ILGS provides various administration services.

C.7. Any Other Information

C.7.1. Risk Sensitivities

CLReI uses a number of sensitivity tests to understand the volatility of its capital position. Sensitivity tests are regularly produced on the key risk exposures to help inform CLReI's decision-making and planning processes, and as part of the framework for identifying and quantifying the risks to which CLReI is exposed.

The nature of long-term business is such that a number of assumptions are made in compiling the financial results. Assumptions made relate to future experience in relation to longevity, mortality, expenses and other insurance experience rates. Assumptions are best estimates and informed by an analysis of historic and expected future experience.

Results of sensitivity testing in relation to key risk sensitivities are set out below. These are produced from the financial reporting models used by CLReI. For each sensitivity test the impact of a change in a single factor is shown, with other assumptions left unchanged. The table below illustrates the change in CLReI's SCR coverage ratio at December 31, 2023 that would result from the sensitivities shown.

Interest Rates: The impact of a 0.5% increase or decrease in market interest rates. The test considers the impact on the value of the technical provisions, SCR and Risk Margin ("RM"), offset by consistently calculated movements in the market value of fixed interest assets held.

Credit Spreads: The impact of a 0.5% increase in credit spreads over risk-free interest rates on corporate bonds and other non-sovereign assets held. The test allows for the estimated consequential impact on the value of technical provisions and the impact of the revised discount rate on the SCRs as well as the implied change in the market value of assets.

Currency: The impact of a 25% weakening of USD relative to GBP.

Expenses: The impact of a permanent 10% increase in expenses.

Annuitant Mortality: The impact of a permanent 5% decrease in annuitant mortality rates.

Table: Sensitivity test results – SCR coverage ratio

Sensitivity Test	Impact on SCR	Impact on SCR Coverage Ratio
0.5% increase in interest rates	-£3.3m	+8.4%
0.5% fall in interest rates	+£3.6m	-8.7%
0.5% increase in credit spreads	-£2.1m	+0.7%
25% weakening of USD	-£7.0m	-1.9%
10% increase in expenses	+£0.3m	-3.0%
5% decrease in annuity mortality rates	+£2.9m	-19.6%

No future management actions are allowed for in the sensitivities outlined above.

A reduction in interest rates increases the SCR and RM requirements, particularly for long tailed business, and thereby reduces the solvency ratio. At December 31, 2023, CLReI's solvency position is sensitive to movements in the GBP interest rate curve, as calibrated by EIOPA.

Sensitivity to a decrease in annuity mortality rates is driven by the Company's UK Payout Annuity exposures.

As CLReI uses a transitional discount rate for its annuities, as permitted under Solvency II, an increase in spreads will increase the discount rate used which, in turn, results in an improvement to solvency. The magnitude of this offsetting impact, driven by the transitional discount rate, continues to reduce over the term of the transitional period.

The currency sensitivity is driven by the fact that the Company's reporting currency is GBP and it has issued an intercompany loan that is denominated in USD and also holds other USD surplus assets.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. Assets

D.1.1. Solvency II value of assets

The value for each material class of asset on the Company's balance sheet at December 31, 2023 is as follows:

	Document Reference	Solvency II value
Holdings in related undertakings, including participations	D.1.2.1	459
Bonds	D.1.2.2	749,829
Collective Investments Undertakings	D.1.2.3	24,433
Reinsurance recoverables	D.1.2.4	2,208,569
Deposits to cedants	D.1.2.5	2,141,338
Insurance and intermediaries receivables	D.1.2.6	5,560
Reinsurance receivables	D.1.2.7	3,114
Receivables (trade, not insurance)	D.1.2.8	679
Cash and cash equivalents	D.1.2.9	22,249
Deferred Tax Asset	D.1.2.10	3,993
Any other assets, not elsewhere shown	D.1.2.11	0
Other loans and mortgages	D.1.2.12	47,894
Total assets		5,208,117

D.1.2. Solvency II valuation bases, methods and assumptions by material asset class

Under Solvency II, firms adopt a risk based approach to the valuation of all items reported in their Solvency II balance sheets. This generally means that assets are valued at an amount that would be paid under fair market conditions.

The Company generally holds investment assets to either produce income or for capital growth to meet future insurance obligations.

D.1.2.1. Holdings in related undertakings, including participations

Participations are valued on a fair value basis, determined as the percentage holding in the participation's net assets on a Solvency II basis. The Company's participationsat the reporting date consisted of a 100% shareholding in Canada Life Dublin dac.

D.1.2.2. Bonds

Bonds include:

- government bonds;
- corporate bonds; and
- collateralised securities.

Fixed income securities are held at their fair value. Fair value is determined by reference to quoted market bid prices primarily provided by a third party independent pricing source such as Bloomberg or Reuters.

Where prices are not available directly from an independent pricing source, the fair value is determined through the use of a valuation model based on discounting expected future cash flows to determine a present value. Valuation inputs typically include market returns and risk-adjusted spreads based on current lending and market activity.

D.1.2.3. Collective Investments Undertakings

Collective investment undertakings invest capital raised from unit-holders (investors in the fund) in transferable or liquid securities so that any associated investment risk is spread amongst the unit-holders. Collective investment undertakings, such as investment trusts and Money Market Funds, are generally traded as securities on active investment exchanges. Asset fair values are generally determined by the last price of the security on the exchange on which it is principally traded. Collective investment undertakings such as unit trusts and open-ended investment companies, which are not traded on an investment exchange, are valued at the most recent price published or through valuations provided by the fund manager.

D.1.2.4. Reinsurance recoverables

The Company has a number of reinsurance arrangements in place to reduce exposure to risks such as mortality risk, catastrophe risk and longevity risk.

Amounts expected to be recovered from reinsurers are valued using valuation models. These valuation models calculate the present value of future policy payments using appropriate assumptions consistent with the relevant reinsurance treaty and calculation of technical provisions. A reduction to the value is applied to account for the possibility of each reinsurer defaulting under best estimate conditions based on their current credit rating.

At December 31, 2023, the Company does not expect any recoveries from special purpose vehicles as the Company does not make use of special purpose vehicles.

D.1.2.5. Deposits to cedants

Under certain forms of reinsurance contracts, it is customary for the ceding insurer to retain possession of the assets supporting the liabilities ceded. The Company records an amount receivable from the ceding insurer which represents the premium due. Investment revenue on these funds withheld is credited by the ceding insurer to the Company.

Under Solvency II, the deposits to cedants balance is required to be supported by a specific portfolio of investment assets. However, for a number of transactions where the deposits to cedants balance is not supported by a specific pool of assets, these balances are reclassified as Insurance and intermediaries receivables for Solvency II reporting.

D.1.2.6. Insurance and intermediaries receivables

Insurance and intermediaries' receivable are amounts from cedants due at the reporting date. Amounts due from cedants are valued at the future cash amount expected to be received. Amounts due are as agreed with the counterparty.

D.1.2.7. Reinsurance receivables

Reinsurance receivables are amounts from reinsurers due at the reporting date. Amounts due from reinsurers are valued at the future cash amount expected to be received. Amounts due are as agreed with the counterparty.

D.1.2.8. Receivables (trade, not insurance)

Trade receivables represent payments from trade debtors due at the reporting date. These payments are valued at the future cash amount expected to be received.

D.1.2.9. Cash and cash equivalents

Cash and cash equivalents are valued at fair value.

D.1.2.10. Deferred tax asset

Deferred tax assets are valued in accordance with Article 15 of the Delegated Regulations, being the difference between the values recognised in accordance with the Solvency II Directive and the values recognised for tax purposes at a rate of tax of 12.5%.

D.1.2.11. Any other assets, not elsewhere shown

Any other assets, not shown elsewhere include broker outstanding balances.

D.1.2.12. Other loans and mortgages

Loans are valued at the future cash amount expected to be received.

D.1.3. Asset Valuations – Solvency II and EU-IFRS

The Company adopted IFRS17 from January 1, 2023 and this requires the asset table in this section to be reclassified to allow meaningful comparison.

Significant differences in the asset values for material asset classes recorded on the Solvency II balance sheet and on the EU-IFRS balance sheet as at December 31, 2023 are shown in the following table:

	EU-IFRS value	Reclassification	Restated IFRS	Solvency II value	Difference
Insurance contract assets	1	(1)	—	—	—
Reinsurance contract held assets	3,428	(3,428)	—	—	—
Reinsurance assets	402,640	(402,640)	—	—	—
Reinsurance recoverables	—	2,294,058	2,294,058	2,208,569	(85,489)
Deposits to cedants and Insurance and intermediaries receivables	—	2,150,383	2,150,383	2,146,898	(3,485)
Deferred Tax Asset	3,905	—	3,905	3,993	88
Assets without significant valuation differences	845,790	2,900	848,690	848,657	(33)
Total assets	1,255,764	4,041,272	5,297,036	5,208,117	(88,919)

D.1.3.1. Reinsurance recoverables

The reinsurance recoverable asset is valued using assumptions and methodologies consistent with the underlying liability valuation bases. The two underlying bases are Solvency II and EU-IFRS. As a result the values of the reinsurance asset differ between the two bases.

D.1.3.2. Deposits to cedants and Insurance and intermediaries receivables

The deposits to cedants and Insurance and intermediaries asset is valued using methodologies consistent with the underlying valuation bases. The two underlying bases are Solvency II and EU-IFRS. Under IFRS a multi-year receivable is recognised in respect of premiums due from reinsurer. Under Solvency II those premiums and related cashflows are allowed for via the technical provisions.

D.1.3.3. Deferred tax assets

The difference in deferred tax reflects the difference in the timing of recognition of earnings between Solvency II and EU-IFRS.

D.2. Technical provisions

D.2.1. Summary of Results

At December 31, 2023 the Company recorded balances of: (All figures rounded to nearest £'000)

	Life Reinsurance	Direct Business and Accepted Proportional Reinsurance						Accepted Non Proportional Reinsurance		Total Non-Life	Total
	Life Reinsurance	Medical Expense Insurance	Miscellaneous Financial Loss	Other Motor	Fire & Other Damage to Property	Motor Vehicle Liability Insurance	General Liability Insurance	Non Proportional Health	Non Proportional Property	Total Non-Life	Total
Best Estimate Liabilities	2,579,366	(3,845)	(111)	878	(189)	269	406	581	(2,154)	(4,164)	2,575,202
Reins Recoverable	2,210,441	(2,922)	(84)	1,081	(144)	549	391	0	(743)	(1,872)	2,208,569
Net Best Estimate TP	368,925	(923)	(27)	(202)	(45)	(280)	15	581	(1,411)	(2,292)	366,633
Standalone Risk Margin	29,761	336	34	299	84	317	8	39	447	1,565	31,326
Diversification Benefit	(2,349)	(27)	(3)	(24)	(7)	(25)	(1)	(3)	(35)	(124)	(2,472)
Net Risk Margin	27,412	310	31	276	77	292	8	36	412	1,442	28,854
Total Technical Provisions, net of reinsurance	396,337	(613)	5	73	32	13	23	617	(999)	(850)	395,487

D.2.2. BEL Methodology and Bases

D.2.2.1. Overview

The 2009 Solvency II Directive specifies that the value of the TPs shall be equal to the sum of a BEL and a RM. Offsetting the gross best estimate TPs, reinsurance recoverables are held as an asset and include an allowance for counterparty default net of collateral.

The methodology used in calculating TPs is described in detail below.

D.2.2.1.1. Segmentation of business into homogeneous risk groups

The CLReI BEL is calculated where possible on a per policy basis using segmented models and assumptions for groups of homogenous business. The chosen splits enable the Actuarial Function to accurately calculate the TPs and analyse reasons for movement in the results. Underlying the calculation of these cashflows, the assumption setting and experience analysis is completed at a more granular level to ensure that the subsequent TP calculations are accurate.

D.2.2.1.2. Best Estimate Technical Provisions

The Directive specifies that the BEL shall correspond to the "*probability-weighted average of future cashflows*" and be based on "*up-to-date and credible information and realistic assumptions and be performed using adequate, applicable and relevant actuarial methods".*

The BEL calculation was completed by projecting BEL cashflows and discounting them using the appropriate discount curve (risk free curve + adjustment if applicable). At December 31, 2023 CLReI applied two LTG adjustments as approved by the CBI to the risk free interest rates:

- The VA was applied to all GBP denominated liabilities; and
- The TM on risk free interest rate was applied to all UK Payout Annuity liabilities.

Cashflows are projected on a monthly basis using best estimate assumptions and are discounted assuming that all cashflows occur halfway through the month.

D.2.2.1.3. Risk Margin

Under Solvency II the RM is an extra amount that must be held in addition to best estimate TPs. It is intended to equate to the cost of capital that would be incurred by an otherwise risk free company that takes over the liabilities of the company doing the valuation. The cost of capital is prescribed to be 6% of the projected annual SCR on the liabilities excluding any avoidable market risk. Hence the calculation of the RM requires a projection of the SCR components.

<u>Discount Rate</u>

The SCRs used for the RM are recalculated using risk free discount rates. Without the LTG measures, the discount rates before and after any SCR shocks are lower and the resulting impact of a shock is slightly higher.

<u>SCR Run-off</u>

The calculation of the RM requires either a recalculation of the SCR components at each future time period or an approximation of same. CLReI assumes that the SCR components will run off in line with various risk drivers as per allowable approximations. For some of the non-life structured transactions, the projected SCR components are explicitly recalculated for use in the RM calculation.

D.2.2.1.4. Reinsurance Recoverables

CLReI has a number of reinsurance arrangements in place which reduce its exposure to longevity and catastrophe risk.

The reinsurance recoverables are calculated using the same principles as the BEL. Allowance is made for expected losses due to the default of any counterparties. The counterparty default allowance is calculated using the prescribed allowable simplification in Delegated Acts Article 61. This approximation does not have a material impact on the result

due to the strong ratings of reinsurance counterparties and the high level of collateral attached to the transactions. No allowance has been made for the potential timing difference in direct payments and recoverables from reinsurance due to an expected low level of materiality.

CLReI does not have any reinsurance arrangements with special purpose vehicles.

D.2.2.2. Demographic Assumptions

D.2.2.2.1. Life Reinsurance Business

For demographic assumptions on the life reinsurance business, CLReI uses a single set of deterministic assumptions. These assumptions are consistent with best estimate assumptions derived for local IFRS reporting and are generally consistent with best estimate assumptions derived for Group IFRS reporting. Assumptions are set based on regular experience studies on the underlying data. Where sufficient underlying data is not available, industry studies are considered. CLReI has adopted this approach as it is proportionate to the nature, scale and complexity of the risks accepted by CLReI. The key demographic risks that CLReI is exposed to as at December 31, 2023 are outlined below:

- Base table mortality for UK annuitants. Assumptions are set based on annual mortality studies on the underlying blocks. Consideration is given to external studies where internal experience is not credible;
- Future mortality improvements on UK annuitants. These improvement assumptions have been set by considering longer term historic improvements, industry models such as the Continuous Mortality Investigation ("CMI") improvements model, and external industry studies;

The 2009 Directive specifies that the best estimate projection should correspond to the "probability weighted average of future cash flows". This differs from deriving a single deterministic best estimate based on appropriate best estimate assumptions. Should the underlying risk distribution be symmetrical then the two approaches may be equivalent but where the underlying risk distribution is skewed then an adjustment may be required. This is particularly relevant for mortality business where binary events such as a pandemic event could be considered to make the distribution of the risk asymmetrical. CLReI makes adjustments to its best estimate projections for tail events that may be material.

An immaterial portion of the life reinsurance BEL is calculated manually using a time zero estimate for Incurred But Not Reported ("IBNR") or Unexpired Premium Reserve ("UPR"). The percentage of gross Life BEL calculated in this way is 0.18%.

D.2.2.2.2. Non-Life Reinsurance Business

Within the non-proportional health line of business, TPs are based on those reported on the cession statements received from the underlying cedants by Canada Life Assurance (CLA) who administer the business on behalf of the Company. Assumptions are made regarding the credibility of reported reserves based on prior experience and the likely impact of legal disputes. Assumptions regarding future inflation (in particular Medical Expense inflation on

Workers Compensation claims) are embedded within the reporting on the underlying programs.

For the one-year non-proportional property lines of business, TPs are calculated using a UPR approach. This is consistent with Group IFRS reporting practice for this type of business. For non-proportional multi-year mortgage business, proportional NSTL health and other multi-year non-life proportional reinsurance transactions, CLReI calculates the TPs using a best estimate cashflow approach.

The approaches taken, as outlined above, are considered to be proportionate to the nature, scale and complexity of risks. No assumptions were made in relation to future management actions.

D.2.2.3. Changes to assumptions compared to previous reporting period

The assumptions underlying the calculations were subsequently reviewed in advance of the end 2023 valuation. The key changes to assumptions are:

- Mortality improvement assumptions on UK Payout Annuity business were reviewed, considering a further year of emerging industry studies;
- The maintenance expense inflation assumption was reviewed considering elevated inflation experienced recently.
- The investment expense assumption was reviewed based on updated investment expense information.

D.2.2.4. Uncertainty relating to Technical Provisions

Valuation models project cash flows using assumptions which are set on a best estimate basis allowing for uncertainties in both timing and amount of cash flows. The inherent uncertainty in the actual outcomes arising from the insurance obligations and uncertainty in the estimation of the TPs for CLReI's business is identified by considering how experience deviates from assumptions over time, which is considered as part of the regular review of assumptions and used to inform the assumption setting process. The sensitivity of CLReI's business can be seen in the significant elements of the SCR in Section E.2. CLReI is most sensitive to:

- Interest rate movements and longevity risk due to the long term annuitant liabilities;
- Spread risk arising from the assets backing the long term annuitant liabilities;

For further detail on sensitivities see Section C.7.1.

D.2.2.5. Key Methodologies used in calculations

The following additional key methodologies are used in the Solvency II valuation.

D.2.2.5.1. Long Term Guarantee Measure

At December 31, 2023, CLReI applied two regulatory approved adjustments to the risk free interest rate:

- The VA was applied to all GBP denominated liabilities; and
- The TM on risk free interest rate was applied to all UK Payout Annuity liabilities.

These adjustments reflect a partial allowance for investment income on matching assets. CLReI does not apply the matching adjustment or the transitional measure on TPs. The LTG measures used are in compliance with the supervisory approval received from the CBI in November 2018.

The application of TM and VA has a material impact on CLReI. Without the TM, TPs would be GBP 13.6m higher. If the VA was removed in isolation, TPs would be GBP 2m higher, as the TM would be recalculated, offsetting the majority of the impact. If the VA was removed in concert with the TM, TPs would be GBP 18m higher.

A summary of the impact on CLReI's balance sheet of removing the TM and VA is given below: (All figures rounded to nearest £'000)

Dec 31, 2023	**Base**	**TM Removed, VA Applies**	**VA Removed, TM Applies**	**No LTG Measure**
TM	*Y*	*N*	*Y*	*N*
VA	*Y*	*Y*	*N*	*N*
Investments	2,995,096	2,995,096	2,995,096	2,995,096
Tech Prov Net of Reins Rec	366,633	380,168	368,638	384,527
RM	28,854	28,919	28,861	28,942
Total Technical Provisions	**395,487**	**409,088**	**397,499**	**413,469**
Other Assets/Liabilities	(2,375,147)	(2,374,072)	(2,374,896)	(2,374,072)
Inadmissible Capital	0	0	0	0
Basic Own Funds	**224,461**	**211,936**	**222,701**	**207,554**
Eligible Own Funds to meet MCR	**220,469**	**206,868**	**218,456**	**202,486**
MCR	**22,980**	**23,821**	**23,126**	**24,021**
Surplus	197,488	183,047	195,331	178,466
Coverage Ratio	**959.4%**	**868.4%**	**944.6%**	**843.0%**
Eligible Own Funds to meet SCR	**224,461**	**211,936**	**222,701**	**207,554**
SCR	**91,921**	**95,285**	**92,503**	**96,082**
Surplus	132,540	116,650	130,198	111,472
Coverage Ratio	**244.2%**	**222.4%**	**240.7%**	**216.0%**

CLReI runs off the TM addition to risk free rates quarterly to smooth the change in risk free rates over a year rather than having large step changes at the end of each year (or on the first day of the following financial year). Therefore, the rate applied at December 31, 2023 is 8/16 of the maximum TM addition.

EIOPA issued an opinion on December 21, 2016 that the "SFCR should contain the information necessary to reflect the estimated impact of the decrease of the portion of the adjustment performed on the first day of the next financial year in the technical provisions, Minimum Capital Requirement, Solvency Capital Requirement and Eligible own funds to

cover the capital requirements." As CLReI has smoothed the run off of TM over 2023 no adjustment is necessary.

D.2.2.5.2. Solvency I Discount Rate

The Solvency II discount rate uses the TM addition as described above which relies on the Solvency I discount rate as a key input. The Solvency I discount rate is determined using an asset based approach. This approach uses the asset information backing the relevant transactions, with appropriate adjustments made for interest risk, credit risk and forced sale provision, to replicate the implied Solvency I discount rate that would be produced by discounting projected monthly cashflows at a flat rate to reach the fair value EU-IFRS reserve.

D.2.2.5.3. Deferred Tax Asset approach

Under Solvency II CLReI assumes that a deferred tax asset ("DTA") may arise from two sources:

- An increase in TPs when moving from an IFRS to a Solvency II reporting basis may lead to the establishment of a DTA which is shown as an asset on the balance sheet. This does not affect Solvency II TPs. Currently CLReI's Solvency II TPs are marginally lower than the IFRS reserves so a DTL arises from the change in reporting basis. The reasons for the differences between Solvency II TPs and IFRS reserves are outlined in section D.2.2.6. This DTL is more than offset by the base deferred tax asset ("DTA") on the base IFRS balance sheet which at December 31, 2023 was GBP 4m; and
- The revenue loss incurred under a stressed business environment, equal to the value of the SCR, will create a loss post the SCR stress (in addition to the DTA or DTL on the base Solvency II balance sheet). This loss may also be used to reduce the tax on future profits via an adjustment for the Loss Absorbing Capacity of Deferred Tax ("LACODT"). Credit may only be taken for LACODT up to the amount of future profits post the stress event that may be demonstrated. LACODT is shown as a reduction to SCR on the Solvency II balance sheet. CLReI allows for LACODT in the December 31, 2023 valuation.

D.2.2.5.4. Contract Boundaries

The contract boundaries for calculating the BEL have been determined in accordance with Solvency II guidance. Current guidance says the contract boundary of any contract should be equal to the term of the liability or the earlier of any of the following if they occur first:

a. The next date when the contract may be terminated by the insurer/ reinsurer;
b. The next date when the insurer/ reinsurer may reject premiums payable; or
c. The next date when the premium payable to the insurer/ reinsurer may be reviewed.

CLReI assumes a term of existing liability contract boundary for all lines of business with no allowance for renewals of existing underlying business. Generally there is no allowance for new business. However, for a small number of non-life transactions new business is allowed for within the contract boundary. Contract boundary assumptions are based on the contract between the cedant and CLReI rather than on the underlying contracts between the policyholders and our cedants.

D.2.2.6. Difference between Solvency II and Financial Statements

At December 31, 2023 the Company recorded balances of:

	Solvency II value	Financial statements value
Life Reinsurance	396,337	393,061
Non-Life Proportional	(468)	221
Non-Life Non-Proportional - Health	617	752
Non-Life Non-Proportional – Property	(999)	1,947
Total	**395,487**	**395,981**

Some key differences between the Financial Statements basis and the Solvency II basis are summarised in the below table:

	Solvency II	Financial Statements
Overall Technical Provisions	Best estimate + Risk Margin	Best estimate + CSM + Risk Adjustment
Liability Cashflows	BEL reflects best estimate	BEL reflects best estimate
Discounting	Risk free + LTG Adjustment where applicable	For payout transactions, discount curves uses top down approach, based on own assets with modifications.
Investment Contract Liabilities	PV of best estimate cashflows	IFRS investment contract basis
Additional Margin	Risk Margin = 6% of future SCR	Risk Adjustment - variable margin for prudence on each assumption
Reinsurance Recoveries	Explicit default allowance	Explicit default allowance

D.3. Other liabilities

D.3.1. Solvency II value of liabilities

The value for each material class of other liability on the Company's balance sheet at December 31, 2023 is as follows:

	Document Reference	Solvency II value
Deposits from reinsurers	D.3.2.1	2,369,625
Insurance & intermediaries payables	D.3.2.2	1,857
Reinsurance payables	D.3.2.3	6,268
Payables (trade, not insurance)	D.3.2.4	1,388
Other liabilities	D.3.2.5	2
Total other liabilities		2,379,140

D.3.2. Solvency II valuation bases, methods and assumptions by material liability class

D.3.2.1. Deposits from reinsurers

The Company has entered into a number of reinsurance contracts in which reinsurance companies have deposited assets such as fixed interest securities and cash with the Company. The assets are held as collateral against the amount due from the reinsurance companies for reinsurance recoverable. The deposited assets are valued at fair value as per the underlying assets described in section D.1.

D.3.2.2 Insurance and intermediaries payables

These are the balance of outstanding claims payable to cedants, commissions payable and premiums received in advance.

The Company values insurance and intermediaries payables on an accruals basis.

D.3.2.3 Reinsurance payables

These are payments due to reinsurers in respect of outstanding reinsurance premiums and funds withheld which back the reinsurance asset at the reporting date. Payments are valued at the future cash amount the Company expects to pay.

D.3.2.4 Payables (trade, not insurance)

Trade payables are payments billed by suppliers for goods and services supplied or tax payable. These payments are valued at the future cash amount expected to be paid.

D.3.2.5 Any other liabilities, not elsewhere shown

Any other liabilities, not shown elsewhere includes other liabilities.

D.3.3. Liability Valuations – Solvency II and EU-IFRS

The Company adopted IFRS17 from January 1, 2023 and this requires the liability table in this section to be reclassified to allow meaningful comparison.

Significant differences in the liability values for material liability classes recorded on the Solvency II balance sheet and on the EU-IFRS balance sheet as at December 31, 2023 are shown in the following table:

	EU-IFRS value	Reclassification	Restated IFRS	Solvency II value	Difference
Insurance contract liabilities	136,342	(136,342)	—		—
Reinsurance contract held liabilities	53,905	(53,905)	—		—
Investment contract liabilities	402,640	(402,640)	—		—
Funds held under reinsurance contracts	435,846	(435,846)	—		—
Technical provisions	—	2,690,044	2,690,044	2,604,056	(85,988)
Deposit to Reinsurer & Reinsurance Payables	—	2,377,921	2,377,921	2,375,893	(2,028)
Liabilities without significant valuation differences	1,248	2,040	3,288	3,247	(41)
Total liabilities	1,029,981	4,041,272	5,071,253	4,983,196	(88,057)

D.3.3.1. Technical provisions

The technical provisions are valued using assumptions and methodologies consistent with Solvency II and EU-IFRS. Refer to section D.2.2.6. for further detail on differences in methodology and assumptions.

D.3.3.2. Reinsurance payables

The reinsurance payables are valued using methodologies consistent with the underlying valuation bases. The two underlying bases are Solvency II and EU-IFRS. Under IFRS a multi-year payable is recognised in respect of premiums due to retrocessionaires. Under Solvency II those premiums and related cashflows are allowed for via the reinsurance recoverable asset.

D.3.3.3. Deferred tax liabilities

The difference in deferred tax reflects the difference in the timing of recognition of earnings between Solvency II and EU-IFRS.

D.4. Alternative methods for valuation

There are no alternative methods for valuation that require disclosure in this report.

D.5. Any other information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes that the Company wishes to disclose in this report.

E. CAPITAL MANAGEMENT

This section describes the components of CLReI's Own Funds as at December 31, 2023 together with the policies and processes employed in managing Own Funds to meet all regulatory capital requirements.

E.1. Own funds

Own Funds are the excess of the value of the company's assets over the value of its liabilities, where the value of the liabilities includes technical provisions and other liabilities.

Own Funds are divided into three tiers based on their permanence and ability to absorb losses, with Tier 1 being of the highest quality.

E.1.1. Management of Own Funds

CLReI's policy is to manage the capital base so as to meet all regulatory requirements while maintaining investor, creditor and market confidence and ensuring that there is adequate capital to support future growth in the business. CLReI's capital management is informed by its business planning process, which considers projections over a three year time horizon.

CLReI manages its Own Funds so that it maintains high quality capital, mainly equity. The assets backing Own Funds are mainly comprised of bonds and funds withheld.

E.1.2. Components of Own Funds

The following table sets out the key valuation methodologies and the Company's assessment around the calculation of applicable Own Funds:

SII Own Fund Item	Valuation Methodology according to SII Rules	Assessment
Ordinary share capital	Valued in accordance with Article 75 of Directive 2009/138.	This is the parent company share capital based on CLReI's statutory accounts. All of CLReI's share capital is classified as Tier 1 unrestricted.
Share premium account	Valued in accordance with Article 75 of Directive 2009/138.	This relates to the proceeds received from ordinary shares issued at a premium over the nominal value. CLReI's share premium account is classified as Tier 1 unrestricted.

SII Own Fund Item	Valuation Methodology according to SII Rules	Assessment
Reconciliation reserve	Valued in accordance with Article 70 of the Delegated Act.	The reconciliation reserve equals the excess of assets over liabilities from the company Solvency II balance sheet, reduced by the following amounts: i) Own shares – n/a; ii) Foreseeable dividends; iii) The basic own fund items listed above – ordinary share capital, share premium and surplus fund; and iv) Restrictions in respect of the company's ring-fenced funds – see below. In accordance with Article 69, all reconciliation reserve is classified as Tier 1 unrestricted.
Net deferred tax assets	Valued in accordance with Article 15 and Article 82 of the Delegated Act.	Over the 3-year period 2024-2026, the Company has projected IFRS earnings generating tax payable in excess of the GBP 4.0m deferred tax asset. As the only Tier 3 own fund item, the DTA is not permitted to make up more than 15% of the CLReI SCR. At December 31, 2023, it makes up 1.8% of the eligible own funds.
Other own fund items approved by the supervisory authority as basic own funds not specified above	Valued in accordance with Article 75 of Directive 2009/138.	This consists of capital contributions received from the parent company. Approval as required by regulation has been received from the CBI for inclusion as Tier 1 unrestricted capital.

E.1.3. Own Funds as at December 31, 2023

The breakdown of CLRel's Own Funds as at December 31, 2023 and December 31, 2022 is shown below:

	Dec 31, 2023	Dec 31, 2022	Tier
Ordinary share capital	9,815	9,815	1
Share premium account	71,500	71,500	1
Reconciliation reserve	73,992	85,036	1
Other own fund items approved by the supervisory authority	65,620	65,620	1
Net deferred tax assets	3,993	3,728	3
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	(459)	(523)	1
	224,461	**235,176**	

E.1.3.1. Ordinary Share Capital

As at December 31, 2023, the Company has fully paid up issued share capital of GBP 9,815k (December 31, 2022: GBP 9,815k).

E.1.3.2. Share Premium Account

As at December 31, 2023, the Company has share premium valued at GBP 71,500k (December 31, 2022: GBP 71,500k)

E.1.3.3. Initial Funds, Members' Contributions or the Equivalent Basic Own Funds Item for Mutual and Mutual-Type Undertakings

As at December 31, 2023, the Company has not classified any of its capital contribution as "initial funds, members' contributions or the equivalent basic own funds item for mutual and mutual-type undertakings" (December 31, 2022: Nil).

E.1.3.4. Reconciliation Reserve

As at December 31, 2023, the Company has a reconciliation reserve of GBP 74.0m (December 31, 2022: GBP 85.0m).The reconciliation reserve is the total excess of assets over liabilities reduced by all of the following:

(a) the amount of own shares held by the insurance and reinsurance undertaking;
(b) foreseeable dividends, distributions and charges;
(c) the basic own-fund items listed above;
(d) the basic own-fund items not included in points (a)(i) to (v) of Article 69, point (a) of Article 72 and point (a) of Article 76, which have been approved by the supervisory authority in accordance with Article 79;
(e) the restricted own-fund items that meet one of the following requirements:

(i) exceed the notional Solvency Capital Requirement in the case of matching adjustment portfolios and ring-fenced funds determined in accordance with Article 81(1);

(ii) that are excluded in accordance with Article 81(2);

(f) the amount of participations held in financial and credit institutions as referred to in Article 92(2) of Directive 2009/138/EC deducted in accordance with Article 68, to the extent that this is not already included in points (a) to (e).

The reconciliation reserve of the Company as at December 31, 2023 (prior period comparatives are not restated for IFRS 17) is comprised of the following components:

RECONCILIATION RESERVE	Dec 31, 2023	Dec 31, 2022	Movement
IFRS Accumulated surplus	78,579	101,522	(22,943)
IFRS Accumulated other comprehensive income (OCI)	269	(636)	905
Adjusted for:			
TPs valuation methodology under Solvency II	494	(9,678)	10,172
EU-IFRS deferred tax	(3,905)	(2,521)	(1,384)
Multi-year mortgage business using best estimate cashflow approach under Solvency II	(1,493)	(2,204)	711
Capital relief business using best estimate approach under Solvency II	—	(1,441)	1,441
Foreseeable dividends, distributions, inadmissable capital and charges	—	—	—
Other	48	(6)	54
	73,992	**85,036**	**(11,044)**

The GBP 23.0m decrease in accumulated surplus is a result of dividends paid to the Company's parent of GBP 23.5m and the impact of the transition to IFRS 17 of GBP 12.7m, partially offset by current-year income of GBP 13.3m.

The GBP 0.9m increase in accumulated OCI has three components:

- The first component is due to an increase in market value of GBP 4.1m on assets accounted for as FVOCI under IFRS;
- The second component is foreign exchange losses of GBP (3.6)m arising on translation of the balance sheet in underlying transaction currency to the presentation currency of GBP.
- The third component is due to an adjustment to FVOCI of GBP 0.4m arising from the transition to IFRS 17.

At December 31, 2023, TPs under Solvency II were GBP 0.5m lower than under local IFRS valuation methodology. At December 31, 2022, TPs under Solvency II were GBP 9.7m higher than under local IFRS valuation methodology. Further detail can be found in section D.2.

At December 31, 2023, the Company’s deferred tax position is a DTA. Deferred tax assets are presented separately within basic own funds and therefore, the deferred tax in the

reconciliation reserve is that generated by unrealised gains and losses on FVOCI assets and a transition adjustment upon the adoption of IFRS17.

Capital relief business using the best estimate approach under Solvency II is GBP 0m in 2023 as the IFRS 17 approach for this business is more aligned to the Solvency II approach than it was under IFRS 4.

E.1.3.5. Other own fund items approved by the supervisory authority as basic own funds not specified above

As at December 31, 2023, the Company classified capital contributions received from its parent of GBP 65.6m as “other own funds items approved by the supervisory authority as basic own funds not specified above” (December 31, 2022: GBP 65.6m).

The capital contributions have been approved by the CBI for inclusion as Tier 1 capital for the purposes of the Company meeting its MCR and SCR capital requirements.

E.1.3.6. An amount equal to the value of net deferred tax assets

As at December 31, 2023, the Company classified the deferred tax asset of GBP 4.0m as “An amount equal to the value of net deferred tax assets” (December 31, 2022: GBP 3.7m).

E.1.3.7. 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

As at December 31, 2023, the Company classified an own funds reduction and investment in subsidiary of GBP 0.5m as “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” (December 31, 2022: GBP 0.5m).

The value of the investment in subsidiary is GBP 0.5m (December 31, 2022: GBP 0.5m).

E.1.4. Ancillary Own Funds

The Company has determined that it does not have any ancillary own funds available to support the Solvency II requirements of the Company. In the future, should the Company be deemed to have ancillary own funds available, approval will be sought from the Central Bank of Ireland for the inclusion of such funds in the own funds calculations as required by Article 90 of the Directive.

E.1.5. Transitional arrangements

Transitional arrangements utilised by the Company at December 31, 2023, resulted in a positive contribution to Own Funds through the reconciliation reserve of GBP 12.5m.

E.1.6. Eligibility of Own Funds

The eligibility of Own Funds is governed by:

- Section 3 Subsection 3 Articles 98 to 99 of the Directive;
- Chapter IV Section 3 Articles 80 to 81 of the Delegated Acts.

The guidelines above have been reviewed to determine the eligibility of own funds. The Company has determined that its ownership of CLD, as recorded on the Participations line of its Balance Sheet (see section D.1.1) is not eligible to meet the SCR or MCR and should therefore be recorded as "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" on the Own Funds template.

The eligible amount of own funds to meet the SCR is GBP 224.5m. This balance is classified as GBP 220.5m Tier 1 capital and GBP 4.0m Tier 3 capital.

The eligible amount of own funds to meet the MCR is GBP 220.5m. All of this balance is classified as Tier 1 capital.

The Company continues to monitor the eligibility of own funds on a quarterly basis.

E.1.7. Differences between the Equity per Financial Statements and the Excess of Assets over Liabilities

The Company recorded equity of GBP 225.8m in its financial statements and an excess of assets over liabilities of GBP 224.9m in its Solvency II balance sheet.

		Note
Total equity per IFRS financial statements	225,783	
Adjusted for		
TPs valuation methodology under Solvency II	494	1
Solvency II Deferred Tax	88	2
Multi-year mortgage business using best estimate cashflow approach under Solvency II	(1,493)	3
Other	49	
Excess of assets over liabilities per Solvency II balance sheet	224,921	

Notes:

1. The adjustments resulting from the TP valuation methodology under Solvency II are covered in section D.2.
2. The Solvency II deferred tax is covered in section D.1.2.10.
3. The recognition of premium under Solvency II is covered in sections D.1.3. and D.3.3.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Summary of Results

The MCR and SCR split by risk module are shown below. Prior year values for CLReI are shown for comparison. (All figures rounded to the nearest £'000)

	Dec 31, 2023	Dec 31, 2022
Market risk	41,730	46,517
Counterparty default risk	17,879	18,274
Life underwriting risk	52,962	54,652
Health risk	1,868	3,203
Non-Life underwriting risk	4,949	5,369
Operational risk	11,607	12,626
Diversification at module level	(34,875)	(37,829)
Total BSCR (pre DTA adjustment)	**96,120**	**102,811**
Loss absorbing capacity of DTA	(4,198)	(4,611)
SCR (post DTA adjustment)	**91,921**	**98,200**
MCR	**22,980**	**24,550**

CLReI calculates its SCR using the Solvency II standard formula. CLReI does not consider that any of its transactions constitute a ring-fenced fund and hence diversification is allowed for between all transactions.

No capital add-ons are applied to the SCR. CLReI does not use undertaking specific parameters in the calculation of the capital requirements.

E.2.2. Use of Simplified Methods

- **Allowance for counterparty default:** This allowance is calculated using the prescribed allowable simplification in Delegated Acts Article 61.
- **Calculation of Catastrophe SCR on the Small European Transactions:** The life catastrophe SCR is calculated using the prescribed allowable simplification in Delegated Acts Article 96. This is considered to be a simplification of low materiality.
- **Calculation of Mortality SCR on the Small European Transactions:** The life mortality SCR is calculated using the prescribed allowable simplification in Delegated Acts Article 91. This is considered to be a simplification of low materiality.
- **Simplified calculation of the risk mitigating effect in counterparty default calculation:** The counterparty default SCR is calculated using the prescribed allowable simplification in Delegated Acts Article 111. This is considered to be a simplification of low materiality.
- **Calculation of non-life Natural Catastrophe SCR on the euro-structured transactions:** The non-life natural catastrophe SCR is calculated using the prescribed allowable simplification in Delegated Acts Article 90b. This is considered to be a simplification of low materiality.

- **Simplified calculation of loss-given-default for reinsurance in the counterparty default calculation:** The counterparty default SCR is calculated using the prescribed allowable simplification in Delegated Acts Article 112a.

E.2.3. Calculation of the Minimum Capital Requirement

CLReI's MCR is calculated as: MIN (MAX(A,B), C), where;

- A is the sum of a 2.1% charge on the net BEL of GBP 369m (GBP 8m) plus a 0.07% charge on the total capital at risk of GBP 294m (GBP 0.2m) plus the linear non-life element of MCR of GBP 1.2m.
- B is the MCR floor of 25% of SCR of GBP 92m (GBP 23m)
- C is the MCR cap of 45% of SCR of GBP 92m (GBP 41m)

The resulting MCR is GBP 23m.
The following table provides details on the inputs used to calculate the linear non-life element of MCR.

	Net (of reinsurance) best estimate Technical Provisions	**Net (of reinsurance) written premiums in the last 12 months**
Miscellaneous Financial Loss	0	570
Other Motor	0	2,471
Motor Vehicle Liability	0	1,755
Fire & Other damage to Property	0	1,845
Medical Expenses	0	4,533
Health	581	0
General Liability	15	78
Non-Proportional Property Reinsurance	0	1,696

E.2.4. Changes since the previous reporting period

The SCR has decreased by GBP 6.3m over 2023. This is predominantly due to expected run-off of the business over 2023, accounting for GBP 5.3m of the reduction in SCR. There were large increases in Risk Free Rates in Q2 2023 which were offset by large reductions in Risk Free Rates in Q4 2023.

The MCR has decreased by GBP 1.6m over 2023 due to the decrease in SCR experienced as outlined above.

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

The Company is not exposed to equity risk and is not applying the duration-based equity risk sub-module.

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

The Company uses the standard formula as defined in regulations for SCR and MCR calculations.

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

The Company has remained in compliance with the MCR and the SCR during the reporting period.

E.6. Any other information

There is no additional information regarding the Company's capital management that requires disclosure in this report.

APPENDICES

S.02.01.02	Balance sheet
S.04.05.21	Premiums, claims and expenses by country: Life insurance and reinsurance obligations
S.04.05.21	Premiums, claims and expenses by country: Non-Life insurance and reinsurance obligations
S.05.01.02	Premiums, claims and expenses by line of business: Life insurance and reinsurance obligations
S.05.01.02	Premiums, claims and expenses by line of business: Non-Life insurance and reinsurance obligations
S.12.01.02	Life and Health SLT Technical provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.19.01.21	Non-Life insurance claims
S.22.01.21	Impact of long term guarantees measures and transitionals
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Canada Life Re

Solvency and Financial Condition Report

Disclosures

31 December

2023

(Monetary amounts in GBP thousands)

General information

Undertaking name	Canada Life Re Ireland dac
Undertaking identification code	635400ZKUEHGWBDMWG28
Type of code of undertaking	LEI
Type of undertaking	Reinsurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	Use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.04.05.21 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations
S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
S.05.01.02 - Premiums, claims and expenses by line of business: Life insurance and reinsurance obligations
S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations
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S.22.01.21 - Impact of long term guarantees measures and transitionals
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	3,993
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	774,721
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	459
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	749,829
R0140	*Government Bonds*	201,401
R0150	*Corporate Bonds*	528,995
R0160	*Structured notes*	
R0170	*Collateralised securities*	19,432
R0180	*Collective Investments Undertakings*	24,433
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	47,894
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	47,894
R0270	Reinsurance recoverables from:	2,208,569
R0280	*Non-life and health similar to non-life*	-1,872
R0290	*Non-life excluding health*	1,050
R0300	*Health similar to non-life*	-2,922
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	2,210,441
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	2,210,441
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	2,141,338
R0360	Insurance and intermediaries receivables	5,560
R0370	Reinsurance receivables	3,114
R0380	Receivables (trade, not insurance)	679
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	22,249
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	5,208,117

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	-2,723
R0520	*Technical provisions - non-life (excluding health)*	196
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	-900
R0550	*Risk margin*	1,096
R0560	*Technical provisions - health (similar to non-life)*	-2,918
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	-3,264
R0590	*Risk margin*	346
R0600	Technical provisions - life (excluding index-linked and unit-linked)	2,606,778
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	2,606,778
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	2,579,366
R0680	*Risk margin*	27,412
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	2,369,625
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,857
R0830	Reinsurance payables	6,268
R0840	Payables (trade, not insurance)	1,389
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	2
R0900	**Total liabilities**	4,983,196
R1000	**Excess of assets over liabilities**	224,921

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

R0010		Home Country	Top 5 countries (by amount of gross premiums written): non-life				
			FR	IT	DE		
	Premiums written (gross)	C0010	C0020	C0021	C0022	C0023	C0024
R0020	Gross Written Premium (direct)						
R0021	Gross Written Premium (proportional reinsurance)	2,004	206,145		3,591		
R0022	Gross Written Premium (non-proportional reinsurance)		3,910		44		
	Premiums earned (gross)						
R0030	Gross Earned Premium (direct)						
R0031	Gross Earned Premium (proportional reinsurance)	2,004	132,414		3,941		
R0032	Gross Earned Premium (non-proportional reinsurance)	1,661	3,852		44		
	Claims incurred (gross)						
R0040	Claims incurred (direct)						
R0041	Claims incurred (proportional reinsurance)	1,721	99,130		3,057		
R0042	Claims incurred (non-proportional reinsurance)	591	101		44		
	Expenses incurred (gross)						
R0050	Gross Expenses Incurred (direct)						
R0051	Gross Expenses Incurred (proportional reinsurance)	1,720	35,810		796		
R0052	Gross Expenses Incurred (non-proportional reinsurance)	936	522				

S.04.05.21

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

R1010		Home Country	Top 5 countries (by amount of gross premiums written): life and health SLT				
			GB	US	GR	DE	IT
		C0030	C0040	C0041	C0042	C0043	C0044
R1020	Gross Written Premium		43	550	316	262	8,705
R1030	Gross Earned Premium		43	550	320	262	8,705
R1040	Claims incurred		327,479	40,664		150	
R1050	Gross Expenses Incurred	3,969	83	0	26		

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted	85,866			33,920	48,198		36,876	1,191				5,689					211,740
R0130	Gross - Non-proportional reinsurance accepted																3,954	3,954
R0140	Reinsurers' share	81,332			32,165	45,727		35,031	1,113				5,119				2,258	202,745
R0200	Net	4,533			1,755	2,471		1,845	78				570	0			1,696	12,949
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted	46,477			25,586	29,463		30,111	1,238				5,483					138,360
R0230	Gross - Non-proportional reinsurance accepted																5,557	5,557
R0240	Reinsurers' share	43,914			24,248	27,929		28,604	1,158				4,923				3,066	133,842
R0300	Net	2,564			1,339	1,534		1,507	80				560	0			2,491	10,075
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted	42,068			21,831	23,625		11,542	886				3,956					103,908
R0330	Gross - Non-proportional reinsurance accepted																735	735
R0340	Reinsurers' share	39,944			20,740	22,444		10,965	842				3,758				677	99,369
R0400	Net	2,125			1,092	1,181		577	44				198	0			58	5,274
R0550	**Expenses incurred**	673			376	747		1,088	297				384	131			1,326	5,023
R1210	**Balance - other technical expenses/income**																	
R1300	**Total technical expenses**																	5,023

S.05.01.02

Premiums, claims and expenses by line of business: Life insurance and reinsurance obligations

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross								9,875	9,875
R1420	Reinsurers' share								6,889	6,889
R1500	Net								2,986	2,986
	Premiums earned									
R1510	Gross								9,880	9,880
R1520	Reinsurers' share								6,893	6,893
R1600	Net								2,987	2,987
	Claims incurred									
R1610	Gross								368,293	368,293
R1620	Reinsurers' share								318,852	318,852
R1700	Net								49,441	49,441
R1900	**Expenses incurred**								4,077	4,077
R2510	**Balance - other technical expenses/income**									
R2600	**Total technical expenses**									4,077
R2700	**Total amount of surrenders**									0

S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**									0	0						
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole									0	0						
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**									2,579,366	2,579,366						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									2,210,441	2,210,441						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re									368,925	368,925						
R0100	**Risk margin**									27,412	27,412						
R0200	**Technical provisions - total**									2,606,778	2,606,778						

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0			0	0		0	0				0	0			0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	-3,845			-1,544	-1,297		-189	-27				-111	0			-3,306	-10,318
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-2,922			-1,173	-986		-144	-21				-84	0			-1,782	-7,112
R0150	**Net Best Estimate of Premium Provisions**	-923			-371	-311		-45	-7				-27	0			-1,523	-3,206
	Claims provisions																	
R0160	Gross	0			1,813	2,175		0	434				0	581			1,151	6,154
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0			1,722	2,066		0	412				0	0			1,039	5,240
R0250	**Net Best Estimate of Claims Provisions**	0			91	109		0	22				0	581			112	914
R0260	**Total best estimate - gross**	-3,845			269	878		-189	406				-111	581			-2,154	-4,164
R0270	**Total best estimate - net**	-923			-280	-202		-45	15				-27	581			-1,411	-2,292
R0280	**Risk margin**	310			292	276		77	8				31	35			412	1,442
R0320	**Technical provisions - total**	-3,534			562	1,154		-112	414				-80	616			-1,742	-2,723
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	-2,922			549	1,081		-144	391				-84	0			-743	-1,872
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	-613			13	73		32	23				5	616			-999	-850

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	5,504	6,774										6,774	12,278
R0250	0	10,899											10,899	10,899
R0260												Total	17,673	23,177

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	0	0	0	0							0
R0220	-3	0	0	0	0								0
R0230	-2	0	0	0									0
R0240	-1	0	4,325										4,325
R0250	0	97											97
R0260												Total	4,422

S.19.01.21

Non-Life insurance claims

Total Non-life business

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

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											2	2	2
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	239	487	349	586							586	1,661
R0220	-3	2,149	602	355	11								11	3,117
R0230	-2	1,361	1,483	2,109									2,109	4,953
R0240	-1	1,618	2,773										2,773	4,391
R0250	0	31,222											31,222	31,222
R0260												**Total**	36,703	45,347

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											616	581
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	39	39	39	39							39
R0220	-3	0	0	0	0								0
R0230	-2	1,618	1,618	1,113									1,113
R0240	-1	0	0										0
R0250	0	0											0
R0260												**Total**	1,732

S.22.01.21

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	2,604,056	0	80,818	24,200	0
R0020	Basic own funds	224,461	0	-12,526	-4,382	0
R0050	Eligible own funds to meet Solvency Capital Requirement	224,461	0	-12,526	-4,382	0
R0090	Solvency Capital Requirement	91,921	0	3,364	797	0
R0100	Eligible own funds to meet Minimum Capital Requirement	220,468	0	-13,601	-4,382	0
R0110	Minimum Capital Requirement	22,980	0	841	199	0

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	9,815	9,815		0	
R0030	Share premium account related to ordinary share capital	71,500	71,500		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	73,993	73,993			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	3,993				3,993
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	65,620	65,620	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	459				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	224,461	220,468	0	0	3,993
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	224,461	220,468	0	0	3,993
R0510	Total available own funds to meet the MCR	220,468	220,468	0	0	
R0540	Total eligible own funds to meet the SCR	224,461	220,468	0	0	3,993
R0550	Total eligible own funds to meet the MCR	220,468	220,468	0	0	
R0580	**SCR**	91,921				
R0600	**MCR**	22,980				
R0620	**Ratio of Eligible own funds to SCR**	244.19%				
R0640	**Ratio of Eligible own funds to MCR**	959.38%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	224,921
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	150,928
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	73,993
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	1,532
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	4,797
R0790	**Total Expected profits included in future premiums (EPIFP)**	6,329

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	41,730		Simplifications not used
R0020	Counterparty default risk	17,879		
R0030	Life underwriting risk	52,962		Article 91, Article 96
R0040	Health underwriting risk	1,868		Simplifications not used
R0050	Non-life underwriting risk	4,949		Article 90a
R0060	Diversification	-34,875		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	84,512		

USP Key

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

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	11,607
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-4,198
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	91,921
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	91,921

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	-4,198
R0650	LAC DT justified by reversion of deferred tax liabilities	3,993
R0660	LAC DT justified by reference to probable future taxable economic profit	-5,764
R0670	LAC DT justified by carry back, current year	-2,428
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-12,015

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	1,161

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	4,533
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	1,755
R0060	Other motor insurance and proportional reinsurance	0	2,471
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	1,845
R0090	General liability insurance and proportional reinsurance	15	78
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	570
R0140	Non-proportional health reinsurance	581	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	1,696

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	7,953

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	368,925	
R0250	Total capital at risk for all life (re)insurance obligations		294,181

	Overall MCR calculation	C0070
R0300	Linear MCR	9,114
R0310	SCR	91,921
R0320	MCR cap	41,365
R0330	MCR floor	22,980
R0340	Combined MCR	22,980
R0350	Absolute floor of the MCR	3,392
R0400	**Minimum Capital Requirement**	22,980