# Solvency and Financial Condition Report

**Financial Year 2022**

Report approved by the Board of Directors on 4 April 2023

# Table of contents

# Summary

## Our mission: to make insurance transparent and impactful with our Play&Plug® platform

Wakam is a B2B2C insurance company that designs tailor-made, white-label insurance solutions via its Play&Plug® technology platform for more than 150 distributor partners, whether they are insurance professionals (MGAs, brokers, and insurtechs) or non-professional (retailers, marketplaces, associations) in many product universes: home, mobility, travel and leisure, healthcare, business, consumer electronics, inclusive insurance, etc.

Wakam is a mission-driven company whose purpose is to make insurance transparent and impactful. We believe in the motto "for-profit and for good". Wakam's path to becoming a mission-driven company originates in the conviction of its CEO, Olivier Jaillon.

Wakam, present in 32 countries, is the European leader in digital and embedded insurance, and has been growing rapidly for more than seven years with an average annual growth rate of 24% since 2016.

## A. Wakam is positioned in a growing B2B2C market

Estimated at more than €150 bilion[1] and positioning itself more deeply with the emergence of new practices and behaviours, Wakam stands out with its agile technological and international offering, and has a single decision-making centre allowing it to easily deploy pan-European partnerships.

In 2022, Wakam won numerous awards to celebrate its model's performance, including being listed in Les Echos 500, Insurtech 100 and Institut Choiseul's "The Latest Winners in the Economy".

1 *Source : McKinsey Global Insurance Pool 2021*

## Very strong business performance

With 2022 revenue of €654 million, up 44% compared to 2021, Wakam continued with a sustained growth rate in 2022 with the launch of 130 new partnerships, i.e. approximately 1 new partnership every 2 business days.

Wakam is thus the leader in embedded insurance, creating transparency and impact for policyholders, both at the time of underwriting and when claims arise.

**+44%**

**Revenue vs 2021**

Customer satisfaction, up with a net promoter score (NPS[1] ) of +33 in 2022, is up six points in one year.

## More than half of global revenue generated internationally

Wakam, present in 32 countries, has a deep footprint internationally – thanks to the Free Provision of Services (FPS) in Europe – enabling it to provide pan-European insurance programmes. Wakam thus generates 66% of its revenue outside France, which is up 60% compared to 2021.

In 2022, Wakam strengthened its European presence by winning new markets such as Spain, Italy, Germany, Belgium, the Netherlands, and Scandinavia. This development was accompanied by the opening of offices in London, Milan, and Munich to ensure a strong presence with its local partners.

Wakam has a particularly strong presence in the United Kingdom, where the B2B2C market is very dynamic. The company generated revenue of €211 million in 2022 (compared to €100 million in 2021) and entered into two partnerships in December 2022 with a recognised player in the field of dog/cat insurance in the United Kingdom and with a specialist partner to create a fair and affordable solution enabling British frontline workers to be covered in the event of sick leave.

1 *Net Promoter Score*

## B. Unique technological positioning

Wakam's technological approach (simplified interface, digital onboarding of partners, API architecture[1] , data management, etc.) consists of flexibly supporting the development of specialist or non-specialist insurance professionals.

Wakam's unique Play&Plug® technology platform, launched in 2022, brings together all digital services for its partners.

Wakam is able to build a product with its price and warranties in 6 weeks for an already known business line or country. Once the product has been approved by the partner and the framework study has been carried out, a reciprocal commitment is entered into over an implementation period.

There are **three distinct pathways**, depending on the distributor profile:

**Self-Service**

to configure an insurance product and integrate it into the distributor's website independently

**Fast Track Bespoke**

to create simple insurance products that require little investment

**Standard Bespoke**

to design a tailor-made insurance solution with the support of a dedicated Wakam team

It is a veritable exchange platform, enabling the real-time management of the technical data of each partnership with a shared vision.

It also provides tools for developing underwriting and policy management fronts for partners who want this.

## C. Variety of products to meet all distributor needs

Wakam insures new practices and consumption patterns by addressing both insurance professionals and non-professionals and offers the ability to build a wide variety of tailored insurance products digitally.

1 *Application Programming Interface*

Wakam operates in **7 product universes:**

**Mobility**

eco-mobility, usage-based auto, buyback deductible, bike damage and theft, fleets, etc.

**Home**

co-living, comprehensive home, etc.

**Travel & Leisure**

flight delay and cancellation, loss of baggage, etc.

**Health**

individual accident, hospitalisation, dogs/cats, etc.

**Business**

comprehensive building, Civil Liability (CL) pro, etc.

**Consumer Electronics**

mobile devices

**Inclusive Assurance**

micro-insurance, joint and several comprehensive home, PJ school harassment, etc.

## D. A company with powerful and differentiating indicators rooted in its mission

### A unique corporate culture

Wakam has a corporate culture that is built around 11 internally defined and shared cultural indicators, fostering collaboration, curiosity, learning, openness, innovation, and an advanced vision of work.

Wakam is HappyIndex@Work-certified with a score of 4.39/5 for 2022 and an employee net promoter score of 87%, confirming a particularly dynamic employer brand.

### A mission-driven company that is committed in practice

As an engaged player, Wakam strives to participate in the transformation of the insurance sector and facilitate the implementation of the new rules of the game by promoting transparency and awareness of the societal and environmental impact of companies. Wakam is one of the only insurance companies in France with a mission as of 2021.

In practice, this mission is broken down into nine operational commitments, with which the Wakam business model complies, particularly:

- **With inclusive insurance**, Wakam **protects those in need** with products dedicated to combating over-indebtedness, harassment, and hardship compounded by low incomes.
- Wakam ensures **fair redistribution of value** among stakeholders **by excluding excessively high commission levels and excessively low claims ratios**, and providing the **best protection coverages.**
- Wakam drafts its contract clauses in clear language to **improve the readability and understanding of its products** and has established a **readability score** to demonstrate its impact.
- The creation of the **"Wakam for Good"** endowment fund, funded by distributor partners to finance charitable initiatives for the benefit of financially and psychologically vulnerable populations.

This trajectory is monitored by an independent Mission Committee and audited every two years by an independent third-party organisation. In 2022, PwC, responsible for verifying the execution of social and environmental goals, confirmed compliance with Wakam's mission trajectories over the past year.

## E. A robust insurance company

### Shareholders committed for the long term, supporting innovation

The company is supported by shareholders committed for the long term and eager to transform the insurance industry. They believe that insurance has a role to play as an economic and social stabiliser in the face of increased crises and risks, while meeting policyholders' expectations for transparency. The company's capital is held by Opera Finance, a family office with more than one billion assets under management, and the management (Wakam has opened its capital to employees). Olivier Jaillon, CEO of Wakam, has been a shareholder since its acquisition in 2001.

## Experienced leadership team

In 2022, Wakam was strengthened by numerous profiles to support the company's geographic, product, and technological development. .

It has developed its governance particularly with the arrivals of:

- Catherine Charrier-Leflaive, *Deputy CEO*
- Alexandre Morillon, *VP Transformation, Risk & Compliance & Life*
- Karl Gray, *VP Chief Underwriting Officer*
- Aurélien Charpier-Serre, *VP People & Culture*
- Olivier Djerahian, *Chief Internal Audit & Supervisory Relations Officer*

The company, which had 220 employees at the end of 2022, is led by Olivier Jaillon.

## Capital management with structured diversification of risk transfer

With a solvency ratio exceeding 150%, above the requirements of the European Solvency II Directive, Wakam, as an insurance société anonyme supervised by the French Prudential Supervision and Resolution Authority (ACPR), maintains its financial strength amidst high growth.

Wakam also has a risk transfer diversification strategy in place, being supported by about fifteen reinsurers rated A to AA among the major global players.

In 2022, Wakam received Lloyd's approval to allow its Syndicate 1347 to begin underwriting in 2023 to contribute to the reinsurance and capital diversification strategy for the future growth of the company.

# A. Business and performance

## A.1. Business

### Name and legal form

Wakam is a *Société Anonyme* under the Insurance Code (Code des Assurances) with a capital of €4,794,128, headquartered at 120-122, rue Réaumur - 75002 PARIS, registered in the Trade and Companies Register of Paris under number 562 117 085.

### Contact information of the supervisory authority

The company is supervised by the French Prudential Supervisory and Resolution Authority (ACPR), located at 4 Place de Budapest – 75436 Paris.

### Name and contact information of the company's external auditor

The statutory auditor of the holding company as of 31 December 2022 is the firm Mazars, located at 61 rue Henri Regnault – 92075 PARIS LA DEFENSE CEDEX, represented by Mr Pierre de Latude, Partner.

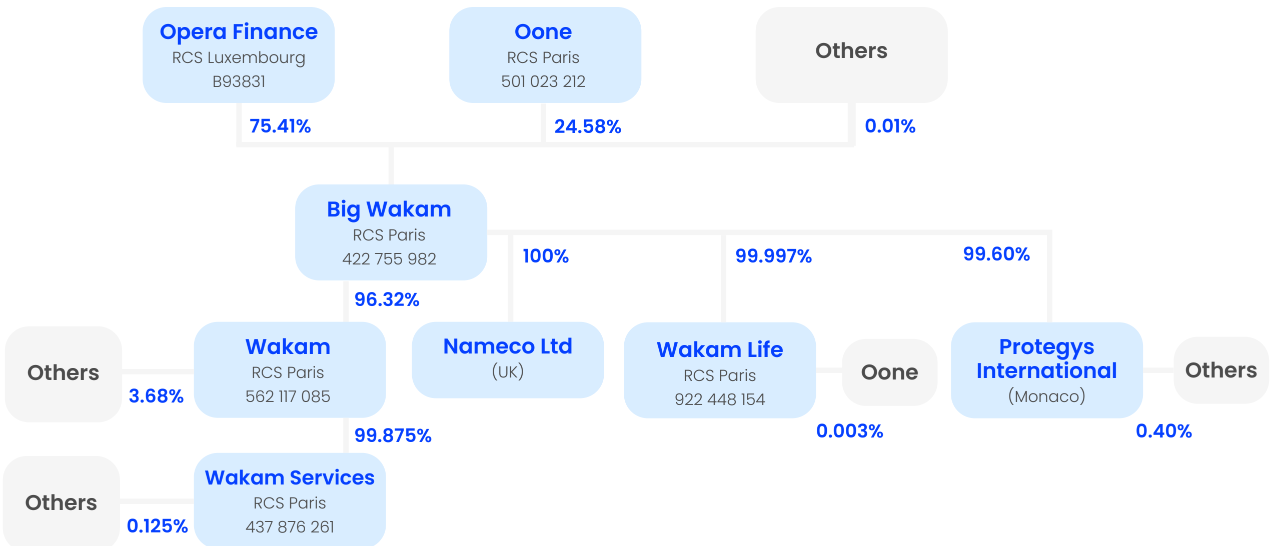
### Holders of qualified ownership interests in the company

Shareholders having reached the thresholds for holding the share capital or voting rights provided for in Article L. 233-13 of the Commercial Code are presented in the table below.

| | Number of shares | | Ratio of capital | |
|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 |
| Big Wakam | 283,910 | 288,604 | 97.5% | 96.32% |

### Wakam in the group legal structure

Wakam belongs to the group whose parent company is Big Wakam, which holds a 96.32% interest in it.



## LSignificant lines of business and geographic locations

Wakam is authorised in France in the branches mentioned in paragraphs 1, 2, 3, 8, 9, 10, 13, 14, 15, 16, 17, and 18 of Article R. 321-1 of the Insurance Code. Wakam designs and insures non-life insurance products, primarily for individuals, distributed through a network of partners.

The company offers auto insurance, property damage, and affinity coverages in France and under the free provision of services in the European countries listed below:

| Branches | 1 | 2 | 3 | 8 | 9 | 10 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Country of origin** | | | | | | | | | | | | |
| FRANCE | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Country of practice (FPS)** | | | | | | | | | | | | |
| GERMANY | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| AUSTRIA | ✓ | ✓ | | | | ✓ | | | | ✓ | | |
| BELGIUM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| BULGARIA | | | | | | | | | | ✓ | | |
| CYPRUS | | | | | | | | | | ✓ | | |
| CROATIA | | | | | | | | | | ✓ | | |
| DENMARK | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| SPAIN | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| ESTONIA | | | | | | | | | | ✓ | | |
| FINLAND | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| GREECE | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| HUNGARY | | | | | | | | | | ✓ | | |
| IRLAND | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| ICELAND | | | | | | | | | | ✓ | | |
| ITALY | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| LATVIA | | | | | | | | | | ✓ | | |
| LIECHTENSTEIN | | | | | | | | | | ✓ | | |
| LITHUANIA | | | | | | | | | | ✓ | | |
| LUXEMBOURG | | | | | ✓ | | | | | ✓ | | |
| MALTA | | | | | | | | | | ✓ | | |
| NORWAY | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| NETHERLANDS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| POLAND | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| PORTUGAL | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| SLOVAK REPUBLIC | | | | | | | | | | ✓ | | |
| CZECH REPUBLIC | | | | | | | | | | ✓ | | |
| ROUMANIA | | | | | | | | | | ✓ | | |
| SLOVENIA | | | | | | | | | | ✓ | | |
| SWEDEN | ✓ | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| **Others** | | | | | | | | | | | | |
| MONACO | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| UNITED KINGDOM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |

In addition, Wakam is also authorised to market products in the above branches in the United Kingdom under the temporary permission regime granted by the Financial Conduct Authority (FCA).

**Significant events occurring over the reference period:**

- **The continuation of sustained growth the business activity,** not only in the number of partnerships, but also in the amount of the associated revenues. Our presence has also continued to strengthen outside France, with the United Kingdom in particular and new partnerships in Germany, the Netherlands, and the Nordic countries.
- **An increased loss record,** despite pricing measures adapted to target profitability, mainly due to inflation and increased frequencies observed in the different markets after two years of COVID, as well as a deformation of the mix towards lower-margin auto products (especially in the United Kingdom).
- **Ongoing reinforcement of our specific "Bespoke" organisation and process to create tailored products for brokers, MGAs, and non-specialists in insurance** (e-merchants, fintechs, other non-insurer distributors). This is evidenced through the differentiation of our methodology according to the complexity and size of the partnership; the construction of product bases; as well as through the strengthening of the teams in the core countries under the responsibility of country managers, thus allowing for the supervision of activity in each of the core countries. This Bespoke organisation structures the company's internal methodology around 4 phases (prospecting, qualification, building, and life of partnerships) in a shared and transparent manner with its partners.
- **The reinforcement of human capital** with the recruitment of 91 people during the 2022 financial year, mainly supporting the financial, underwriting, risk management, partnership monitoring, and IT and data platform development. This growth in the workforce mitigates key human risk and has been identified as a source of operational risk. However, this operational risk is controlled, in particular through the onboarding process for new employees and the formalisation of our procedures.
- **The control of solvency and risk** through, on the one hand, a capital increase allowing Wakam to maintain its solvency ratio above its risk appetite threshold, as well as through a strengthened organisational framework in the areas of compliance and risk management.

## A.2. Underwriting results

### Overall analysis

| (in millions of euros) | 31/12/2021 | 31/12/2022 | Change in m€ |
|---|---|---|---|
| **Premiums written** | **454.9** | **653.9** | **199.0** |
| Change in unearned premiums | -1.4 | -58.8 | -57.4 |
| **Earned premiums** | **453.5** | **595.1** | **141.6** |
| Gross claims expense | -243.4 | -392.6 | -149.2 |
| Commissions | -168.4 | -182.1 | -13.7 |
| Reinsurance balance | -11.7 | 46.0 | 57.7 |
| **Net technical margin** | **30.1** | **66.3** | **36.2** |

### Change from previous reference period

The key indicators show, compared to the 2021 close, an increase in revenue, mainly driven by the development of the GIG economy internationally.

- **Gross written premiums increased by +44% to €654 million** with continued development in the GIG economy (+€80 million), mainly focused on policies in the United Kingdom, as well as in the Motor (+€45 million) and Property Damage (+€35 million) segments, driven by the growth of New Business.
- Similarly, **the earned premiums increased by +31% to €595 million.**

### Breakdown by segment: product line and geographic location

| | Gross written premiums | | | Net Technical Margin | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | 31/12/2021 | 31/12/2022 | Changes | 31/12/2021 | 31/12/2022 | Changes |
| Affinity & Misc. | 181.7 | 221.2 | 39.5 | 9.1 | 31.4 | 22.3 |
| GIG | 97.8 | 177.7 | 79.9 | 9.3 | 9.2 | (0.0) |
| Auto / Moto | 135.9 | 180.8 | 44.8 | 4.7 | 23.2 | 18.4 |
| Property Damage | 39.4 | 74.2 | 34.8 | 7.1 | 2.5 | (4.6) |
| **TOTAL** | **454.9** | **653.9** | **199.0** | **30.1** | **66.3** | **36.2** |
| France | 186.8 | 231.8 | 45.0 | 17.5 | 37.1 | 19.6 |
| UK | 100.4 | 211.0 | 110.6 | 7.8 | 12.4 | 4.6 |
| Others | 167.7 | 211.2 | 43.5 | 4.8 | 16.8 | 12.1 |
| **TOTAL** | **454.9** | **653.9** | **199.0** | **30.1** | **66.3** | **36.2** |

## A.3. Investment performance

| (in millions of euros) | 31/12/21 | 31/12/22 | Changes |
|---|---|---|---|
| Equities | 0.0 | 0.0 | *-0.0* |
| Bonds | 1.0 | 1.1 | *+0.1* |
| Real estate | 0.5 | 0.4 | *-0.0* |
| UCITS | - | - | - |
| *Private Equity* | 1.4 | - | *-1.4* |
| Private debt | 2.1 | 1.2 | *-0.9* |
| **Investment income** | **5.0** | **2.7** | **-2.3** |
| Equities | 0.1 | -0.1 | *-0.2* |
| Bonds | 0.3 | -0.0 | *-0.4* |
| *Private Equity* | - | 0.1 | *+0.1* |
| Private debt | - | 0.7 | *+0.7* |
| **Realised gains and losses** | **0.4** | **0.7** | **+0.3** |
| Change in provision for impairment | -0.1 | -0.1 | *-0.1* |
| Other - management fees | -0.3 | -0.3 | *+0.0* |
| Other - foreign exchange gain/loss | 1.2 | -3.7 | *-4.9* |
| Interest on subordinated debt | -1.2 | -1.2 | - |
| Balance sheet correction (illiquid assets) | - | -4.4 | *-4.4* |
| **Others** | **-0.4** | **-9.7** | **-9.3** |
| **Net financial income/loss** | **5.0** | **-6.2** | **-11.3** |
| Average assets for the period | 108.5 | 113.2 | *+4.7* |
| Accounting rate of return[1] | 5.0% | 3.1% | |
| *Including income* | *4.6%* | *2.4%* | |
| *Including realised gains/losses* | *0.4%* | *0.6%* | |

### Overall analysis

In 2022, there was a net financial loss of €6.2 million, down by €11.3 million compared to 2021. This decrease is mainly related to:

- The recognition of an unrealised foreign exchange loss of €3.7 million, compared to an unrealised gain of €1.2 million in 2021 (-€4.9 million) in relation to the decline in the pound sterling;
- The correction of an accounting procedure with respect to illiquid assets (correction of the face value of the assets on the balance sheet) leading to an impact of –€4.4 million;
- The non-recurrence of a capital gain realised in 2021 following the sale of securities not compliant with our SRI[2] policy for €0.5 million;

1 *Calculated as the ratio of the net financial income/loss, excluding interest on subordinated debt, to the average asset amount for the period*

2 *SRI: Socially Responsible Investment*

- Apart from these elements and with a comparable scope, the net financial income amounts to €1.9 million compared to €3.3 million in 2021, in connection with the decrease in income on illiquid investments (-€1.5 million net income from realised gains, including -€1.3 million on "Private Equity").

## A.4. Results of other activities

As of 1 January 2019, Wakam has been marketing, alongside its non-life insurance business, a service offering called "IPaaS" or "Insurance Product as a Service", which consists of assisting its partners in the digitalisation of their activities. As of 31 December 2022, this activity represents a revenue of €0.4 million compared to €0.1 million in 2021.

## A.5. Other information

In accordance with Articles R. 356-29 and R. 356-30 of the Insurance Code and Articles 376 and 377 of Delegated Regulation (EU) No. 2015/35, we inform you that the following intra-group transactions between Wakam and other entities of the Big Wakam Group were carried out during the 2022 financial year:

- Sales of the trademark (Wakam): after the sale of the Wakam trademark to Big Wakam in 2020, in 2021, the La Parisienne and La Parisienne Assurances trademarks increased in value and were transferred from Wakam SA to Big Wakam for €164,000, excluding tax. As long as the trademark has been sold, it does not appear in the assets of the Wakam balance sheet, but it is the subject of a chargeback by Big Wakam to Wakam, which amounted to €0.4 million for 2022.

- Sale of intellectual property rights, intangible assets, and domain names: continuing in 2020 and 2021, the transfer of tangible assets from Wakam to Big Wakam was carried out at the net book value, i.e. for an amount of €5,103,769, excluding taxes.

# B. System of governance

## B.1. General information

### General organisational chart, delegations, and key functions

- **The Board of directors**, on a quarterly basis, approves the strategic objectives and the governance system, the means necessary for risk management, the risk profile in the event of significant developments, prudential communication, and the portfolio of key projects. It assumes responsibility for complying with prudential requirements. It entrusts the following two committees with the responsibility of preparing its work:

  » The **Audit and Risk Committee,** which meets four times a year, is chaired by an independent director, who reports on this work to the Board of Directors. The primary objectives are to review the annual financial statements and the appropriateness of the accounting principles applied in the development of the annual financial statements; to approve the annual internal audit plan and to review the conclusions of the major engagements conducted; and to monitor risk management policies, procedures, and systems. The committee also reviews the work and proposals of key functions before approval by the Board of Directors. In addition, it ensures the achievement of strategic objectives and the adequacy of the governance and risk management system. Finally, it reviews the prudential communication before presentation to the Board of Directors for approval.

  » The **ALM Committee** is convened four times a year. It has a mandate from the Board of Directors to approve the ALM and Asset Management Policy, the application of which it monitors within the company.

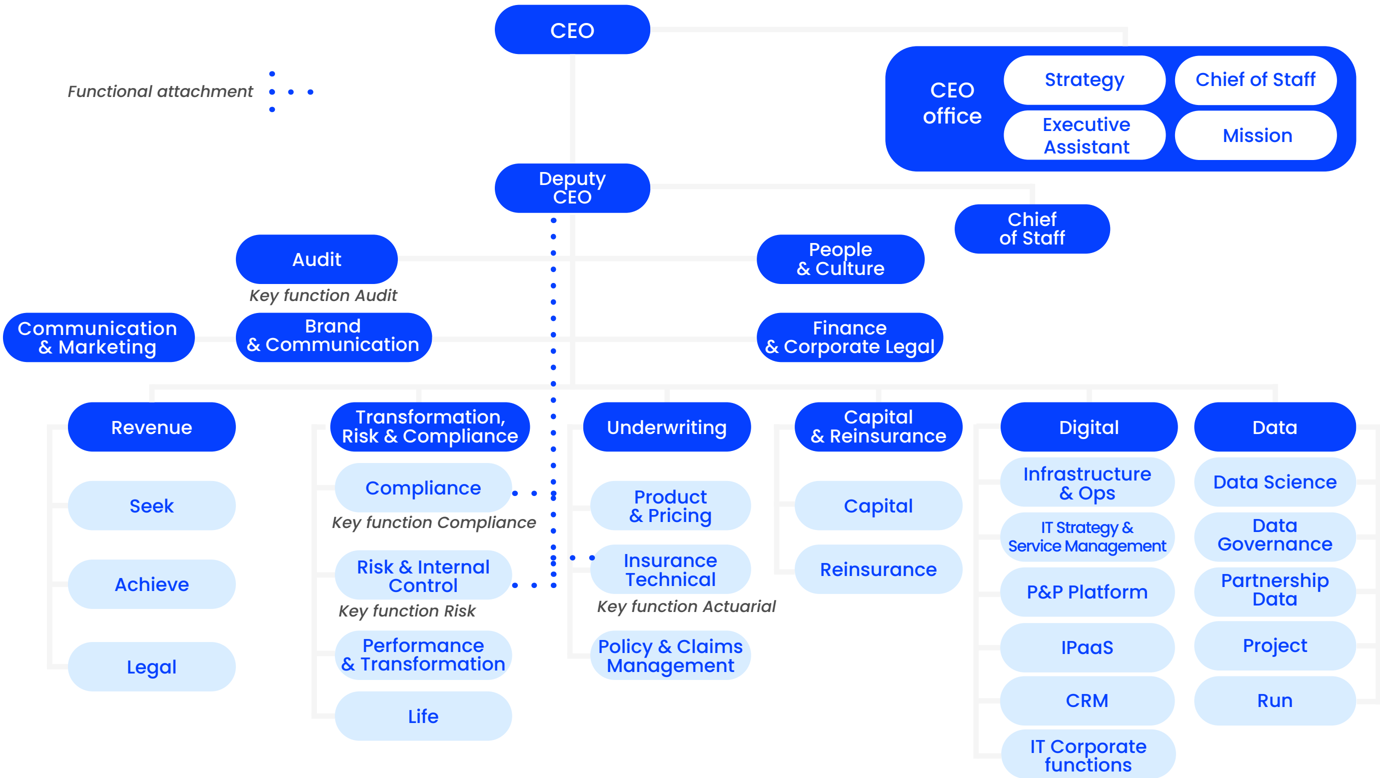
  » The **Investment Committee** meets monthly and is run by Candriam (Wakam's asset manager).

- The system implemented by the Board of Directors is supplemented by an **organisation of internal committees** enabling the operational management of the company.

  » The **Executive Committee,** chaired by the Chief Executive Officer, brings together the Deputy Chief Executive Officer as well as the Vice Presidents on a weekly basis. It provides guidance regarding the strategic roadmap of the business and makes decisions based on the strategy approved by the Board of Directors.

- The **Management Committee,** chaired by the Deputy Chief Executive Officer, brings together all the company's Vice Presidents and Chief Operating Officers every week. It drives the business operationally. In this regard, it tracks the progress of projects and the transformation of the company and broadly covers the management of the various departments of the company.
- The **Technical Committee** is chaired by the Vice President Chief Underwriting Officer and brings together the members of management as well as the key functions. It meets quarterly and presents the monitoring of the technical results of each quarterly closing as well as, if applicable, the technical corrective actions taken.
- The **Portfolio Performance Review,** implemented in early 2023, is chaired by the Vice President Chief Underwriting Officer and brings together the members of the Underwriting Office. It is held monthly and presents the monitoring of the technical results of the partners and the monitoring of the actions taken on each to maintain profitability. The summary is then communicated to the members of management.
- The **Operational Risk Committee** is chaired by the Vice President Risks. Its work is carried out with the systematic participation of the Key Risk Management Function and the participation of all key functions and all heads of Wakam departments (Information Systems, Data, Finance, Technical, Human Resources, Reinsurance, Partnerships, Claims). This committee meets at least four times a year, and its responsibilities are detailed in section B.3.
- The **Strategic Committee for Information Systems Security** is chaired by the Vice President Risks. It brings together on a quarterly basis the Vice President Information Technology, the Vice President Data, the DPO, the Chief People & Culture Officer, and the employees involved in corporate security. It aims to look after and monitor the physical and IT security risks of the company, and defines and approves the implementation and development of control systems.
- The **Non-Technical Committee** is chaired by the Vice President Finance & Corporate Legal and brings together the members of management. It meets once a month and tracks overheads in line with the company's growth projections.

## Wakam general organisational chart




Wakam currently has **two executive officers who effectively run the company**:

- Olivier Jaillon, Chief Executive Officer of Wakam,
- Catherine Charrier-Leflaive, Deputy Chief Executive Officer.

All key functions have been in place since 2016 in accordance with Article 268 of the Delegated Acts. They report to the Deputy Chief Executive Officer and operate under the ultimate responsibility of the Board of Directors, to which they report.

- The **Risk Management function** is responsible for overseeing the adequacy and effectiveness of the risk management system. It assists the Board of Directors and the company's senior management in defining risk management strategies and the tools to ensure their assessment and monitoring, particularly by providing, via an appropriate reporting system, the information necessary to assess the performance of the risk management system as a whole. It presents the major points of its work particularly during the Audit and Risk Committee meeting.
- The **Actuarial function** contributes to the effective implementation of the risk management system, particularly with regard to the risk modelling underlying the calculation of the SCR and the evaluation of "Best Estimate" of technical commitments. By calculating and approving the technical provisions, appropriate processes and procedures will be implemented to avoid conflicts of interest and ensure the appropriate independence.

- The **Compliance Oversight function** is responsible for determining whether the organisation and internal procedures are appropriate to prevent the risk of judicial or administrative sanctions, loss of assets, or reputational damage resulting from a violation of laws, regulations, or provisions established by supervisory authorities. It focuses in particular on ethics and group rules and on provisions relating to its core business, such as customer protection, data protection, conflicts of interest, money laundering, and terrorist financing.

- The **Internal Audit function** is responsible for independently assessing the effectiveness of the internal control and risk management system, as well as the proper functioning of controls to ensure the smoothness and reliability of key processes. It communicates any findings and recommendations to the Audit and Risk Committee and the Board of Directors, which determine the actions to be taken and ensure they are implemented. Its independence is guaranteed by a direct link to the Audit and Risk Committee and the Board of Directors. Internal audit engagements are carried out in accordance with the audit plan based on field reviews with operational management or based on the analysis of internal or external reports on risks and controls carried out within the company.

## Changes to the system of governance over the period

Wakam's governance was strengthened by the arrival of a Deputy Chief Executive Officer, Catherine Charrier-Leflaive, alongside Olivier Jaillon (Chief Executive Officer) and Emmanuel Clarke (Chairman of the Board of Directors).

In addition, to support Wakam's development, the organisation has been adjusted with:

- The creation of a *Transformation, Risk, and Compliance* Department, which natively integrates, in addition to the company's transformation work, the developments to be carried out in terms of risk management and compliance

- The creation of an *Underwriting* Department, ensuring the management of our insurance portfolios across the entire value chain (product design, underwriting and pricing, contract and claims management, underwriting performance, and inventory).

## Wakam policies

New policies have been introduced regarding the Conflict of Interest Management Policy and with regard to product governance.

**Wakam policy framework as of 31 December 2022**

| | Risk Management Policy | | | | | |
|---|---|---|---|---|---|---|
| Policies related to the risk management and control system | Internal Audit | Internal Control | Compliance | Outsourcing | Fit and Proper | |
| Policies related to risk types | Underwriting and Pricing | Provisioning | ALM Management | Operational Risk and Business Continuity Plan | Reinsurance | Data Protection |
| Policies related to processes | Investments | Capital Management | ORSA | Data Quality | Information for the Public and the Supervisor | Compensation |

## Compensation paid to the members of the administrative and supervisory bodies

Directors serving on the Wakam and Big Wakam Board of Directors receive compensation ("director's fees"). The members of the administrative and supervisory bodies as well as the holders of key functions do not have any supplementary and early retirement scheme in comparison to the legal and contractual provisions. In particular, Wakam fulfils the obligation to ensure that members of the administrative and supervisory bodies or salaried employees in key functions subscribe to the B2V Group and thus benefit from the B2V supplementary pension scheme, as well as an Article 83 managed by AXA.

## Employee compensation

- **Compensation Policy:** The Compensation Policy and practices are established, implemented, and kept in force in line with the corporate and risk management strategy, risk profile, objectives, risk management practices, and long-term interests and results of the company as a whole. In particular, Wakam makes individual increases and has implemented a three-year incentive plan for employees subject to the achievement of the company's financial and strategic objectives. The Compensation Policy applies to Wakam as a whole. Compensation is subject to clear, transparent and effective governance, particularly with regard to the oversight of the Compensation Policy, which is brought to the attention of each member of the company's staff.

- **Relative importance of variable component:** Compensation consists of fixed portion and variable component for 100% of employees. The variable component represents between 10% and 40% of their total compensation. The compensation components are thus balanced so that the fixed component represents a sufficiently high portion of the total compensation.
- **Variable compensation allocation criteria:** The allocation of the variable portion of the compensation is linked to the employee’s performance, on which his/her total amount depends, assessed according to the achievement of the objectives previously set with his/her direct manager and reviewed at the end of each period, and according to the assessment of skills (soft skills) carried out during the annual interview.

## Significant transactions with shareholders and directors

No significant transactions were entered into during the 2022 financial year between Wakam on the one hand and its shareholders and directors on the other hand.

## B.2. Fit and proper

### Requirements for persons who effectively run the company and hold key functions

When a person is appointed as an executive director or the head of a key function, the HR manager, in conjunction with the head of the Compliance Oversight key function, ensures that the person is fit for the position in question, while the head of the Internal Audit key function ensures that the Compliance Oversight key function is fit as an individual.

- **The persons who effectively run the company** must have managerial skills and general knowledge of the insurance market and its environment, the business strategies and business model, governance systems, financial analysis, actuarial analysis, and the regulatory framework and provisions.
- **The skills required of key functions** are consistent with the definition by area of expertise provided for in Articles 269 to 279 of the Delegated Acts:
  - » **The Actuarial function holder** has strong actuarial and financial mathematical knowledge to be able to coordinate and assess the calculation of provisions. The function is also competent to issue notices on the company's underwriting and reinsurance policies, to contribute to the implementation of the management system, and to ensure the quality of the data.
  - » **The Risk Management function holder** is competent to manage risks related to underwriting, provisioning, asset-liability management, investments, liquidity and concentration risk management, operational and strategic risk management, and risk mitigation techniques. The function is also competent to manage the company's own risk self-assessment (ORSA).
  - » **The Compliance Oversight function holder** is competent to implement preventive actions as well as internal control procedures, particularly to identify and assess the risks of non-compliance inherent in the company, in order to comply with the regulations in force.
  - » **The Internal Audit function holder** is competent to establish, implement, maintain, and keep operational an audit plan detailing the audit work to be conducted to improve the company's operation. The function holder is also competent to understand, test, and issue an opinion on the various works carried out by the company.

## Requirements for directors

When a person occupies or wishes to occupy a position of director on the Board of Directors, the company will ensure that the individual is fit and proper for the position in question in accordance with the provisions of ACPR position 2019-P-01. Where applicable, Wakam establishes a training plan for directors under the responsibility of the Compliance Oversight key function so that they can perform their duties in a sound and prudent manner.

## Fit and proper assessment process

- **Fitness assessment process:** The Compliance Oversight function head assesses the fitness of a person effectively running the company or holding a key function based on a minimum of 10 years' experience in the field and completion of at least five years of higher education leading to a degree. The curriculum vitae is assessed with each new hire, appointment, or replacement. The individuals effectively running the company also ensure that all the information and data inherent in the areas of responsibility of the key functions are communicated to them.

- **Propriety assessment process:** The propriety of an individual is assessed based on his/her honesty and experience as a director, executive officer, head of a key function, or head of a critical function. This assessment is based on specific information concerning his/her character, personal behaviour, and professional conduct, including any information of a criminal, financial, or prudential nature relevant for the purposes of this assessment. The individual's past experience also allows us to know whether he/she effectively ran a company or headed a key function in a company at the time when the company went bankrupt. When an individual is or wishes to effectively run the company or hold a key function, the company assesses the person's propriety by ensuring that the individual has a good reputation and integrity based on documents attesting to the person's propriety as well as through the responses made on the questionnaire present in the appointment or re-appointment form for a person effectively running the company or heading a key function, as proposed by the ACPR. The documents requested for each individual are given to the head of the Compliance Oversight key function, who updates them every three years. In the event that a doubt arises about the individual's propriety, the Board of Directors is invited to decide on the appointment or re-appointment of the individual concerned.

## B.3. Risk management system, including internal risk and solvency assessment

### Risk management policies

**The Risk Management Policy** is established in accordance with all the regulatory provisions applicable to the insurance sector, particularly those of Order No. 2015-378 of 2 April 2015 implementing Solvency 2 Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and Article 258 et seq. of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 on the Risk Management System, which require a clearly defined governance and risk management strategy, in line with the company's overall strategy, and policies defining significant risks and approved risk tolerance limits.

The Wakam Risk Control Policy in place sets forth the strategies, principles, and processes for identifying, measuring, managing, and monitoring risks to which Wakam's business is exposed, including those entrusted to its partners and service providers.

The Risk Management Policy defines in particular:

- The governance system implemented, including the roles and responsibilities of the various stakeholders in the risk management system,
- The categories of risks to which Wakam is exposed and the processes in place to identify and analyse them, as well as the methods to measure and assess the risks in question,
- The framework for defining the insurance risk strategy,
- Processes and procedures to ensure effective risk management and the implementation of appropriate risk mitigation measures,
- Internal and external reporting obligations,
- The risk culture in the business and its integration into key decisions.

This policy aims to ensure that risk management systems enable Wakam to meet applicable industry requirements.

The definition and implementation of the risk management, control, and monitoring system for the insurance activities carried out by Wakam are entrusted to the Risk Management key function, which:

- Implements the company's risk management systems,
- Ensures, within the company, compliance with these systems and the applicable regulations,
- And reports on this work to the governing bodies below.

## Governing bodies

The **Audit and Risk Committee,** which meets four times a year, is chaired by an independent director, who reports on this work to the Board of Directors. The primary objectives are to review the annual financial statements and the appropriateness of the accounting principles applied in the development of the annual financial statements; to approve the annual internal audit plan and to review the conclusions of the major engagements conducted; and to monitor risk management policies, procedures, and systems. The committee also reviews the work and proposals of key functions before approval by the Board of Directors. In addition, it ensures the achievement of strategic objectives and the adequacy of the governance and risk management system. Finally, it reviews the prudential communication before presentation to the Board of Directors for approval.

The **Operational Risk Committee** is chaired by the Vice President Risks. Its work is carried out with the systematic participation of the Risk Management key function and the participation of all key functions and all heads of Wakam departments (Information Systems, Data, Finance, Technical, Human Resources, Reinsurance, Partnerships, Claims). This committee meets at least four times a year and has the following responsibilities:

- Approving the annual internal control work program by ensuring that the areas and activities that generate the main risks are covered at a suitable frequency,
- Reviewing the results of the controls performed,
- Tracking significant risks incurred by Wakam,
- Ensuring the existence and relevance of the risk prevention, detection, and response systems implemented,
- Keeping the risk mapping up to date,
- Monitoring changes in key risk metrics,
- Monitoring capital requirements.

## Integration into the organisational structure and decision-making procedures

The aim of integrating the risk management system into decision-making processes as well as the company culture can be described at several levels:

- **The company's senior management** ensures that an risk culture appropriate to the various types of activities is implemented and ensures the proper level of employee ownership.
- **The risk appetite system** is integrated into the budgeting and planning process as well as the strategic asset allocation process.
- **Capital allocations from planning work** are broken down into operational limits integrated into day-to-day business management.
- **Appropriate risk measurement indicators** are integrated into the company's performance management system.
- **Metrics using risk measurements** are used in decision-making. These metrics are defined by the risk management function and approved by the Board of Directors. They are integrated into the company's goals.
- **Risk preferences** drive partnership and product development in alignment with risk appetite and tolerances.

## Changes to the system of governance over the period

The Operational Risk Committee meets more frequently at one committee meeting per quarter in response to the needs to assess changes in Wakam's risk profile.

## Internal risk assessment

### Description, documentation, and analysis of internal risk assessments

According to the Solvency 2 Directive and as part of its risk management system, Wakam conducts an internal risk and solvency assessment, also known as the *own risk self-assessment* (ORSA).
This assessment includes the following elements:

- The overall need for solvency, given the specific risk profile, approved risk tolerance limits, and the business strategy of the company;
- Ongoing compliance with capital requirements;
- The extent to which the company's risk profile deviates from the assumptions underlying the solvency capital requirement calculated using the standard formula.

### Frequency of review by administration, risk, or control bodies

The ORSA is approved at least annually by the Board of Directors after review by the Audit and Risk Committee.

### Statement on the assessment of the overall solvency needs

The company assesses its overall solvency needs based on the identified risks and the estimation methodology of the standard formula presented in the Solvency 2 Directive. However, the company has identified four risks not included in the standard formula that complement its own risk profile:

- the risk of dependence on a distributor partner that arises from the excessive relative share of Wakam's business that a single distributor partner would represent;
- the risk of heterogeneity of accounts, related to the issuance of reliable accounts, including the risk of heterogeneity of the information received (extracts and brokers) and the risk of error related to the restatements performed by the data integration unit;
- cyber risk, particularly relating to the availability of computer systems, as well as the loss, modification, or dissemination of data as a result of a malicious act and/or a computer attack;
- key man risk, which would arise from the disappearance, incapacity, or departure of a key man and result in a decrease in revenue or have a strong impact on the sustainability of the company.

These additional risks are considered to be under control.

## B.4. Internal control system

### Description of the internal control system

Wakam's internal control system includes all means, behaviours, procedures, and actions:

- contributing to the control of its activities, including outsourced activities, the efficiency of its operations, and the efficient use of resources,
- and enabling significant risks, whether operational, financial, or compliance risks, to be appropriately considered.

Specifically, it aims to ensure compliance with laws and regulations; the application of the instructions and guidance of the individuals running the company and the Board of Directors; the proper functioning of the company's internal processes, particularly those helping to safeguard its assets; and the reliability of financial information.

Wakam's internal control system consists of an ongoing process of assessing controls integrated into the company's internal processes:

- **First-level controls** are integrated by business leaders into business processes to measure, monitor, and control risks within their area of activity.
- **Second-level controls** aim to ensure the proper execution, relevance, and reliability of the first-level controls through the line management and actors independent of the operational activity:
  - » The control plan is developed from the risk analysis and after consideration of the existing first-level controls within the activities. The second-level controls provide assurance of process control and identify areas for continuous improvement where appropriate.
  - » Each control is the subject of a detailed description including in particular the function in charge of carrying out the controls, the frequency of occurrence, the applicable control methodology, the documentation to be collected, and the formalisation of the result.
- **Incident tracking** helps strengthen internal control by identifying and correcting deficiencies both in business processes and in the control plan when required.
- In addition, on a regular basis, as often as the severity of the risk or incidents dictates, the head of Internal Control activities organises verification campaigns: spot checks targeting a risk or activity. Following these assessments, the head of Internal Control activities makes recommendations to remedy the failed controls.

## Compliance Oversight System description

An integral part of the permanent control system, the Compliance Oversight System implemented by Wakam includes all means, behaviours, procedures and actions:

- Identifying the laws and regulations to which the company is subject,
- Contributing to the regular monitoring of changes to these laws and regulations,
- Aiming to implement the applicable regulations in its internal procedures,
- And ensuring the proper notification and training of the employees concerned.

The Compliance Oversight System defines the monitoring processes, raises awareness, and shares regulatory developments with all employees and participates in the development of Wakam's risk mapping.

**The function is carried out by four people:** a head of compliance, two senior compliance officers, and a GDPR expert.

## B.5. Internal Audit function

### Description of the Internal Audit System

The Internal Audit System implemented by Wakam constitutes the company's third level of control, applied after the first- and second-level controls described in B.4. As an independent and objective activity, Internal Audit gives the company assurance on the level of control of its operations, advises it on how to improve them, and helps create added value. Its main responsibilities are:

- Identifying and controlling risks through a structured and focused approach to company issues,
- Assessing the control of operational and functional processes as well as the conduct of operations with regard to the organisation's concerns in strategic, operational, and financial matters,
- Assessing the relevance and effectiveness of these processes in complying with applicable rules, standards, procedures, laws, and regulations,
- Verifying the integrity, reliability, completeness, and traceability of information produced, whether accounting, financial, or management information,
- Proposing areas for improvement or progress for the organisation.

### Independence of the key Internal Audit function

In order to ensure its independence, the Internal Audit key function does not hold any other key function in the company. This has been entrusted to an independent director, whose fitness and propriety have been verified in accordance with the company's internal policy as described in paragraph B.2.

Independence is enhanced through::

- the outsourcing of the operational performance of audit engagements to the firm PricewaterhouseCoopers (PwC), which may be consulted at any time by the Internal Audit key function,
- the statutory capacity of Internal Audit to have access at all times to all locations, to all the documents, and all the information systems that it needs for the performance of its engagement, by requesting the full collaboration of the company's staff.

In 2022, Wakam initiated an action plan to strengthen the Internal Audit function. As a result, the function will be re-insourced, and a new key function head will be appointed from January 2023.

## Internal audit engagements conducted during the period

A single audit engagement was initiated in 2022 with respect to cash management.

All recommendations are the subject of an action plan led by each of the heads of the audited activities; this action plan is shared in the corresponding bodies.

Also, as planned, the internal audit team has followed up on recommendations from audits conducted in 2021 and previous years.

**Summary table of the Internal Control and Internal Audit System**

| | First Level | Second Level | Third Level |
|---|---|---|---|
| | Operational Controls | Continuous Control, Risk Management, and Compliance | Periodic Monitoring and Internal Audit |
| **Head** | Operational staff | Heads of Internal Control and Compliance Oversight key function | Internal Audit function |
| **Frequency** | High frequency | Recurring | Periodic |
| **Scope** | Limited to the scope of responsibility of operational staff | All operational processes | Company-wide |
| **Control type** | Self-check (tallying, reconciliation, anomaly listing, etc.) | Oversight, verification of the adequacy of controls with the process objectives | Document control and on-site control |
| **Reporting type** | Supplies continuous control | Risk indicators, mappings, and alerts | Audit reports |

## B.6. Actuarial function

### Responsibilities of the Actuarial function

Since 1 January 2016, and in accordance with Article R354-6 of the Insurance Code, the purpose of the Actuarial Function has been:

- To coordinate the calculation of prudential technical provisions,
- To ensure the appropriateness of the methodologies, underlying models, and assumptions used to calculate the prudential technical provisions,
- To assess the sufficiency and quality of the data used in the calculation of these provisions,
- To oversee the calculation of prudential technical provisions in cases where the insurance company does not have sufficient data of appropriate quality to apply a reliable actuarial method to a set or subset of its commitments,
- And to compare the best estimates to empirical observations.

The Actuarial function is also responsible for informing the Wakam Board of Directors of the reliability and adequacy of the calculation of prudential technical provisions. In addition, it must give an opinion on the overall underwriting policy and on the adequacy of the reinsurance provisions made. Finally, the Actuarial function contributes to the effective implementation of Wakam's Risk Management System, specifically with respect to the risk modelling underlying the calculation of capital requirements and the ORSA.

In accordance with the provisions of Article 272 of European Regulation No. 2015/35, the Actuarial function prepares at least once a year a written report that it submits to the Wakam Board of Directors. This report discusses all work conducted by the Actuarial function and its outcome, clearly indicates any material deficiencies observed, and makes the recommendations needed for remediation.

## Description of the Actuarial key function system

In order to prevent the risk of conflicts of interest between those responsible for actuarial work and those responsible for monitoring it, Wakam has set up the following organisation :

- **The Chief Insurance Technical Officer** oversees but does not directly perform:
  - The work relating to the inventory, led by a Team Lead manager since September 2022 and carried out by four dedicated employees in charge of calculating the technical provisions according to social standards, the Best Estimates of Claims and Premiums assessed in the economic balance sheet, and the surplus/deficit on liquidation.
  - The technical monitoring and profitability analyses of the portfolios, entrusted to research managers specializing in two- and four-wheel risks, excluding fleets, on the one hand, and the risks relating to fleets, affinities, and property damage, on the other.

## Governance points completed in 2022

The Actuarial function's 2022 report includes all the recommendations made in the previous reports regarding underwriting, reinsurance, and provisioning.

The work on strengthening the provisioning methods and on assessing data quality continued in 2022, in connection with the recommendations of the Actuarial function.

# B.7. Outsourcing activities

## Definition of outsourcing

Outsourcing refers to an agreement, in whatever form, concluded between a company and a service provider, whether subject to control or not, under which the service provider performs, either directly or by itself using outsourcing, a procedure, service, or activity that would otherwise be performed by the company itself (Article L .310-3 of the Insurance Code).

## List of important or critical operational functions

In light of the definition given in Article R. 354-7 of the Insurance Code, an activity is considered important or critical when it has at least two of the following characteristics:

- It is a core insurance business activity (management of policies, claims, etc.) or a key function;
- When the outsourcing relates to a function/activity in relation to policyholder management, the replacement of the service provider in the event of failure or direct takeover of the function would likely lead to exceeding regulatory deadlines for responding to policyholders or for regulatory reporting;
- When the outsourcing relates to an activity that is not directly related to policyholder management, the replacement of the service provider in the event of failure or direct takeover of the function would likely exceed one month;
- The cost of the service exceeds a threshold set at €800,000 annually;
- The quality of the service provided to policyholders could suffer in the event of failure of the service provider;
- A reputational or estimated financial risk exceeding a threshold set by the Risk team in the event of a vendor failure.

In the case of outsourcing as part of the call for insurance intermediation (delegated management of policies, receipts, claims), for the activity to be considered critical, a materiality threshold is defined based on revenue.

## Outsourcing decision process

For any outsourcing relating to the insurance business, whether critical or not, Wakam conducts an assessment of the prospective providers by sending them a Due Diligence questionnaire as soon as a possible business relationship may be possible. A procedure detailing the pre-screening process is drafted by the Management Department.

This procedure specifies that distinguishing criteria are established for all service providers, including:

- Verification of its approvals (if necessary);
- Verification of the fitness and propriety of the directors;
- The existence of an ACP [Activity Continuity Plan].

For critical or important activities, additional distinguishing criteria are established in this questionnaire, ensuring at least that the service provider has:

- a mature operational risk management and internal control system;
- sufficient financial resources to take on the outsourced activity;
- reliable and qualified staff for the performance of these outsourced tasks;
- adequate AML/CTF risk control system;
- an adequate contingency plan to ensure the continuity of outsourced activities.

Any departure from these rules must be explained by a reasoned presentation demonstrating the control of the risk incurred and submitted to the management team at least 15 days before a Management Committee meeting convened to make a decision. Such departures are also traced in a file kept by the Management and Compliance Departments.

For outsourcing non-insurance functions, a Procurement procedure details the selection process.

## B.8. Other information

### Adequacy of the company's system of governance

The company continues to deploy and enhance the governance system, particularly in terms of internal control and risk budget preparation, with the objective of disseminating a risk culture to all employees.

This adequacy is further enhanced by additional systems to reduce the main risks to which Wakam is exposed. Given its economic model focused on the delegation of material claims management, its reinsurance treaties with a high protection of capital, and its strong growth, the company is in fact more particularly exposed to the operational outsourcing risk, counterparty risk, and underwriting risk. To take these features into account, the complete governance system presented in the preceding paragraphs is supplemented as follows:

- **With regard to the outsourcing risk**, the company conducts audits of its service providers regularly thanks to a dedicated team supplemented by an external consulting firm and insurance expert. It also regularly monitors key management indicators.
- **With regard to counterparty and reinsurance risk**, the company has an independent director as well as its chairperson, who are experts in the field of reinsurance, and strengthened its internal reinsurance team in 2020. Furthermore, even if this provision has no longer been mandatory since 2008, the company systematically requests collateral from its reinsurers, mainly pledges, to guarantee their commitment to claim settlements for their share.
- **With regard to the underwriting risk**, it is at the heart of the company's governance through the four phases of the Bespoke process (Seek, Qualify, Achieve, Develop). In this context, a pre-audit of partners is carried out in the "Seek" phase. Special attention is paid to the underwriting rules, pricing, and claim ratios expected in the "Qualify" phase. The purpose of the "Achieve" phase is to ensure the quality of computerised exchanges as well as risk mitigation through reinsurance. Finally, during the "Develop" phase, actuarial analyses are conducted on each partnership to implement the necessary portfolio adjustments.

### Other governance systems

The governance system presented in points B.1 to B.7 is supplemented by an internal committee organisation enabling the preparation of the work presented to the Board committees, the monitoring of risk management improvement action plans, the management of the various components of the risk budget, and the dissemination of the risk culture within the company.

The main internal committees are:

- **The Investment Committee**: this Committee meets monthly and is chaired by the Chief Financial Officer. It is attended by the representative of the majority shareholder and representatives of the asset management company to which the company has delegated management of its investments, as well as the Chief Risk and Capital Officer. Its objective is to manage the company's investments within the fixed risk limits.
- **The Opportunities Presentation Committee**: This committee is chaired by the Chief Executive Officer and is led by the Chief Revenue Officer. It brings together all employees of the company. It is intended to present the opportunities presented in Phase 1 (Seek phase) to arbitrate them and, subject to approval by the majority of voters, move them to Phase 2 (Qualify phase).
- **The Business Approval Commitee**: This committee is chaired by the Chief Executive Officer, is led by the Chief Product Officer, and brings together the extended management team. It is intended to approve or not approve the transition of partnerships from Phase 2 (Qualify phase) to Phase 3 (Achieve phase).

# C. Risk profile

## C.1. Underwriting risk

### Definition of underwriting risk

Underwriting risk is the risk that the insurer takes by distributing insurance contracts to natural persons or legal entities due to market segments or risk categories that are inconsistent with the company's risk profile and business strategies, complex risk categories with difficult assessment, inadequate technical skills among internal staff and sales networks, or non-compliance with limits. For Wakam, it includes the following categories:

- **Lapse risk** resulting from loss of, or adverse change in the value of, insurance commitments resulting from fluctuations affecting the level or volatility of policy termination, maturity, or renewal rates,
- **Premium and reserve risk,** depending on the risk of loss or adverse change in the value of insurance commitments resulting from fluctuations affecting the date of occurrence, the frequency, and severity of insured events, as well as the date and amount of claims settlements,
- **Catastrophe risk,** corresponding to the risk of loss or adverse change in the value of insurance commitments resulting from significant uncertainty related to extreme or exceptional events, which weighs on the assumptions made in terms of price and provisioning.

### Exposure to underwriting risk

#### Measures used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2022, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would only occur once every two hundred years.

Thus, with regard to exposure to underwriting risk, the exposure measures used by Wakam are as follows:

- **Lapse risk** is measured by the Lapse sub-module of the Non-Life Underwriting SCR.
- **Premium and reserve risk** is measured by the Premiums and Reserve SCR modules of the Non-Life and Health Underwriting SCRs.
- **Catastrophe risk** is measured by the Catastrophe module of the Non-Life Underwriting SCR.

These exposure measurements are presented in Section E.2.

## Concentration of underwriting risks

The company has identified a technical risk of concentration in its Property Damage portfolio, more particularly in the Comprehensive Building portfolio. 27% of the insured assets of this portfolio, which represents a turnover of €19 million, are indeed located in the Isère department (38), which is known as a seismic zone and whose main city, Grenoble, could be massively flooded in the event that dams break in the region. This risk is controlled by the reinsurance system described below.

## Mitigating underwriting risk

### System description for the reference period

Wakam transfers a portion of its risks to reinsurers. The reinsurance system is analysed for each branch, with much of the risk being transferred via Share treaties, supplemented by excess claims agreements in order to protect the company against losses associated with large-scale single claims, such as those on the risks of Civil Liability for Bodily Injury, but also against losses associated with events.

The transfer rates for the 2023 financial year were set as part of the work to draw up the risk budget. They found:

- **for maintaining retention on European mobility portfolios** on traditional programmes (20%);
- **for maintaining retention on mobility portfolios in Great Britain and Ireland (20%);**
- **and the decrease in the retention of the Property Damage share (22.9%).**

### Mitigation plan over the planning period

The Wakam Mitigation Plan focuses on the following Reinsurance Plan:

**With regard to share treaties, the level of transfer per programme depends on:**

- the level of the consumption of equity per branch compared to the intrinsic profitability of each of the Product Lines, so as to approach the optimum under the constraint of the available Tier 1 Equity,
- the knowledge of risks in Partnerships, the volumes of which do not allow for sufficient pooling,
- the appetite of reinsurers for a given financial year.

**With regard to the XS reinsurance programme,** it meets the risk tolerance criteria set by the Reinsurance Policy, reviewed by the Audit and Risk Committee and approved by the Board of Directors:

- **Natural catastrophe risks:** the company protects itself against ten-year to two hundred-year claim scenarios.
- **Terrorism risks:** the protection sought is unlimited beyond a retention equivalent to the maximum amount under risk of the portfolio within a radius of 200 m.
- **Other Property Damage risks:** the reinsurance sought aims to limit the impact of a serious loss to a net amount of €687,000..
- **CL Auto (European Mobility and GB and IE Mobility) and Private Life risks :** the reinsurance sought aims to limit the impact of a serious claim to a net amount of €600,000.

Finally, the panel of reinsurers is diversified in fiscal year 2023.

**Monitoring the effectiveness of mitigation techniques:**

The mitigation techniques presented are analysed at the time of programme renewal to reassess coverage needs and at the time of the own risk and solvency assessment (ORSA), including through reinsurance risk scenarios (see below).

**Guarantees received**

Although there has been no regulatory requirement for reinsurers to pledge their commitments to the benefit of the transferors since 2008, Wakam's risk-covering reinsurance contracts provide for a guarantee of the reinsurer's commitment, through a pledge with a bank or a cash deposit. These guarantees have the effect of reducing counterparty risk.

The valuation of these guarantees corresponds to the amount of the Provisions for Claims Payable at the end of the accounting year for each programme and to the share of each reinsurer.

## Sensitivity to underwriting risk

**Stress testing and scenario analysis**

Wakam performed stress scenarios in preparing the 2022 ORSA report. The company complies with the MCR level required in both the central scenario and the stress scenarios tested. With regard to the ongoing compliance with SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

**Assumptions of the central scenario**

Testing was conducted around a central scenario developed in November 2022. The changes observed between the assumptions of the central scenario and the scenario carried out do not significantly affect the conclusions or the ranking of the scenarios for their impact on the solvency ratio of the company.

**Methods and assumptions of stress tests and scenario analyses**

The stress tests implemented as part of the 2022 ORSA report and their respective impacts in 2023, 2024, and 2025 are as follows:

- **S1/** The company is facing an overinflation situation in addition to the inflation already included in the assumptions of the central scenario. This is accompanied by a rise in rates
- **S2/** The company is impacted by a global environment of economic crisis, particularly affecting the Property Damage loss record and resulting in a spread shock following a widespread worsening of the ratings of bonds held
- **S3/** The claim ratio of all Wakam branches increases (+5pts)
- **S4/** Impact of an un-reinsured bicentenary claim between the date of termination of a reinsurer and the date of conclusion of the following treaty
- **S5/** Increased Wakam retention (+10pts)
- **S6/** Worsening of Wakam's top-line and margin
- **S9/** Reloading of inventory of 2- and 4-wheel cases in excess of €100,000 by +10%

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and were approved and amended by the Audit and Risk Committee.

**Stress test results**

| Scenarios / (in solvency ratio pts relative to the central scenario) | 2023 | 2024 | 2025 |
|---|---|---|---|
| S1: Overinflation | -23pts | -17pts | -13pts |
| S2: Economic crisis | -30pts | -27pts | -23pts |
| S3: Claim ratio increases by 5pts across branches | -20pts | -18pts | -14pts |
| S4: Impact of an un-reinsured claim | -31pts | -26pts | -21pts |
| S5: Increased Wakam retention (+10pts) | -30pts | -29pts | -30pts |
| S6: Worsening of Wakam's top-line and margin | -6pts | -15pts | -30pts |
| S9: Reloading of inventory of 2- and 4-wheel cases in excess of €100,000 by +10% | -3pts | -3pts | -2pts |

The severity of these scenarios is explained as follows:

- **For scenarios 1, 2, 3, 4, and 6, which have in common a significant impact on the loss record and/or the technical margin,** by the decrease in net income and future profits integrated into prudential equity following the assumption of a decrease in reinsurance commissions, and overall by a decrease in equity greater than the decrease in SCR (scenario 6) or aggravated by an increase in SCR (scenario 2)..
- **For scenario 5, where Wakam's share of risk increases**, by the immediate increase in SCR, which is found to be greater than the rise in results.

## C.2. Market risk

### Definition of market risk

Market risk is the risk of loss or adverse change in financial situation resulting, directly or indirectly, from fluctuations affecting the level and volatility of the market value of assets, liabilities, and financial instruments. They include:

- **Interest rate risk** resulting from the sensitivity of the value of assets, liabilities, and financial instruments to changes in the interest rate curve or interest rate volatility,
- **Equity risk** related to the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of the market value of equities,
- **Real estate risk** arising from the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of the market value of real estate,
- **Spread risk,** reflecting the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of credit spreads relative to the risk-free interest rate curve,
- **Currency risk** related to fluctuations in the level or volatility of exchange rates between the currency of the asset and that of the liability,
- **Concentration risk,** as a result of a lack of diversification of the asset portfolio, or significant exposure to the default risk of a single issuer of securities or a group of related issuers.

### Exposure to market risk

#### Measures used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2022, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would only occur once every two hundred years.

Thus, with regard to market risk exposure, the exposure measures selected by Wakam are as follows:

- **Interest rate risk** is measured by the Rate sub-module of the Market SCR.
- **Equity risk** is measured by the Equity sub-module of the Market SCR.
- **Real estate risk** is measured by the Real Estate sub-module of the Market SCR.

- **Spread risk** is measured by the Spread sub-module of the Market SCR.
- **Currency risk** is measured by the Currency sub-module of the Market SCR.
- **Concentration risk** is measured by the Concentration sub-module of the Market SCR.

These exposure measurements are presented in Section E.2.

## Market risk concentration

The concentration of Wakam's market risks is measured by the Concentration sub-module of the Market SCR.

On Wakam's bond portfolio, this risk measure represents an amount of €0.1 million (see section E.2).

## Mitigation of market risk

### System description for the reference period

Wakam has put an investment strategy in place to align technical assets and liabilities. Thus, assets representing technical liabilities must necessarily be chosen from sovereign and corporate bonds rated at least BBB whose duration and currency must be consistent with these same technical liabilities. This helps to limit market risk both by taking intrinsic risk and also by neutralising the effects between assets and liabilities.

### Monitoring the effectiveness of mitigation techniques:

The congruence between technical assets and liabilities is presented at each ALM Committee meeting and orders in part the decision-making at each Investment Committee meeting.

Furthermore, the mitigation techniques presented are analysed at the time of the own risk and solvency assessment (ORSA), particularly through the risk scenarios relating to financial risks (see below).

## Sensitivity to market risk

### Stress testing and scenario analysis

Wakam performed stress scenarios in preparing the 2022 ORSA report. The company complies with the MCR level required in both the central scenario and the stress scenarios tested. With regard to the ongoing compliance with SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

### Assumptions of the central scenario

Testing was conducted around a central scenario developed in November 2022. The changes observed between the assumptions of the central scenario and the scenario carried out do not significantly affect the conclusions or the ranking of the scenarios for their impact on the solvency ratio of the company.

**Methods and assumptions of stress tests and scenario analyses**

The stress tests implemented as part of the 2022 ORSA report and their respective impacts in 2023, 2024, and 2025 are as follows:

- **S1/** The company is facing an overinflation situation in addition to the inflation already included in the assumptions of the central scenario. This is accompanied by a rise in rates
- **S2/** The company is impacted by a global environment of economic crisis, particularly affecting the Property Damage loss record and resulting in a spread shock following a widespread worsening of the ratings of bonds held.
- **S7/** Inability to raise subordinated debt in 2023

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and were approved and amended by the Audit and Risk Committee.

**Stress test results**

| Scenarios / (in solvency ratio pts relative to the central scenario) | 2023 | 2024 | 2025 |
|---|---|---|---|
| S1: Overinflation | -23pts | -17pts | -13pts |
| S2: Economic crisis | -30pts | -27pts | -23pts |
| S7: Inability to raise subordinated debt in 2023 | -12pts | -10pts | -8pts |

The severity of these scenarios is explained as follows:

- **For scenarios 1 and 2, which have in common a significant impact on the loss record and/or the technical margin,** by the decrease in net income and future profits integrated into prudential equity following the assumption of a decrease in reinsurance commissions, and overall by a decrease in equity greater than the decrease in SCR (scenario 1) or aggravated by an increase in SCR (scenario 2).
- **For scenario 7,** by a decrease in Wakam equity greater than the decrease in market risk SCR

## Application of the prudent person principle

As stipulated in Article 132 of the Solvency 2 Directive, Wakam's investments are invested in accordance with the Prudential Person Principle, thanks to the investment processes and the organisation of accompanying committees that make it possible to ensure the knowledge of risks a priori and the analysis, management, and control of risk once the investment has been made.

The investment policy is built around three major processes:

- **The strategic allocation of assets,** defined according to the company's appetite for financial risk and based on the macroeconomic context and the results of the ALM studies conducted by the Financial Department and the Risk Department and supplemented during the preparation of the budget and the ORSA report on the consequences of this allocation on the Market SCR and on the company's solvency ratio.
  - **The central scenario** identifies the outgoing cash flows over the claims settlement period and allocates the premium to investments, mainly bond investments, backed by a maturity bracket. This central scenario takes into account a portion of future premiums under the assumption of a conservative lapse rate.
  - **The stressed scenario,** carried out under the assumption of a 10% shock on the portfolio's claims expense, makes it possible to identify the safety margin to be maintained in monetary or short-term assets.
  - **The surplus identified in this projection** is allocated to diversified assets (equities, real estate, etc.).
- **Tactical asset allocation,** which makes it possible to adjust the strategic allocation based on short-term expectations in interaction with the asset management agent (see below).
- **Current investment management,** which includes the selection of securities by the asset management agent in compliance with the constraints defined in the management mandate.

While the Board of Directors remains the ultimate decision-making body for investment policy and financial risk management, it has mandated the **ALM Committee**, whose role is to review investment risk strategies and policies, to define the investment strategy. This is carried out in particular via the monthly **Investment Committee** meetings organised with the asset management agent in which the managers of the agent, the Deputy Chief Executive Officer, the *Vice President Transformation, Risk & Compliance,* and the *Vice President Finance & Corporate Legal* of Wakam, as well as a representative of the shareholder, participate.

Thus defined, the main guidelines of the investment policy are as follows:

- **A target asset allocation** of 58% in bonds, 2% in listed shares, 2% in real estate, and 22% in illiquid assets (private equity, private debt)
- **A liquidity pocket** of 15%, with no need to leave a minimum available on the cash accounts managed by the mandate

- **Investments excluding**:
  - **By asset class,** derivatives, and generally no leveraged transactions, insurance-related obligations to avoid concentration risk, subordinated bonds, perpetual bonds, and securitisation products,
- **Limits by rating for bond investments:**
  - **Bonds rated AAA to A-:** Minimum 45% of the bond portfolio
  - **Bonds rated BBB+ to BBB-:** Maximum 40% of the bond portfolio
  - **High-yield and unrated bonds:** Maximum 15% of the bond portfolio

**Finally, asset management is mainly entrusted to a specialised external management company** via a management mandate combining the management of bonds and shares. Monthly investment committees relying on comprehensive monthly reporting help to monitor asset portfolio profitability and adherence to the investment rules and limits outlined above, and to share managers' tactical choices about future investments and projections of contributions to the company's mandate. These are based on Wakam's monthly cash flow monitoring *reporting*, which routinely includes an annual *reforecast*.

## C.3. Credit risk

### Definition of credit risk

Credit risk is the risk of loss or adverse change in financial condition resulting, directly or indirectly, from fluctuations affecting the level of solvency or credit standing of the company's counterparties. They include:

- **Spread risk,** which reflects the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of credit spreads relative to the risk-free interest rate curve.

- **Counterparty risk,** which is the risk of possible losses that could result from the unexpected default, or the worsening of the credit standing, of counterparties and debtors of the company. The scope of counterparty risks includes risk-mitigating contracts, such as reinsurance agreements, securitisations and derivatives, and receivables from intermediaries and policyholders. This risk is included in the standard formula..

### Exposure to credit risk

**Measures used to assess risks and change over the period**

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2022, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would only occur once every two hundred years.

Thus, with regard to credit risk exposure, the exposure measures used by Wakam are as follows:

- **Spread risk** is measured by the Spread sub-module of the Market SCR.
- **Counterparty risk** is measured by the Counterparty Default SCR module.

These exposure measurements are presented in Section E.2.

### Credit risk concentration

The concentration of Wakam's spread risks is measured by the Concentration sub-module of the Market SCR.

On Wakam's bond portfolio, this risk measure represents an amount of €0.1 million (see section E.2).

Counterparty risk on receivables materialises at Wakam through its relationships with its partners, reinsurers, and banks. With regard to the concentration of these risks, they materialise particularly at the end of 2022 with respect to the most important reinsurers historically.

## Mitigation of credit risk

Spread risk is mitigated by strategic asset allocation provisions by all the governance over the investment decisions and the recourse to a manager.

The counterparty risk, particularly that manifested by the transfer activity to reinsurance, is largely mitigated through the implementation of financial guarantees (cash deposit or security pledge) in front of the transferred provisions during the contractualisation process. Furthermore, the counterparty risk on reinsurers is mitigated through the strong diversification of the panel (30), the largest of which does not exceed 30% of the premium transferred over 2023. Finally, it is verified that each reinsurer's rating is aligned with Wakam's reinsurance underwriting policy.

## Sensitivity to credit risk

### Stress testing and scenario analysis

Wakam performed stress scenarios in preparing the 2022 ORSA report. The company complies with the MCR level required in both the central scenario and the stress scenarios tested. With regard to the ongoing compliance with SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

### Assumptions of the central scenario

Testing was conducted around a central scenario developed in November 2022. The changes observed between the assumptions of the central scenario and the scenario carried out do not significantly affect the conclusions or the ranking of the scenarios for their impact on the solvency ratio of the company.

### Methods and assumptions of stress tests and scenario analyses

The stress tests implemented as part of the 2022 ORSA report and their respective impacts in 2023, 2024, and 2025 are as follows:

- **S2/** The company is impacted by a global environment of economic crisis, particularly affecting the Property Damage loss record and resulting in a spread shock following a widespread worsening of the ratings of bonds held.
- **S5/** Increased Wakam retention (+10pts)

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and were approved and amended by the Audit and Risk Committee.

**Stress test results**

| Scenarios / (in solvency ratio pts relative to the central scenario) | 2023 | 2024 | 2025 |
|---|---|---|---|
| S2: Economic crisis | -30pts | -27pts | -23pts |
| S5: Increased Wakam retention (+10pts) | -30pts | -29pts | -30pts |

The severity of these scenarios is explained as follows:

- **For scenario 2, characterised by a significant impact on the loss record and the technical margin,** by the decrease in net income and future profits integrated into prudential equity following the assumption of a decrease in reinsurance commissions, and overall by a greater decrease in equity aggravated by an increase in SCR.
- **For scenario 5,** where Wakam's share of risk increases, by the immediate increase in SCR, which is found to be greater than the rise in results.

## C.4. Liquidity risk

### Definition of liquidity risk

**Liquidity risk** for Wakam means the inability to realise investments and other assets in order to meet its financial commitments when they fall due.

### Exposure to liquidity risk

#### Measures used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2022, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would only occur once every two hundred years.

### Concentration of liquidity risks

No liquidity risk concentration was identified in Wakam's risk profile at the end of 2022.

### Mitigation of liquidity risk

Wakam mitigates its liquidity risk through annual asset-liability allocation work to ensure, among other things, that durations remain consistent.

### Sensitivity to liquidity risk

#### Stress testing and scenario analysis

Wakam performed stress scenarios in preparing the 2022 ORSA report. The company complies with the MCR level required in both the central scenario and the stress scenarios tested. With regard to the ongoing compliance with SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

#### Assumptions of the central scenario

Testing was conducted around a central scenario developed in November 2022. The changes observed between the assumptions of the central scenario and the scenario carried out do not significantly affect the conclusions or the ranking of the scenarios for their impact on the solvency ratio of the company.

**Methods and assumptions of stress tests and scenario analyses**

The stress tests implemented as part of the 2022 ORSA report and their respective impacts in 2023, 2024, and 2025 are as follows:

- **S1/** The company is facing an overinflation situation in addition to the inflation already included in the assumptions of the central scenario. This is accompanied by a rise in rates
- **S2/** The company is impacted by a global environment of economic crisis, particularly affecting the Property Damage loss record and resulting in a spread shock following a widespread worsening of the ratings of bonds held.
- **S3/** The claim ratio of all Wakam branches increases (+5pts)
- **S4/** Impact of an un-reinsured bicentenary claim between the date of termination of a reinsurer and the date of conclusion of the following treaty
- **S5/** Increased Wakam retention (+10pts)
- **S6/** Worsening of Wakam's top-line and margin
- **S7/** Inability to raise subordinated debt in 2023
- **S8/** Cyberattack targeting Wakam
- **S9/** Reloading of inventory of 2- and 4-wheel cases in excess of €100,000 by +10%

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and were approved and amended by the Audit and Risk Committee.

**Stress test results**

| Scenarios / (in solvency ratio pts relative to the central scenario) | 2023 | 2024 | 2025 |
|---|---|---|---|
| S1: Overinflation | -23pts | -17pts | -13pts |
| S2: Economic crisis | -30pts | -27pts | -23pts |
| S3: Claim ratio increases by 5pts across branches | -20pts | -18pts | -14pts |
| S4: Impact of an un-reinsured claim | -31pts | -26pts | -21pts |
| S5: Increased Wakam retention (+10pts) | -30pts | -29pts | -30pts |
| S6: Worsening of Wakam's top-line and margin | -6pts | -15pts | -30pts |
| S7: Inability to raise subordinated debt in 2023 | -12pts | -10pts | -8pts |
| S8: Cyberattack targeting Wakam | -13pts | -18pts | -25pts |
| S9: Reloading of inventory of 2- and 4-wheel cases in excess of €100,000 by +10% | -3pts | -3pts | -2pts |

The severity of these scenarios is explained as follows:

- **For scenarios 1, 2, 4, 6, and 8, which have in common a significant impact on loss record and/or technical margin,** by the decrease in net income and future profits integrated into prudential equity following the assumption of a decrease in reinsurance commissions, and overall by a decrease in equity greater than the decrease in SCR (scenario 6) or aggravated by an increase in SCR (scenarios 2 and 8).
- **For scenario 5, where Wakam's share of risk increases,** by the immediate increase in SCR, which is found to be greater than the rise in results.
- **For scenario 7,** by a decrease in Wakam equity greater than the decrease in market risk SCR.

## Expected profit from future premiums

The expected profit from future premiums after application of the reinsurance as recorded in the Best Estimate of Provisions for Premiums is €2.4 million, which includes €4.4 million in future profit before fees and €2 million in associated fees. For comparison, in 2021, the expected profit from future premiums was €4.7 million. This change (-€2.3 million) is explained by the mechanical decrease in commitments on three-year agreements following a non-renewal of a major partnership.

## C.5. Operational risk

### Definition of operational risk

**Operational and non-compliance risks** are unforeseen losses arising from inadequate or weak internal processes, staff, or systems or external events. Operational risk includes legal risks, but does not include risks arising from strategic decisions or reputational risks. They include:

- **Internal fraud,** risk of losses arising from acts not in compliance with legislation or agreements relating to employment, health, or safety, or from requests for compensation for personal injury or breaches of equality/acts of discrimination,
- External fraud, risk of losses due to acts by a third party intending to defraud, misappropriate assets, or circumvent legislation,
- **Risks concerning employment and safety practices in the workplace,** risk of losses arising from acts not in compliance with legislation or agreements relating to employment, health, or safety, or from requests for compensation for personal injury or breaches of equality/acts of discrimination,
- **Risks concerning customers, products, and business practices,** risk of losses arising from an unintended or negligent breach of a professional obligation to specific customers (including trust and compliance requirements) or from the nature or design of the product,
- **Risks of damage to tangible assets,** the risk of destruction or damage arising from a natural catastrophe or other loss events,
- **Risks of business interruption and system malfunctions,** risk of losses resulting from interruptions in business or the malfunctioning of systems,
- **Risks relating to the implementation, delivery, and management of processes,** risk of losses arising from a problem in the processing of a transaction or in the management of processes or suffered in relations with commercial counterparties and suppliers.

### Exposition au risque opérationnel

#### Measures used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2022, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would only occur once every two hundred years.

Thus, regarding operational risk exposure, the exposure measure used by Wakam is the Operational SCR.

This exposure measurement is presented in Section E.2.

## Concentration of operational risk

No operational risk concentration was identified in Wakam's risk profile.

## Mitigation of operational risk

Operational risk is mitigated by the entire risk management system implemented at Wakam, particularly through the construction and monitoring of risk mapping, the implementation of the first- and second-level control plan, the escalation and monitoring of incidents, and the monitoring of action plans following the identification of each operational failure.

## Sensitivity to operational risk

### Stress testing and scenario analysis

Wakam performed stress scenarios in preparing the 2022 ORSA report. The company complies with the MCR level required in both the central scenario and the stress scenarios tested. With regard to the ongoing compliance with SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

### Assumptions of the central scenario

Testing was conducted around a central scenario developed in November 2022. The changes observed between the assumptions of the central scenario and the scenario carried out do not significantly affect the conclusions or the ranking of the scenarios for their impact on the solvency ratio of the company.

### Methods and assumptions of stress tests and scenario analyses

The stress tests implemented as part of the 2022 ORSA report and their respective impacts in 2023, 2024, and 2025 are as follows:

- **S6/** Worsening of Wakam's top-line and margin
- **S7/** Inability to raise subordinated debt in 2023
- **S8/** Cyberattack targeting Wakam

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and were approved and amended by the Audit and Risk Committee.

**Stress test results**

| Scenarios / (in solvency ratio pts relative o the central scenario) | 2023 | 2024 | 2025 |
|---|---|---|---|
| S6: Worsening of Wakam's top-line and margin | -6pts | -15pts | -30pts |
| S7: Inability to raise subordinated debt in 2023 | -12pts | -10pts | -8pts |
| S8: Cyberattack targeting Wakam | -13pts | -18pts | -25pts |

The severity of these scenarios is explained as follows:

- **For scenarios 6 and 8, which have in common a significant impact on the loss record and/or the technical margin,** by the decrease in net income and future profits integrated into prudential equity following the assumption of a decrease in reinsurance commissions, and overall by a decrease in equity greater than the decrease in SCR (scenario 6) or aggravated by an increase in SCR (scenario 8).

- **For scenario 7,** by a decrease in Wakam equity greater than the decrease in market risk SCR.

## C.6. Other significant risks

Other significant risks that may be encountered by the company are those whose assessment is not covered by the standard formula provided for in the Solvency 2 Directive. Based on the stress scenarios performed for the own risk self-assessment (ORSA) exercise, these risks are considered controlled:

- **The risk of dependence on a distributor partner** arises from the excessive relative share of Wakam's business that a single distributor partner would represent This risk is controlled due to the growth of the number of partners present in the portfolio, which increases diversification, and the extension of agreements effective as of 31 December 2022, sometimes for a multi-year period.

- **The risk related to the quality of data that partners** provide concerns the reliability of Wakam's published accounts and financial statements due to insufficient quality of the data that partners provide or insufficient controls over the partner data. The management information (policies, receipts, and claims) comes exclusively from files sent by broker partners. Poor data transmission can occasionally lead to errors in the quarterly accounts. The mechanism for controlling the risk of errors in monthly data submissions by partners is based on technical elements and governance elements.

- **Cyber risk** relates to the availability of computer systems, as well as the loss, modification, or dissemination of data as a result of a malicious act and/or a computer attack. This risk is common to all businesses through the rise of malicious acts and attacks. Wakam has therefore considered IT security a priority and has intensified its actions since 2021, primarily by taking action to enhance the security of employees' access to Wakam's information systems and to train them on cybersecurity topics.

## C.7. Other information

The information relating to the risk profile as presented in paragraphs C.1 to C.6 is exhaustive.

# D. Valuation for solvency purposes

## D.1. Assets

### Value, methods, and assumptions by asset type

- **Valuation of investments:** As of 31 December 2022, Wakam had an investment volume with a market value of €138.4 million, compared to a book value of €141.2 million. All the company's investments are valued at market value in the Solvency 2 prudential balance sheet. Interest accrued is taken into account in the valuation. The holding in Wakam Services (wholly owned subsidiary) is positioned at 0. Accrued interest not due posted on the company balance sheet is repositioned by nature in the various investment lines appearing at market value on the Solvency 2 prudential balance sheet, as is the premium/discount, in order to avoid a double count.

**Comparative distributions of Wakam investments**

(Net book value excluding cash)

| (in millions of euros) | 31/12/2021 | 31/12/2022 |
|---|---|---|
| Equities | 1.7 | 1.4 |
| Bonds | 59.1 | 110.7 |
| Private funds | 26.2 | 26.5 |
| Equity interests | 0.1 | 0.1 |
| Deposits and sureties | 0.5 | 2.5 |
| **TOTAL** | **87.5** | **141.2** |

- **Valuation of intangible assets:** As part of the valuation of the economic balance sheet, these assets generally do not represent a material wealth available for solvency purposes. In the case of Wakam, a significant portion of these intangible assets result from investment in the IpaaS platform and will result in future revenue in the billing of services (quotation management via webservices, automated policy and claims management). Consistent with the Solvency 2 regulations, the value of intangible assets in the statutory accounts is completely cancelled on the Solvency 2 prudential balance sheet.

- **Valuation of receivables:** As of 31 December 2022, the receivables are broken down as follows:

- » Insurance trade receivables amount to €331.5 million on the company balance sheet and are not subject to any restatement on the Solvency 2 prudential balance sheet.
- » The receivables from reinsurance transactions amount to €132.8 million on the company balance sheet. On the Solvency 2 prudential balance sheet, they are reduced by €38.1 million due to an entry to reclassify the transferred unearned premiums on the reinsurance treaties to earned premiums. These unearned premiums are included in cash exchanges with reinsurers. Thus, they amount to €94.7 million.
- » The other receivables of €90.9 million, which concern receivables arising from administrative operations with public organisations (tax, social contributions, etc.) as well as with suppliers, are not subject to any adjustment between the company balance sheet and the Solvency 2 prudential balance sheet.
- » In total, the amount of receivables in the statutory accounts amounts to €555.2 million, compared to €517.1 million on the prudential balance sheet.

- **Valuation of other assets:** the book value of other assets appearing on the company balance sheet amounts to €48.0 million for an economic value of zero. These restatements result from the following effects:
  - » **Cancellation of the deferred acquisition costs (DACs) (-€45.6 million),** with the DACs corresponding to the amount already paid by Wakam with respect to acquisition commissions on unearned premiums as of 31 December 2022. In accounting, increasing this item makes it possible to link the company's acquisition costs to the correct accounting year. Conversely, Solvency 2 is based on a logic of future cash flows. Since the DACs have already been disbursed by the company and are not subject to future cash flow, they are therefore completely cancelled on the Solvency 2 prudential balance sheet. It should be noted that this transaction does not generate a loss of wealth for Wakam, since these acquisition costs on existing policies will not give rise to any cash flow from the company and are not projected in the Best Estimate of Premiums on the Solvency 2 prudential balance sheet.
  - » **Cancellation of prepaid expenses (-€1.3 million),** according to the same principle as the deferred acquisition costs, since these charges have already been disbursed by the company. Given their relative weakness, the basis used to calculate the Best Estimate of Costs was not corrected for this favourable impact.
  - » **Cancellation of accrued interest not due (-€0.6 million) and discounts (-€0.5 million)** whose amounts are already integrated into the market value of the company's investments. Thus, in order to avoid any double counting of balance sheet items, this amount is completely cancelled on the company's Solvency 2 prudential balance sheet.

- **The value of "current accounts and cash"** remains the same as the value of the accounting balance sheet.
- **Valuation of deferred taxes:** Deferred taxes appearing on the Solvency 2 prudential balance sheet correspond to the tax expense (liabilities) or tax credit (asset) applicable to the change in net assets following the restatements between the company balance sheet and the prudential balance sheet. As of 31 December 2022, the value of deferred taxes assets amounts to €5.8 million.

| **Differences from the financial statements** (in millions of euros) | FGAAP Balance Sheet | Solvency 2 prudential balance sheet | Differences |
|---|---|---|---|
| Intangible assets | 16.2 | - | -16.2 |
| Tangible assets | 2.9 | 2.9 | - |
| Investments | 141.2 | 138.4 | -2.8 |
| Share of reinsurers in technical provisions, including: | 710.3 | 591.5 | -118.8 |
| *Provisions for unearned premiums / Best Estimate of Provisions for Premiums* | 98.0 | 70.8 | -27.2 |
| *Provisions for claims / Best Estimate of Provisions for Claims* | 612.3 | 520.7 | -91.6 |
| Receivables | 555.2 | 517.1 | -38.1 |
| Current accounts and cash | 24.6 | 24.6 | - |
| Other assets | 48.0 | - | -48.0 |
| Deferred taxes | - | 5.8 | 5.8 |
| **Total assets** | **1,498** | **1,280** | **-218** |

**In summary, the differences between the assets on the FGAAP balance sheet and the Solvency 2 prudential balance sheet are broken down as follows:**

- Intangible assets (-€16.2 million): Cancellation of the Solvency 2 prudential balance sheet Solvency
- Investments (-€2.8 million): Shift to market value
- Share of reinsurers in technical provisions (-€118.8 million): See Section D.2.
- Receivables (-€38.1 million): this restatement relates to a portion of the reinsurance receivables, the nature of which corresponds to unearned premiums transferred on earned premium treaties entering into cash exchanges with reinsurers, and which are therefore cancelled on the Solvency 2 prudential balance sheet.
- Current accounts and cash: No restatement
- Other assets (-€48.0 million): Transfers of interest accrued not due and discounts (-€1.1 million) at the market value of investments, cancellation of DACs (-€45.6 million) and prepaid expenses (-€1.3 million)
- Deferred taxes (€5.8 million): Related to restatements between the company balance sheet and the Solvency 2 prudential balance sheet

**The total value of the assets on the Solvency 2 prudential balance sheet is €1,280 million, compared to €1,498 million in the financial statements.**

## D.2. Technical provisions

### Value, methods, and assumptions by type of provision

- **The segmentation** used for the valuation of technical provisions is based on homogeneous risk categories. For presentation purposes, these are then aggregated by Line of Business, as described by the regulations.

  - » The company's commitments on 2- and 4-wheel products are allocated to the "Automobile Civil Liability" and "Other Motor Vehicle Insurance" Lines of Business
  - » Commitments relating to Property Damage products (Comprehensive Home, Comprehensive Building, Glass Breakage and Breakage/Theft of property) are presented in the "Fire and Other Property Damage" and "General Civil Liability" Lines of Business
  - » Commitments related to Mechanical Failure, Unpaid Rent, Over-Redemption, Property Warranty Extension, and Ticket Cancellation products are classified in the "Miscellaneous Financial Losses" Line of Business,
  - » Commitments related to Legal Protection and Assistance are reflected in the Business Lines of the same name.
  - » Commitments relating to Personal Accident products are classified in the "Income Protection" Line of Business.

- **The Best Estimate of Provisions for Claims Gross of Reinsurance** is the sum of future cash flows related to losses already incurred, updated according to the currency rate curves as provided by the European Insurance and Occupational Pension Authority (EIOPA) in its "Baseline" scenario without a volatility adjustment published on 31 December 2022. Like last year, the projection of future cash flows gross of reinsurance was carried out on an aggregated basis, distinguishing homogeneous classes of liquidation based on historical data from technical reserve calculations with:

  - » On the one hand, **claims less than €2 million**, excluding "Affinity" product lines: valuation is based on the annual settlement histories net of recoveries and past records of annual recoveries constituted by the financial year of occurrence and the financial year of settlement or collection and by the Solvency 2 line of business (Settlements + Fees – Recoveries Collected + Associated Management Costs). Settlements gross of recovery and recoveries are then extrapolated over a maximum period of 21 years based on the Chain-Ladder method and discounted.
  - » On the other hand, claims for an amount greater than €2 million, excluding "Affinity" product lines, are projected from a market settlement rhythm provided by the reinsurance broker operating for Wakam .

- **“Annuity” claims:** the valuation of the annuity claims is based on the amounts of compensation determined by loss item assessed for probability using the mortality tables in force.
- **Claims relating to the “Affinity” product line:** in the absence of sufficient history on the “Breakage/Warranty Extension” products launched from the 2013 financial year, the warranty period of which can be up to six years, the valuation is carried out by applying the technical provisions recorded in the company balance sheet by financial year of underwriting, the settlement rate provided for in the pricing beyond the warranty period already passed.

• **Recurring expenses related to the management of commitments during the claims settlement period** are charged to future cash flows as long as they have not already been disbursed on the valuation date. They include expenses directly attributable to the management of commitments and indirect expenses allocated to the management of commitments in the company’s cost accounting:

- **Costs of managing compensation for material claims** are not projected because they are fully borne by the company’s delegated third parties and already paid out by the company in the form of management commissions in accordance with the delegation agreements.
- **Acquisition fees** are also excluded from the projection insofar as they have already been paid to the finders in the form of distribution commissions in accordance with the distribution agreements.
- **Other overheads relating to contract administration and investment management** are projected in proportion to the settlement flows on future claims according to the company’s cost accounting rules and the business continuity scenario provided for in Article 31 of the Delegated Regulation.
- **Before discounting, the amount of expenses included in the Best Estimate of Provisions for Claims and annuities resulting from non-life commitments gross of Reinsurance amounts to €3.7 million.**

• **The Best Estimate of Provisions for Claims Transferred in Reinsurance,** represented in assets, is the sum of future cash flows related to losses already incurred, projected according to the same segmentation and methodology as the Best Estimate of Provisions for Claims Gross of Reinsurance, but ceded according to the terms provided for in the Reinsurance Treaties in force at Wakam:

- **Proportional Treaties** are modelled by applying the transfer rates to the gross future cash flows separately by Treaty, Reinsurer, and Financial Year of Occurrence.
- **Non-Proportional Treaties** are taken into account individually for each claim or event involving these coverages, by applying the indexing and reconstitution clauses.

- » **A reinsurer default probability,** identical to that used for the valuation of the Type 1 counterparty SCR, and based on the individual rating of each of the reinsurers, is applied to the future transferred cash flows thus obtained.

- **The Best Estimate of Provisions for Premiums Gross of Reinsurance** is the updated sum of future cash flows (premiums, settlements of losses not yet occurred net of recovery collected and associated expenses) that will be generated by policies in the portfolio on the valuation date for the non-acquired portion of the risk or that are to be renewed or underwritten over the next financial year in cases where the company could not unilaterally release itself from its commitment to the final policyholder or increase the policy price. **The company thus retains the following policies within its "boundary":**

  - » All individual policies when Wakam cannot terminate within two months of the closing date. Depending on the validity period of the renewal quote, lower horizons have been used for the partnerships concerned. In some rare cases where distribution agreements are multi-year, with no possible unilateral modification of pricing, policies underwritten are retained until the end of these agreements.
  - » Future cash flows from this scope are valued on the basis of the premiums, commission rates, and claim ratios projected in the 2023 budget year, the latter themselves being from historical observations, portfolio "aging" assumptions, average cost inflation, frequency changes, and anticipated measures on pricing and the underwriting framework.

- **Recurring expenses related to the management of commitments and renewal** are charged to future cash flows as long as they have not already been disbursed on the valuation date. They include expenses directly attributable to the management of commitments and renewal and indirect expenses allocated to the management of commitments and renewal in the company's cost accounting. **Before discounting, the amount of expenses included in the Best Estimate of the Provisions for Premiums Gross of Reinsurance amounts to €14.5 million, including €7.1 million related to Future Premiums.**

- **The Best Estimate of Provisions for Premiums Transferred in Reinsurance,** represented in assets, is the sum of future cash flows, projected according to the same segmentation and methodology as the Best Estimate of Provisions for Claims Gross of Reinsurance, but transferred according to the terms provided for in Wakam's Reinsurance Treaties over the financial year 2023.

- **Valuation of the Provision for Unexpired Risks:** The Provision for Unexpired Risks corresponds on the company's balance sheet to the losses at completion estimated by the company over the coming financial years in view of the average economic performance of a homogeneous group of risks over the last two financial years. As these losses at completion are projected in the Best Estimate of the Provisions for Premiums, the Provision for Unexpired Risks is positioned at 0 in the Solvency 2 prudential balance sheet.

- **The Risk Margin** is added to all the Best Estimates of Provisions for Claims and Premiums in order to constitute the technical provisions within the meaning of the Solvency 2 Directive. It is calculated to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance companies would request to resume and honour Wakam's insurance and reinsurance commitments. The risk margin is estimated as the discounted sum of future SCRs up to the end of the commitments multiplied by a cost of capital rate equal to 6% as provided for in Article 39 of the Delegated Regulation. As a simplification measure, the company estimated the risk margin in the Solvency 2 prudential balance sheet based on the level 2 simplification defined in the LTGA Technical Specifications, which assumes that the SCR for each financial year is proportional to the Best Estimate of Provisions Net of Reinsurance. **The Risk Margin is thus valued at €9.7 million i**n the Solvency 2 prudential balance sheet.

## Level of uncertainty

The valuation carried out by the company for the purpose of meeting regulatory requirements is subject to uncertainty in three areas:

- **The insurance business is inherently volatile:** despite the application of risk mitigation techniques via reinsurance, which aims to achieve the tolerance levels accepted by the company's Board of Directors, the risk cannot be completely eliminated. The valuation that relies on a deterministic projection in a central development scenario does not reflect the volatility of operations.

- **Wakam's growth is strong:** Wakam continued to grow significantly in 2022 (earned premiums increased by +31%), in keeping with its growth trend in 2021. This growth involves building new partnerships with historical data that is sometimes less deep. The valuation of the commitments is then based on the observations of comparable portfolios that cannot perfectly reflect the new risk posed by Wakam in this context, despite rigorous selection and increasing diversification of guarantees.

## Differences from the financial statements

### Summary of Differences in Technical Provisions as of 31 December 2022

| (in millions of euros) | FGAAP balance sheet | Solvency 2 prudential balance sheet | Differences |
|---|---|---|---|
| **Technical provisions, including:** | **860.2** | **700.2** | **-160.0** |
| *Provisions for unearned premiums / Best Estimate of Provisions for Premiums* | 155.6 | 89.4 | -66.2 |
| *Provisions for claims / Best Estimate of Provisions for Claims* | 668.4 | 584.4 | -84.0 |
| *Other technical provisions (provision for losses not yet manifested, provision for unexpired risks, mathematical provision of annuities)* | 36.2 | 16.8 | -19.4 |
| *Risk margin* | - | 9.7 | 9.7 |
| **Share of reinsurers in technical provisions, including:** | **710.3** | **591.5** | **-118.8** |
| *Provisions for unearned premiums / Best Estimate of Provisions for Premiums* | 98.0 | 70.8 | -27.2 |
| *Provisions for claims / Best Estimate of Provisions for Claims* | 612.3 | 520.7 | -91.6 |
| **Technical provisions net of reinsurance** | **150** | **109** | **41** |

**In summary, the differences between the net technical provisions on the FGAAP balance sheet and the Solvency 2 prudential balance sheet are broken down as follows:**

- Net provisions for premiums (-€38.9 million): Reclassification into receivables and reinsurance liabilities of the transferred unearned premiums (see section D.1.) (-€38.1 million), integration of the discounted income on the unearned premiums in the 2022 financial year net of the expenses related to the management of commitments and renewal (+€1.6 million), integration of the discounted profits on policies not yet initiated in 2022 but belonging within the "boundary" of policies (-€2.4 million).
- Provisions for claims and other net technical provisions (-€11.8 million): Cancellation of the Provision for Unexpired Risks (-€1.7 million) and integration of the provision for claims, including expenses and discounting (-€10.1 million).
- Risk margin (+€9.7 million): Integration of the prudential margin valued according to the standard formula.

**The total value of the net technical provisions on the Solvency 2 prudential balance sheet is €109 million, compared to €150 million in the financial statements.**

## Technical Provisions by Line of Business

After valuation of the technical provisions, the breakdown by main Lines of Business shows a preponderance of Automobile Civil Liability Insurance due to both a greater relative weight of serious claims and a higher duration of commitments than the other branches. However, this segment is more reinsured to cover itself against the volatility of serious claims.

**Breakdown of Technical Provisions by Line of Business as of 31 December 2022 (in millions of euros)**

| (Montants en m€) | Best Estimate of Provisions | | | Risk margin | Technical provisions |
|---|---|---|---|---|---|
| | Gross | Transferred | Net | | Net S2 |
| Medical expense insurance | -1.7 | 1.0 | -0.6 | 0.0 | -0.6 |
| Income protection insurance | 9.0 | -6.9 | 2.1 | 0.2 | 2.3 |
| Automobile civil liability insurance | 389.9 | -346.4 | 43.5 | 4.6 | 48.1 |
| Other motor vehicle insurance | 115.4 | -99.2 | 16.1 | 1.0 | 17.1 |
| Fire and other property damage insurance | 102.5 | -75.8 | 26.7 | 2.7 | 29.4 |
| General civil liability insurance | 29.8 | -27.9 | 1.8 | 0.1 | 1.9 |
| Legal protection insurance | 0.4 | -0.2 | 0.2 | 0.0 | 0.2 |
| Assistance insurance | 0.3 | -0.3 | 0.0 | 0.0 | 0.0 |
| Miscellaneous financial loss insurance | 41.0 | -33.7 | 7.2 | 0.9 | 8.1 |
| Annuities arising from non-life insurance policies | 4.0 | -2.0 | 2.0 | 0.1 | 2.1 |
| **TOTAL** | **691** | **-591** | **99** | **10** | **109** |

## Matching adjustment

Article 77 (3) of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance, known as "Solvency 2", authorises non-life insurance companies, under certain conditions and subject to the approval of the supervisory authority, to apply a matching adjustment to the relevant risk-free interest rate curve used for the valuation of their portfolio of annuity commitments that may arise from the policies they market.

Wakam does not use this option.

## Correction for volatility

Article 77 (5) of the Solvency 2 Directive authorises insurance companies to apply a Volatility Correction to the relevant risk-free interest rate curve used for the valuation of their portfolio of commitments.

Wakam does not use this option.

## Transitional risk-free interest rate curve

Article 308 (4) of the Solvency 2 Directive authorises insurance companies to apply, subject to the prior approval of the supervisory authority, a transitional measure to the relevant risk-free interest rate curve used for the valuation of their portfolio of commitments.

Wakam does not use this option.

### Transitional deduction

Article 308 (5) of the Solvency 2 Directive authorises insurance companies to apply, subject to the prior approval of the supervisory authority, a transitional deduction to the technical provisions of the same group of homogeneous risks.

Wakam does not use this option.

### Amounts recoverable under reinsurance

The amounts recoverable under the reinsurance in the Solvency 2 prudential balance sheet are €591.5 million.

### Changes in assumptions compared to the previous period

Compared to the previous financial year, the company did not make methodological adjustments or changes to structural assumptions apart from those required by the standard (interest rate curve, review clause) or specific to the evolution of its activity.

## D.3. Other liabilities

### Value, methods, and assumptions by type for other liabilities

- **Valuation of debts arising from insurance and reinsurance operations:** debts arising from insurance operations correspond to the balances of claim settlements and commission payments due to brokers in the short term, as well as the cash balances of treaties underwritten by Wakam. The economic value presented in the prudential balance sheet amounts to €415.4 million. Reinsurance debts have been reduced in relation to the amount recorded in the company balance sheet by €8.9 million, **resulting from a reclassification entry of deferred reinsurance commissions on treaties to earned premiums because these are included in cash exchanges with reinsurers.**

- **Valuation of deferred reinsurance commissions:** deferred reinsurance commissions (DRCs) are the amount already received by Wakam with respect to reinsurance commissions on unearned premiums as of 31 December 2022. In accounting, increasing this item makes it possible to link the company's reinsurance commissions to the correct accounting year. Conversely, Solvency 2 is based on a logic of future cash flows. Since the DRCs have already been collected by the company and are not subject to future cash flow, they are therefore completely cancelled on the Solvency 2 prudential balance sheet. It should be noted that this transaction does not generate a loss of wealth for Wakam, since these reinsurance commissions on existing policies will not give rise to any future cash flow and are not projected in the Best Estimate of Net Provisions on the Solvency 2 prudential balance sheet. The restatement of DRCs amounts to €32.2 million on the prudential balance sheet of 31 December 2022.

- **Valuation of transferees' deposits:** these cash deposits are made according to the contractual terms of certain Reinsurance Treaties and make it possible to guarantee Wakam the repayment of claims by the Reinsurer in the amount of its share. The economic value on the Solvency 2 prudential balance sheet remains zero, identical to the value recorded in the company financial statements.
- **Valuation of the provision for risks and liabilities:** The provision for risks and liabilities consists of provisions for litigation, provisions for fines and penalties, and provisions for retirement bonuses. These provisions are not subject to restatement on the Solvency 2 prudential balance sheet.
- **Valuation of subordinated liabilities:** in accordance with Article 14 of Delegated Regulation 2015/35 of 10 October 2014 and the Guidelines published by EIOPA on the valuation of financial liabilities, the company takes into account changes in market conditions affecting the value of its subordinated debt, with the exception of changes in market conditions affecting its own credit risk. Subordinated debt is thus valued on the economic balance sheet as the sum of the coupons and redemption at maturity discounted on the risk-free interest rate curve as of 31 December 2022, to which the credit risk premium specific to Wakam is added.
- **Valuation of other debts:** Other debts correspond to the amounts due to public bodies (taxes, social contributions, etc.) and suppliers. Their economic value remains identical to the book value on the prudential balance sheet. They are made up of:
  - securities sold under a repurchase agreement for €19 million. These securities will mature no later than May 2023,
  - bank debts for €1 million,
  - debts for paid leave for €1 million,
  - the provision for participation and profit-sharing for €1 million,
  - the provision for variable compensation for €4 million,
  - contributions due to social organisations for €5 million,
  - taxes for €46 million.
- **Valuation of accrual/deferral liability accounts:** The economic value of other liabilities is restated with the adjustments for premiums on the Solvency 2 prudential balance sheet because these items are integrated into the market value of the investments appearing under Assets. The restatement of the premiums is €0.3 million as of 31 December 2022.

## Differences from the financial statements

| (in millions of euros) | FGAAP balance sheet | Solvency 2 prudential balance sheet | Differences |
|---|---|---|---|
| Technical provisions, including: | 860.2 | 700.2 | -160.0 |
| *Provisions for unearned premiums / Best Estimate of Provisions for Premiums* | *155.6* | *89.4* | *-66.2* |
| *Provisions for claims / Best Estimate of Provisions for Claims* | *704.5* | *601.1* | *-103.4* |
| Risk margin | - | *9.6* | *9.6* |
| Provision for risks and liabilities | 2.6 | 2.6 | - |
| Transferee deposits | - | - | - |
| Debts | 502.2 | 492.5 | -9.7 |
| Deferred reinsurance fees | 32.2 | - | -32.2 |
| Other liabilities | 20.9 | 21.4 | 0.4 |
| Deferred taxes | - | - | - |
| **Total liabilities** | **1,418** | **1,217** | **-201** |
| Subordinated debt, included in S2 equity | | 19.8 | 19.8 |
| **Equity** | **80** | **83** | **3** |

**In summary, the differences between the liability items on the company balance sheet and the Solvency 2 prudential balance sheet are broken down as follows:**

- Gross technical and other non-technical provisions (-€160.0 million): See Section D.2.
- Provisions for risks and liabilities: No restatement
- Transferee deposits: No restatement
- Other debts (-€9.7 million): Restatement of accrued interest not due on the subordinated debt (-€0.8 million), also taking into account the restatement relating to the reinsurance commissions of the reinsurance treaties in earned premiums (-€8.9 million)
- Deferred reinsurance commissions (-€32.2 million): Restatement of deferred reinsurance commissions
- Other liabilities (€0.5 million): Fair value of subordinated debt (+€0.8 million) and adjustments for premiums (-€0.3 million)

**The total value of the liabilities on the Solvency 2 prudential balance sheet is €1,217 million, compared to €1,418 million in the financial statements.**

## D.4. Alternative valorisation methods

Valuation for solvency purposes is carried out on the sole basis of the “Standard Formula” provided by Directive 2009/138/EC and Delegated Regulation (EU) 2015/35 of 10 October 2014. No alternative valuation method is used.

## D.5. Other information

All values, methods, and assumptions for the valuation of all assets and liabilities of the company are presented in their entirety in paragraphs D.1. to D.4

# E. Capital management

## E.1. Equity

### Capital management objectives and policies

The capital management system takes into account regulatory constraints as well as the internal assessment Wakam makes of the amount of equity necessary to cover its risks. The company thus identifies the various equity items that it may hold to classify them according to the levels and characteristics presented in Chapter IV, Section 2 of the Delegated Acts.

| | Basic equity | Ancillary equity |
|---|---|---|
| Level 1 | Article 71 | |
| Level 2 | Article 73 | Article 75 |
| Level 3 | Article 77 | Article 78 |

- **The company must first establish a classification by type of equity:**
  - » **Basic Equity** consists of the following: the surplus of assets over liabilities, measured in accordance with Title I, Chapter II of the Delegated Acts, and the subordinate liabilities that Wakam may come to hold.
  - » **Ancillary Equity** consists of items, other than basic equity, that may be used to absorb losses. They may include the following: The fraction of the initial funds that was not called, letters of credit, and guarantees or any other legally binding undertaking received by Wakam. When an element of ancillary equity has been paid or called up, it is treated as an asset and ceases to be part of ancillary equity.
- **Wakam must then classify equity into three levels to assess the quality of the equity it holds:** The classification of these items depends on their type (Basic Equity or Ancillary Equity) of their duration, which may or may not be determined, and which is compared to the duration of commitments, if any, and their permanent or subordinated availability.

| | Type of equity | |
|---|---|---|
| Quality | Basic equity | Ancillary equity |
| High | Level 1 | |
| Medium | Level 2 | Level 2 |
| Low | Level 3 | Level 3 |

- **Level 1 basic equity items,** including the paid-up ordinary share capital and the related share premium account, have a number of characteristics listed in Article 71 of the Delegated Regulations, and the most significant for Wakam are the following:
    - **These elements of equity cannot be distributed** when the solvency capital is not met or a distribution in connection with this element would lead to non-compliance, unless the supervisory authorities have exceptionally accepted that the distribution not be cancelled, the distribution does not further weaken Wakam's solvency position, and the Minimum Capital Requirement (MCR) is met after distribution.
    - Wakam is under no obligation to make distributions.
- In the event that Wakam carries out a capital increase, ordinary share capital not paid up and not called, and callable on demand, is recognised as Level 2 ancillary capital. When this capital is paid up, it is reclassified to Level 1 basic equity.
- In accordance with Article 76 of the Delegated Regulations, the value of the net deferred tax assets and preferred shares is recognised as Level 3 basic equity.
- In the event that Wakam holds elements of equity with characteristics not included in the usual characteristics of Level 1, 2, or 3 equity, these items would only be valued if they have received approval from the supervisory authorities for its valuation and classification.

## Expected changes in equity

The Board of Directors has put in place a medium-term Capital Management Plan taking into account:

- The maturity of equity items, including contractual maturity and any earlier redemption or buyback opportunity related to the company's equity items,
- The result of the projections made in the ORSA,
- How the issue, redemption, or buyback, or any other variation in the valuation of an equity item affects the application of limits by level.

This medium-term Capital Management Plan particularly led to the setting of a target solvency ratio of 150%. The *Vice President Transformation, Risk & Compliance* ensures compliance with the medium-term Capital Management Plan, under the supervision of the Executive Officer.

## Wakam equity structure

**Eligibility of coverage items defined by the Solvency 2 Directive**

| | |
|---|---|
| SCR | 15% of Level 3 items at the most |
| | Remaining admissible Level 2 portion |
| | At least 50% of Level 1 equity |
| MCR | 20% of Level 2 items at the most |
| | At least 80% of Level 1 equity |

The eligibility and classification principles for coverage items are defined in the Solvency 2 Directive. Each equity item as a different loss-absorbing capacity. The value of the SCR and MCR can be compared to the amount of eligible items; the ratio between the two corresponds to the solvency ratios allowing the company to be in line with regulatory requirements and internal capital tolerance levels.

- **As of December 31, 2022, 69% of Wakam's equity (€57.7 million) is classified as Level 1,** as a sum of the company's share capital and the net assets generated in the valuation of the Solvency 2 prudential balance sheet; **24% is classified as Level 2,** corresponding to subordinated debts issued on 9 March 2017 and 28 September 2018 (valued at €19.8 million on the economic balance sheet); and **7% is classified as Level 3,** corresponding to deferred tax assets due to valuation restatements that are negative overall.
- **Total equity thus amounts to €83.3 million** as of 31 December 2022 and is 100% eligible to cover the SCR and at 73% eligible to cover the MCR

## Differences from the financial statements

**Difference between the equity on the company balance sheet and the Solvency prudential balance sheet dated 31 December 2022**

| (in millions of euros) | Company balance sheet | Solvency 2 prudential balance sheet | Differences |
|---|---|---|---|
| Total assets | 1,498.3 | 1,280.2 | -218.1 |
| Total liabilities | 1,418.2 | 1,216.7 | -201.5 |
| **Equity** | **80** | **63** | **-17** |

The valuation of the Solvency 2 prudential balance sheet shows a €16.7 million decrease in equity before reclassification of subordinated liabilities. This corresponds to all of the following:

- the cancellation of **intangible assets** for -€16.2 million,
- the cancellation of **the DACs reduced by the DRCs** (excluding the effect of the restatements of the DRCs on the earned premiums, see section D.3.) for -€4.4 million,
- the statement at market value of **financial assets** for -€2.8 million,
- the taking into account of **other restatements** (mainly prepaid expenses) for -€2.1 million,
- the integration of the restatement into the **technical provisions net of reinsurance, including risk margin** (excluding the effect of restatements of transferred unearned premiums on treaties in earned premiums, see section D.1.) for €3.0 million,
- the taking into account of **deferred tax assets** of €5.8 million due to overall negative restatements.

## E.2. Solvency capital requirement and minimum capital requirement

### Information by risk module

SCR and MCR calculations were carried out on 31 December 2022 based on the Standard Formula and its parameters as described in the Solvency 2 Directive, the Delegated Regulation, and the review clause. In addition, the items of the review clause that entered into force on 1 January 2019 were included in the calculation, in particular, the revisions concerning shocks on premiums and reserves as well as correlations, risk factors, and weighting by region of the Catastrophe risk, or the evolution of certain shocks on the Market SCR.

- **The Market SCR** is valued on a "simplified" look-through basis for funds, which represent 14% of the total investments, not counting cash in the bank..
    - » **The Equity SCR** is calculated based on the standard formula. **As of 31 December 2022, the amount of the Equity SCR thus amounts to €4.2 million,** down by €0.3 million, mainly due to the sharp drop in the dampener that reduces the shock applied, compensated for by a shocked base, particularly on the funds, increasing over the year.

- **The Interest Rate SCR** is estimated based on standard scenarios upward or downward, applied to net cash flows (shock on bonds and UCITSs net of shocks on Solvency 2 Technical Provisions), the worst scenario being used. **As of 31 December 2022, the amount of the Interest Rate SCR amounts to €1.0 million**, up by €0.2 million. As with the previous closing, Wakam's is sensitive to an upward interest rate shock. The slight increase in SCR is due to proper alignment of the asset and liability bases sensitive to interest rate changes.
- **The Spread SCR** represents the impact of an adverse change in the issuer's solvency resulting in a widening of credit spreads (yield spread) between the risk-free rate and the expected rate of return on investments. The capital requirement is based on the market value, duration, and rating of the issuer. **As of 31 December 2022, the amount of the Spread SCR amounted to €5.8 million,** down by €0.3 million compared to the previous financial year. This decline is primarily due to the sharp rise in the proportion of short-term sovereign bonds in Wakam's investments that do not generate spread risk.
- **The Currency SCR** represents the change in the value of the technical assets and liabilities denominated in non-euro currency, generated by a change in exchange rates of 25%, more or less, with exceptions (e.g. the Danish krone, for which the change is 0.39%). The company's exposure to foreign exchange risk is growing sharply, particularly as a result of operations in the United Kingdom and Poland. **As of 31 December 2022, the amount of Wakam's Currency SCR amounted to €3.9 million**, up by €1.5 million in relation to the increase in exposure to the zloty and the pound sterling.
- **The Concentration SCR** represents the risk of volatility caused in its investment portfolios by overexposure to a single issuer. The capital requirement is based on the exposure to the issuer under consideration and its rating. **As of 31 December 2022, the amount of Wakam's Concentration SCR was €0.1 million**, down by €0.2 million compared to the previous financial year due to the strong growth of the investment base on diversified issuers.
- **The Real Estate SCR** represents the real estate risk arising from the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of the market value of real estate. It amounted to €2.2 million as of 31 December 2022, stable compared to 31 December 2021.
- **After aggregation and diversification of the various risks, the company's Market SCR amounted to €12.7 million,** up €0.3 million compared to the previous financial year.

- **The Counterparty SCR** is broken down into 2 sub-categories:
  - » **The Type 1 Counterparty SCR** is the loss that would result from the default of Wakam's listed counterparties. In the case of reinsurers, this SCR is based on their rating, their exposure, including the Best Estimate of Net Transferred Provisions, the value of the pledges granted by reinsurers, and the of non-life SCR savings following transfers to reinsurers. In the case of bank counterparties, the SCR is based on their rating and bank deposits. **As of 31 December 2022, the Type 1 Counterparty SCR amounted to €6.2 million**, an increase of €1.0 million compared to the previous financial year, in connection with an increase in transfers and compensated by a lower level of cash accounts taken into account in the exposure base.
  - » **Type 2 Counterparty SCR** is the loss that would result from a massive default of counterparties recorded in insurance receivables (policyholders and brokers), calculated according to the age of the receivables (more or less than 3 months). **As of 31 December 2022, the Type 2 Counterparty SCR was valued at €5.8 million** and shows an increase of €0.7 million compared to the previous financial year. This change is explained by Wakam's growth over the period, which automatically increases the bases of shocked receivables.
  - » **After aggregation of the two sub-modules, the Counterparty SCR amounted to €11.2 million**, an increase of €1.6 million compared to the previous financial year.
- **The Health Underwriting SCR** is up significantly **to €6.6 million as of 31 December 2022** an increase of €5.1 million compared to the previous financial year. This development is mainly explained by a significant partnership in a medical expense benefit taken out at the end of 2022 and whose first policies are underwritten in 2023.
- **The Non-Life Underwriting SCR** reflects the company's risk of under-pricing and under-provisioning after geographic diversification, with Wakam's commitments being spread across countries in continental Europe, the United Kingdom, Ireland, Northern Europe, and an area comprising Reunion Island and the Caribbean. This SCR also encompasses the risk of lapse as well as the risk of natural or man-made catastrophes:

- **For the "Premiums and Reserves" SCR,** the capital charge is determined by applying a volatility coefficient specific to each of the lines of business to the Best Estimate of Net Provisions for Claims for the risk of under-provisioning, and to the net "Premium Volume" for the risk of under-pricing. For Wakam, the "Premium Volume" defined in the Standard Formula is equal to the sum of the following three items: the maximum between the Earned Premiums during the 2022 financial year and the Premiums to be Earned in the 2023 financial year; the Premiums to be Earned in 2024 for policies renewed up to 31 December 2023; and the Premiums to be Earned in the first two months of 2025 for policies underwritten as of 1 November 2023. **As of 31 December 2022, the "Premiums and Reserves" SCR amounted to €27.4 million,** an increase of €0.6 million compared to the previous financial year. This is explained by a slight decrease in the volume of net premiums in connection with the discontinuation of a major partnership in affinity and the increase in the level of transfer of premiums, particularly in property damage cases, going from 50% to 77.1% in 2023 and offset by the growth of net provisions.
- **The Catastrophe SCR** is estimated using the Helper Tabs provided by EIOPA. It also incorporates the "Catastrophe" risk specific to the "Miscellaneous Financial Loss Insurance" Line of Business. The Catastrophe SCR is reduced by the application of the Reinsurance Treaties applicable to the "Fire and Other Property Damage Insurance" and "Other Motor Vehicle Insurance" Lines of Business. **As of 31 December 2022, the SCR Catastrophe thus amounted to €6.3 million,** up €1.2 million compared to the previous financial year, in line with Wakam's increasing exposure to risk.
- **The Non-Life Lapse SCR** reflects the lapse risk that results from the loss or adverse change in the value of insurance commitments resulting from fluctuations affecting the level or volatility of policy termination, maturity, or renewal rates. **As of 31 December 2022, it is valued at €1.0 million,** down by €1.0 million compared to the previous year due to a decrease in the best estimate of future premiums.
- **After aggregation and diversification of the various sub-modules, the amount of the company's Non-Life SCR as of 31 December 2022 amounted to €29.6 million,** an increase of €1.0 million compared to the previous year.

- After application of the risk correlation matrices provided for by the standard formula, the sum of the individual SCRs benefits from a diversification effect of 28% to reach **a BSCR of €43.3 million as of 31 December 2022**, up by €3.5 million compared to the previous financial year. This increase follows mainly the increase in Health and Counterparty Underwriting risks, explained above.

## Total solvency capital requirement and total minimum capital requirement

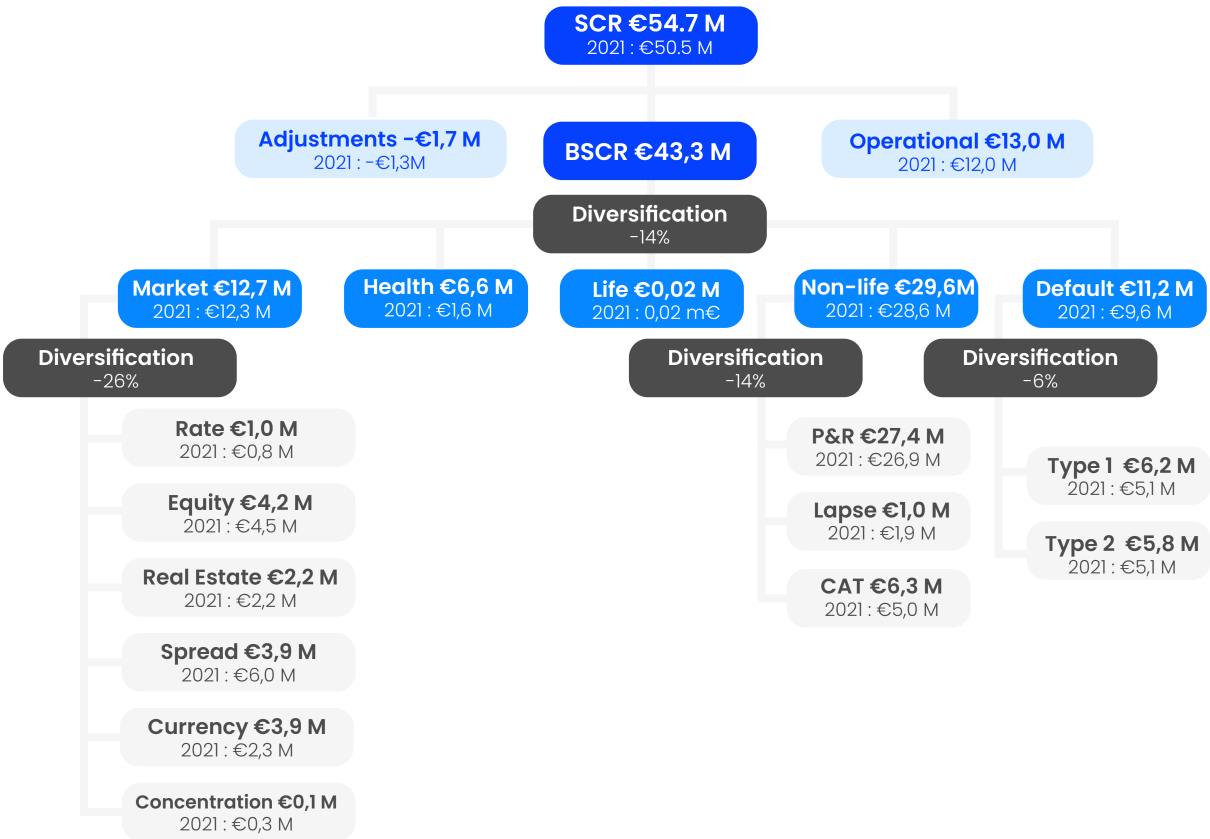
- **The Total Solvency Capital Requirement (SCR) as of 31 December 2022,** sum of the basic SCR (BSCR), the Operational SCR, and the adjustment for taxes, **amounted to €54.7 million:**

  » **The Operational SCR** is a measure of the risk of loss resulting from inadequate or weak internal procedures, staff, or systems, or external events. It also includes legal risks, but excludes reputational and strategic decision-making risks. **As of 31 December 2022, Wakam's Operational SCR amounted to €13.0 million** and marks an increase of €1.0 million compared to the previous year due to the increase in Health and Counterparty Underwriting risks.

  » **Deferred tax adjustment** is the tax credits associated with the loss of the BSCR and Operational SCR. **As of 31 December 2022, the adjustment is valued at €1.7 million,** up €0.3 million from the previous financial year.

**SCR Modules "Tree" as of 31 December 2022**

(in million of euros - restatement of amounts as of 31 December 2021 in parentheses)




- **The Total Minimum Capital Requirement (MCR) amounted to €16.9 million as of 31 December 2022,** an increase of €2.4 million compared to the previous year. It corresponds to the linear MCR (estimated by applying two differentiated coefficients for each of the lines of business, one to the net issued premiums for the 2022 financial year, the other to the best estimate of the net provisions for claims).

## E.3. Use of the duration-based "equity risk" sub-module in calculating the solvency capital requirement

Article 304 (7) of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance, known as "Solvency 2", authorises life insurance companies, under certain conditions and subject to the agreement of the supervisory authority, to replace, in the design of the standard formula, the equity sub-module with a duration-based equity sub-module.

Wakam does not use this option and performs the calculation of its solvency capital requirement following the approach defined by the standard formula.

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

Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance, known as "Solvency 2", authorises non-life insurance companies, under certain conditions and subject to the agreement of the supervisory authority, to use a partial or integral internal model.

Wakam does not use this option..

## E.5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

**SCR and MCR coverage ratios as of 31 December 2022**

| (in millions of euros) | As of 31 December 2021 | As of 31 December 2022 |
|---|---|---|
| **Equity, including:** | **77.4** | **83.3** |
| Level 1 | 52.6 | 57.7 |
| Level 2 | 20.1 | 19.8 |
| Level 3 | 4.7 | 5.8 |
| **Equity eligible for SCR coverage** | **77.4** | **83.3** |
| SCR | 50.5 | 54.7 |
| SCR coverage ratio | 153.3% | 152.3% |
| **Equity eligible for MCR coverage** | **55.5** | **61.1** |
| MCR | 14.6 | 16.9 |
| MCR coverage ratio | 381% | 361% |

- **Wakam complies with the overall solvency needs as of 31 December 2022:**
  - **As of this date, the SCR coverage ratio was 152%** and the MCR coverage ratio was 361%.
  - **The SCR coverage ratio** is down slightly compared to 2021 (-1 point). This is due to the concurrent growths of the SCRs, primarily on counterparty and health risk, as well as equity due to actions taken to support the company's business.
  - **The MCR coverage ratio** declined by 20 points, a change consistent with the increase in net premiums and provisions over the period.

## E.6. Other information

All information relating to capital management is presented in full in paragraphs E.1. to E.5.

# Appendix

Public QRT presented in this appendix disclose informations related to annual closing 2022. It concerns the following QRT :

- S.02.01 – Balance Sheet
- S.05.01 – Premiums, claims and expenses by line of business
- S.05.02 – Premiums, claims and expenses by country
- S.12.01 – Life and Health SLT Technical Provisions
- S.17.01 – Non-Life Technical Provisions
- S.19.01 – Non-Life insurance claims
- S.23.01 – Own funds
- S.25.01 – Solvency capital requirement
- S.28.01 – Minimum solvency requirement

*All monetary amounts presented in the QRT are disclosed in thousand of euros (k€).*

## S.02.01 - Balance sheet

| Assets | | Solvency II Value<br>C0010 |
|---|---|---|
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | 0 |
| Deferred tax assets | R0040 | 5 773 |
| Pension benefit surplus | R0050 | 0 |
| Property, plant & equipment held for own use | R0060 | 2 901 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 138 361 |
| Property (other than for own use) | R0080 | 0 |
| Holdings in related undertaking, including participation | R0090 | 0 |
| Equities | R0100 | 501 |
| Equities - listed | R0110 | 501 |
| Equity - unisted | R0120 | 0 |
| Bonds | R0130 | 103 241 |
| Government Bonds | R0140 | 38 573 |
| Corporate Bonds | R0150 | 64 669 |
| Structured notes | R0160 | 0 |
| Collateralised securities | R0170 | 0 |
| Collective investments Undertakings | R0180 | 32 157 |
| Derivatives | R0190 | 0 |
| Deposit other than cash equivalents | R0200 | 2 461 |
| Other investments | R0210 | 0 |
| Assets held for index-linked and unit-linked contracts | R0220 | 0 |
| Loans and mortgages | R0230 | 0 |
| Loans on policies | R0240 | 0 |
| Loans and mortgages to individuals | R0250 | 0 |
| Other loans and mortgages | R0260 | 0 |
| Reinsurance recoverables from: | R0270 | 591 463 |
| Non-life and health similar to non-life | R0280 | 589 464 |
| Non-life excluding health | R0290 | 583 552 |
| Health similar to non-life | R0300 | 5 912 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 1 999 |
| Health similar to life | R0320 | 0 |
| Life excluding health and index-linked and unit-linked | R0330 | 1 999 |
| Life index-linked and unit-linked | R0340 | 0 |
| Deposits to cedants | R0350 | 0 |
| Insurance and intermediaries receivables | R0360 | 331 558 |
| Reinsurance receivables | R0370 | 94 684 |
| Receivables (tarde, not insurance) | R0380 | 90 856 |
| Own shares (held directly) | R0390 | 0 |
| Amounts due in respects of own fund items or initial fund called up but not yet paid in | R0400 | 0 |
| Cash and cash equivalents | R0410 | 24 574 |
| Any other assets, not elsewhere shown | R0420 | 0 |
| **Total assets** | **50500** | **1 280 171** |

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions - non-life | R0510 | 696 114 |
| Technical provisions - non-life (excluding health) | R0520 | 688 548 |
| Technical provisions calculated as a whole | R0530 | 0 |
| Best Estimate | R0540 | 679 191 |
| Risk margin | R0550 | 9 358 |
| Technical provisions - health (similar to non-life) | R0560 | 7 566 |
| Technical provisions calculated as a whole | R0570 | 0 |
| Best Estimate | R0580 | 7 331 |
| Risk margin | R0590 | 235 |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 4 111 |
| Technical provisions - health (similar to life) | R0610 | 0 |
| Technical provisions calculated as a whole | R0620 | 0 |
| Best Estimate | R0630 | 0 |
| Risk margin | R0640 | 0 |
| Technical provisions - life (excluding health and index-linked and unit-linked) | R0650 | 4 111 |
| Technical provisions calculated as a whole | R0660 | 0 |
| Best Estimate | R0670 | 4 049 |
| Risk margin | R0680 | 62 |
| Technical provisions - index-linked and unit-linked | R0690 | 0 |
| Technical provisions calculated as a whole | R0700 | 0 |
| Best Estimate | R0710 | 0 |
| Risk margin | R0720 | 0 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | 0 |
| Provisions other than technical provisions | R0750 | 2 621 |
| Pension benefit obligations | R0760 | 0 |
| Deposits from reinsurers | R0770 | 0 |
| Deferred tax liabilities | R0780 | 0 |
| Derivatives | R0790 | 0 |
| Debts owed to credit institutions | R0800 | 1 183 |
| Financial liabilities other than debts owed to credit institutions | R0810 | 0 |
| Insurance & intermediaries payables | R0820 | 173 725 |
| Reinsurance payables | R0830 | 241 711 |
| Payables (trade, not insurance) | R0840 | 75 919 |
| Subordinated liabilities | R0850 | 19 816 |
| Subordinated liabilities not in Basic Own Funds | R0860 | 0 |
| Subordinated liabilities in Basic Own Funds | R0870 | 19 816 |
| Any other liabilities, not elsewhere shown | R0880 | 1 537 |
| **Total liabilities** | **R0900** | **1 216 737** |
| **Excess of assets over liabilities** | **R1000** | **63 434** |

## S.05.01 – Premiums, claims and expenses by line of business

### Non-Life obligations

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | |
|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 |
| **Premiums written** | | | | | | | |
| Gross - Direct Business | R0110 | 4 | 11 934 | 0 | 168 551 | 203 775 | 0 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | |
| Reinsurers' share | R0140 | 2 | 10 632 | 0 | 99 255 | 121 008 | 0 |
| Net | R0200 | 2 | 1 303 | 0 | 69 296 | 82 767 | 0 |
| **Premiums earned** | | | | | | | |
| Gross - Direct Business | R0210 | 0 | 11 957 | 0 | 162 882 | 165 056 | 0 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | |
| Reinsurers' share | R0240 | -1 | 10 635 | 0 | 89 989 | 84 068 | 0 |
| Net | R0300 | 1 | 1 321 | 0 | 72 893 | 80 988 | 0 |
| **Claims incurred** | | | | | | | |
| Gross - Direct Business | R0310 | 0 | 7 664 | 0 | 104 406 | 105 799 | 0 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | |
| Reinsurers' share | R0340 | 0 | 5 297 | 0 | 72 164 | 73 127 | 0 |
| Net | R0400 | 0 | 2 367 | 0 | 32 242 | 32 672 | 0 |
| **Changes in other technical provisions** | | | | | | | |
| Gross - Direct Business | R0410 | 0 | 232 | 0 | 11 404 | 3 204 | 0 |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | |
| Reinsurers' share | R0440 | 0 | 0 | 0 | 7 558 | 0 | 0 |
| Net | R0500 | 0 | 232 | 0 | 3 846 | 3 204 | 0 |
| **Expenses incurred** | R0550 | 1 | 835 | 0 | 32 071 | 35 185 | 0 |
| **Other expenses** | R1200 | | | | | | |
| **Total expenses** | R1300 | | | | | | |

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Misc financial loss | |
| | | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0200 |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | 196 136 | 27 910 | 0 | 1 425 | -36 | 44 200 | 653 899 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | 0 |
| Reinsurers' share | R0140 | 102 020 | 17 456 | 0 | 0 | -339 | 41 990 | 392 025 |
| Net | R0200 | 94 116 | 10 454 | 0 | 1 425 | 303 | 2 209 | 261 875 |
| **Premiums earned** | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross - Direct Business | R0210 | 180 741 | 23 498 | 0 | 1 480 | 342 | 46 203 | 592 160 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | |
| Reinsurers' share | R0240 | 91 304 | 13 003 | 0 | 0 | 155 | 44 769 | 333 924 |
| Net | R0300 | 89 436 | 10 495 | 0 | 1 481 | 187 | 1 434 | 258 236 |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | 115 853 | 15 062 | 0 | 949 | 219 | 29 616 | 379 568 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | |
| Reinsurers' share | R0340 | 80 076 | 10 411 | 0 | 656 | 152 | 20 470 | 262 353 |
| Net | R0400 | 35 777 | 4 651 | 0 | 293 | 68 | 9 146 | 117 215 |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | 6 302 | 9 082 | 0 | 29 | 7 | 897 | 31 157 |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | | |
| Reinsurers' share | R0440 | 2 368 | 8 626 | 0 | 0 | 0 | 0 | 18 552 |
| Net | R0500 | 3 934 | 456 | 0 | 29 | 7 | 897 | 12 605 |
| **Expenses incurred** | R0550 | 38 812 | 4 619 | 0 | 600 | 80 | 1 841 | 114 042 |
| **Other expenses** | R1200 | | | | | | | 5 064 |
| **Total expenses** | R1300 | | | | | | | 119 106 |

## Life obligations

| | | Line of Business for: life insurance obligations — Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Total |
|---|---|---|---|
| | | C0260 | C0300 |
| **Premiums written** | | | |
| Gross | R1410 | | |
| Reinsurers' share | R1420 | | |
| Net | R1500 | | |
| **Premiums earned** | | | |
| Gross | R1510 | | |
| Reinsurers' share | R1520 | | |
| Net | R1600 | | |
| **Claims incurred** | | | |
| Gross | R1610 | | |
| Reinsurers' share | R1620 | | |
| Net | R1700 | | |
| **Changes in other technical provisions** | | | |
| Gross | R1710 | -4 507 | **-4 507** |
| Reinsurers' share | R1720 | -1 445 | **-1 445** |
| Net | R1800 | -3 062 | **-3 062** |
| **Expenses incurred** | R1900 | | |
| **Other expenses** | R2500 | | |
| **Total expenses** | R2600 | | |

# S.05.02 – Premiums, claims and expenses by country

## Non-Life obligations

| | | Home country | top 5 countries (by amount of GWP) - non-life obligations | | | | | Total Top 5 and home country |
|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| Country | R0010 | | United Kingdom | Italy | Ireland | Poland | Greece | |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | 238 744 | 210 963 | 114 179 | 29 785 | 27 196 | 22 490 | **643 357** |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | |
| Reinsurers' share | R0140 | 128 078 | 137 129 | 70 908 | 22 074 | 13 383 | 14 679 | **386 251** |
| Net | R0200 | 110 666 | 73 835 | 43 271 | 7 710 | 13 813 | 7 811 | **257 106** |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | R0210 | 219 948 | 179 315 | 98 273 | 26 654 | 27 457 | 20 840 | **572 486** |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | |
| Reinsurers' share | R0240 | 109 093 | 116 802 | 60 398 | 18 802 | 11 399 | 12 503 | **328 997** |
| Net | R0300 | 110 856 | 62 513 | 37 875 | 7 852 | 16 058 | 8 337 | **243 489** |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | 139 236 | 148 712 | 41 684 | 17 115 | 7 595 | 20 765 | **375 107** |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | |
| Reinsurers' share | R0340 | 95 534 | 102 036 | 28 601 | 11 743 | 5 211 | 14 248 | **257 373** |
| Net | R0400 | 43 702 | 46 676 | 13 083 | 5 372 | 2 384 | 6 518 | **117 734** |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | 17 765 | 6 603 | 3 618 | 981 | 1 011 | 767 | **30 746** |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | | |
| Reinsurers' share | R0440 | 11 043 | 3 702 | 2 029 | 550 | 567 | 430 | **18 322** |
| Net | R0500 | 6 722 | 2 900 | 1 590 | 431 | 444 | 337 | **12 424** |
| **Expenses incurred** | R0550 | 42 278 | 34 467 | 18 890 | 5 123 | 5 278 | 4 006 | **110 041** |
| **Other expenses** | R1200 | | | | | | | **5 064** |
| **Total expenses** | R1300 | | | | | | | **115 105** |

## Life obligations

| | | Home country | Total Top 5 and home country |
|---|---|---|---|
| | | C0150 | C0210 |
| **Premiums written** | | | |
| Gross | R1410 | | |
| Reinsurers' share | R1420 | | |
| Net | R1500 | | |
| **Premiums earned** | | | |
| Gross | R1510 | | |
| Reinsurers' share | R1520 | | |
| Net | R1600 | | |
| **Claims incurred** | | | |
| Gross | R1610 | | |
| Reinsurers' share | R1620 | | |
| Net | R1700 | | |
| **Changes in other technical provisions** | | | |
| Gross | R1710 | -4 507 | **-4 507** |
| Reinsurers' share | R1720 | -1 445 | **-1 445** |
| Net | R1800 | -3 062 | **-3 062** |
| **Expenses incurred** | R1900 | | |
| **Other expenses** | R2500 | | |
| **Total expenses** | R2600 | | |

## S.12.01 – Life and Health SLT Technical Provisions

| | | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Total (Life other than health insurance, incl. Unit-Linked) |
|---|---|---|---|
| | | C0090 | |
| **Technical provisions calculated as a whole** | R0010 | | |
| **Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole** | R0020 | | |
| **Technical provisions calculated as a sum of BE and RM** | | | |
| **Best Estimate** | | | |
| **Gross Best Estimate** | R0030 | 4 049 | **4 049** |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0080 | 1 999 | **1 999** |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | R0090 | 2 050 | **2 050** |
| **Risk Margin** | R0100 | 62 | **62** |
| **Amount of the transitional on Technical Provisions** | | | |
| Technical Provisions calculated as a whole | R0110 | | |
| Best estimate | R0120 | | |
| Risk margin | R0130 | | |
| **Technical provisions - total** | R0200 | 4 111 | **4 111** |

# S.17.01 – Non-Life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | |
|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| **Technical provisions calculated as a whole** | R0010 | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0050 | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | |
| **Best estimate** | | | | | | | |
| *Premium provisions* | | | | | | | |
| Gross | R0060 | -1 662 | 586 | 0 | 26 387 | 40 666 | 0 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | -1 026 | 455 | 0 | 20 280 | 32 436 | 0 |
| Net Best Estimate of Premium Provisions | R0150 | -636 | 131 | 0 | 6 107 | 8 230 | 0 |
| *Claims provisions* | | | | | | | |
| Gross | R0160 | 0 | 8 407 | 0 | 363 517 | 74 697 | 0 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | 0 | 6 484 | 0 | 326 142 | 66 791 | 0 |
| Net Best Estimate of Claims Provisions | R0250 | 0 | 1 923 | 0 | 37 375 | 7 906 | 0 |
| **Total Best estimate - gross** | R0260 | **-1 662** | **8 992** | **0** | **389 904** | **115 363** | **0** |
| **Total Best estimate - net** | R0270 | **-636** | **2 054** | **0** | **43 482** | **16 136** | **0** |
| **Risk margin** | R0280 | **0** | **235** | **0** | **4 574** | **968** | **0** |
| **Amount of the transitional on Technical Provisions** | | | | | | | |
| Technical Provisions calculated as a whole | R0290 | | | | | | |
| Best estimate | R0300 | | | | | | |
| Risk margin | R0310 | | | | | | |
| **Technical provisions - totall** | | | | | | | |
| Technical provisions - total | R0320 | -1 662 | 9 228 | 0 | 394 478 | 116 331 | 0 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | -1 026 | 6 938 | 0 | 346 421 | 99 228 | 0 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | -636 | 2 290 | 0 | 48 057 | 17 103 | 0 |

| | | Direct business and accepted proportional reinsurance | | | | | | Total Non-Life obligation |
|---|---|---|---|---|---|---|---|---|
| | | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Misc financial loss | |
| | | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | **C0180** |
| **Technical provisions calculated as a whole** | R0010 | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0050 | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | |
| **Best estimate** | | | | | | | | |
| *Premium provisions* | | | | | | | | |
| Gross | R0060 | 18 327 | 6 172 | 0 | 18 | 157 | -1 208 | **89 442** |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | 13 763 | 5 519 | 0 | 46 | 122 | -829 | **70 765** |
| Net Best Estimate of Premium Provisions | R0150 | 4 564 | 653 | 0 | -29 | 35 | -379 | **18 677** |
| *Claims provisions* | | | | | | | | |
| Gross | R0160 | 84 151 | 23 582 | 0 | 384 | 180 | 42 162 | **597 080** |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | 62 018 | 22 417 | 0 | 122 | 169 | 34 556 | **518 699** |
| Net Best Estimate of Claims Provisions | R0250 | 22 133 | 1 164 | 0 | 262 | 11 | 7 606 | **78 380** |
| **Total Best estimate - gross** | R0260 | **102 478** | **29 754** | **0** | **401** | **337** | **40 954** | **686 521** |
| **Total Best estimate - net** | R0270 | **26 697** | **1 818** | **0** | **234** | **46** | **7 228** | **97 057** |
| **Risk margin** | R0280 | **2 709** | **143** | **0** | **32** | **1** | **931** | **9 593** |
| **Amount of the transitional on Technical Provisions** | | | | | | | | |
| Technical Provisions calculated as a whole | R0290 | | | | | | | |
| Best estimate | R0300 | | | | | | | |
| Risk margin | R0310 | | | | | | | |
| **Technical provisions - totall** | | | | | | | | |
| Technical provisions - total | R0320 | 105 186 | 29 896 | 0 | 434 | 338 | 41 885 | **696 114** |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | 75 781 | 27 936 | 0 | 168 | 291 | 33 726 | **589 464** |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | 29 405 | 1 960 | 0 | 266 | 47 | 8 159 | **106 650** |

# S.19.01 – Non-life insurance claims

| | | Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business | | | | | | | | | | | Gross Claims Paid (non-cumulative) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | In Current year | Sum of years (cumulative) |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0170 | C0180 |
| **Prior** | R0100 | | | | | | | | | | | 4 660 | 4 660 | 4 660 |
| **N-9** | R0160 | 13 717 | 7 704 | 3 028 | 1 490 | 1 283 | 2 931 | -1 031 | 1 418 | 530 | 500 | | 500 | 31 571 |
| **N-8** | R0170 | 15 472 | 9 573 | 5 051 | 1 582 | 5 611 | 416 | 740 | 693 | 660 | | | 660 | 39 796 |
| **N-7** | R0180 | 15 215 | 9 502 | 5 249 | 6 656 | 624 | 3 619 | 972 | 2 253 | | | | 2 253 | 44 090 |
| **N-6** | R0190 | 16 549 | 18 399 | 16 071 | 69 | 13 940 | -486 | 3 329 | | | | | 3 329 | 67 872 |
| **N-5** | R0200 | 28 781 | 28 328 | 7 983 | 15 309 | 6 036 | 9 061 | | | | | | 9 061 | 95 497 |
| **N-4** | R0210 | 37 655 | 43 887 | 22 155 | 12 313 | 8 479 | | | | | | | 8 479 | 124 489 |
| **N-3** | R0220 | 47 539 | 58 682 | 41 416 | 15 728 | | | | | | | | 15 728 | 163 365 |
| **N-2** | R0230 | 56 123 | 39 023 | 23 067 | | | | | | | | | 23 067 | 118 213 |
| **N-1** | R0240 | 45 687 | 72 006 | | | | | | | | | | 72 006 | 117 692 |
| **N** | R0250 | 71 435 | | | | | | | | | | | 71 435 | 71 435 |
| **Total** | R0260 | | | | | | | | | | | | **211 177** | **878 680** |

| | | Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business | | | | | | | | | | | Gross discounted Best Estimate Claims Provisions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | Year end (discounted data) |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | C0360 |
| **Prior** | R0100 | | | | | | | | | | | 7 871 | 7 369 |
| **N-9** | R0160 | 0 | 0 | 6 402 | 5 220 | 2 550 | 3 276 | 1 546 | 2 416 | 1 700 | 803 | | 827 |
| **N-8** | R0170 | 0 | 14 833 | 16 989 | 6 882 | 7 199 | 5 770 | 6 281 | 5 664 | 5 375 | | | 4 505 |
| **N-7** | R0180 | 43 747 | 18 954 | 9 248 | 6 582 | 5 285 | 5 224 | 4 035 | 1 662 | | | | 1 507 |
| **N-6** | R0190 | 49 038 | 25 966 | 44 357 | 34 945 | 26 965 | 14 400 | 11 034 | | | | | 9 309 |
| **N-5** | R0200 | 43 232 | 51 460 | 36 950 | 38 053 | 45 600 | 35 140 | | | | | | 30 447 |
| **N-4** | R0210 | 117 070 | 83 773 | 71 314 | 61 876 | 52 616 | | | | | | | 44 478 |
| **N-3** | R0220 | 150 703 | 105 309 | 66 702 | 49 000 | | | | | | | | 41 878 |
| **N-2** | R0230 | 157 173 | 99 942 | 64 082 | | | | | | | | | 55 854 |
| **N-1** | R0240 | 209 621 | 137 993 | | | | | | | | | | 120 367 |
| **N** | R0250 | 319 521 | | | | | | | | | | | 280 538 |
| **Total** | R0260 | | | | | | | | | | | | **597 080** |

## S.23.01 – Own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 4 659 | 4 659 | | | |
| Share premium account related to ordinary share capital | R0030 | 20 295 | 20 295 | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | 55 159 | 55 159 | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | -22 451 | -22 451 | | | |
| Subordinated liabilities | R0140 | 19 816 | | | 19 816 | |
| An amount equal to the value of net deferred tax assets | R0160 | 5 773 | | | | 5 773 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | R0180 | | | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | **83 250** | **57 662** | **0** | **19 816** | **5 773** |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 83 250 | 57 662 | 0 | 19 816 | 5 773 |
| Total available own funds to meet the MCR | R0510 | 77 477 | 57 662 | 0 | 19 816 | |
| Total eligible own funds to meet the SCR | R0540 | 83 250 | 57 662 | 0 | 19 816 | 5 773 |
| Total eligible own funds to meet the MCR | R0550 | 61 048 | 57 662 | 0 | 3 387 | |
| **SCR** | R0580 | **54 652** | | | | |
| **MCR** | R0600 | **16 933** | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | **152%** | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | **361%** | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 63 434 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | |
| Other basic own fund items | R0730 | 85 886 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | |
| **Reconciliation reserve** | R0760 | **-22 451** |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | |
| Expected profits included in future premiums (EPIFP) - Non-life business | R0780 | 2 399 |
| **Total Expected profits included in future premiums (EPIFP)** | **R0790** | **2 399** |

## S.25.01 – Solvency capital requirement

| | | Gross solvency capital requirement | Simplifications |
|---|---|---|---|
| | | C0110 | C0120 |
| Market risk | R0010 | 12 667 | 12 667 |
| Counterparty default risk | R0020 | 11 194 | |
| Life underwriting risk | R0030 | 24 | 24 |
| Health underwriting risk | R0040 | 6 648 | 6 648 |
| Non-life underwriting risk | R0050 | 29 627 | 29 627 |
| Diversification | R0060 | -16 829 | |
| Intangible asset risk | R0070 | 0 | |
| **Basic Solvency Capital Requirement** | R0100 | 43 331 | |

| | | Value |
|---|---|---|
| | | C0100 |
| Operational risk | R0130 | 0 |
| Loss-absorbing capacity of technical provisions | R0140 | 12 999 |
| Loss-absorbing capacity of deferred taxes | R0150 | 0 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | 0 |
| **Solvency Capital Requirement excluding capital add-on** | R0200 | **54 652** |
| Capital add-on already set | R0210 | 0 |
| **Solvency capital requirement** | R0220 | **54 652** |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | 0 |
| Total amount of Notional Solvency Capital Requirements for remaining part | R0410 | 0 |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | 0 |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | 0 |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | 0 |

## S.28.01 – Minimum capital requirement

| | | C0010 |
|---|---|---|
| MCRNL Result | R0010 | 16 922 |

| | | Background information | |
|---|---|---|---|
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
| | | C0020 | C0030 |
| Medical expense insurance and proportional reinsurance | R0020 | 0 | 4 |
| Income protection insurance and proportional reinsurance | R0030 | 2 054 | 1 360 |
| Workers' compensation insurance and proportional reinsurance | R0040 | | |
| Motor vehicle liability insurance and proportional reinsurance | R0050 | 43 482 | 13 697 |
| Other motor insurance and proportional reinsurance | R0060 | 16 136 | 14 821 |
| Marine, aviation and transport insurance and proportional reinsurance | R0070 | | |
| Fire and other damage to property insurance and proportional reinsurance | R0080 | 26 697 | 37 579 |
| General liability insurance and proportional reinsurance | R0090 | 1 818 | 890 |
| Credit and suretyship insurance and proportional reinsurance | R0100 | | |
| Legal expenses insurance and proportional reinsurance | R0110 | 234 | 1 393 |
| Assistance and proportional reinsurance | R0120 | 46 | 462 |
| Miscellaneous financial loss insurance and proportional reinsurance | R0130 | 7 228 | 17 128 |
| Non-proportional health reinsurance | R0140 | | |
| Non-proportional casualty reinsurance | R0150 | | |
| Non-proportional marine, aviation and transport reinsurance | R0160 | | |
| Non-proportional property reinsurance | R0170 | | |

| | | C0040 |
|---|---|---|
| MCRNL Result$_L$ | R0200 | 11 |

| | | Net (of reinsurance/ SPV) best estimate and TP calculated as a whole | Net (of reinsurance/ SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation - guaranteed benefits | R0210 | | |
| Obligations with profit participation - future discretionary benefits | R0220 | | |
| Index-linked and unit-linked insurance obligations | R0230 | | |
| Other life (re)insurance and health (re) insurance obligations | R0240 | 506 | |
| Total capital at risk for all life (re) insurance obligations | R0250 | | 11 |

| | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 16 933 |
| SCR | R0310 | 54 652 |
| MCR cap | R0320 | 24 593 |
| MCR floor | R0330 | 13 663 |
| Combined MCR | R0340 | 16 933 |
| Absolute floor of the MCR | R0350 | 2 500 |
| **Minimum Capital Requirement** | R0400 | **16 933** |