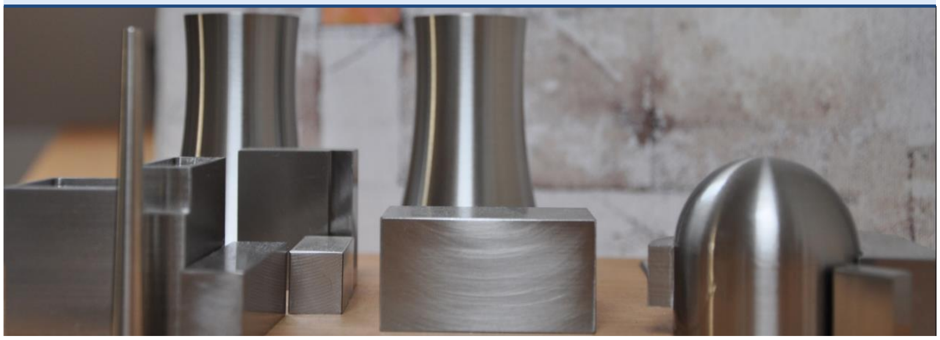
NIRA m.a.

Solvency and Financial Condition Report (“SFCR”)

Version 2017



Monday, June 26, 2017

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Solvency and Financial Condition Report ("SFCR")

The new, harmonised EU-wide regulatory regime, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of them are required to be made public. This document is the first version of the Solvency and Financial Condition Report ("SFCR") and will be made public on the NIRA website.

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

30/05/2017

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Table of Contents

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

1. Membership structure

Principle: Mission and Vision

Nuclear Industry Reinsurance Association (NIRA m.a.) is the first mutual reinsurance association in the Grand Duchy of Luxembourg. NIRA is committed to reinsure both the material damage and nuclear third party liability risks of its Members and any (re)insurance company willing to contract reinsurance with NIRA for as long as the underlying insured risks concern nuclear and / or conventional energy risks. NIRA is a non-profit-driven organization.

NIRA reinsures energy risks worldwide, covering loss arising from material damages included CAR/EAR and MB on the one hand and nuclear third party liability on the other hand. As a reinsurer, NIRA writes its business predominantly in direct collaboration with the primary insurers. This can include business offered to NIRA by industrial members through their captives or risk retention groups.

Principle: Acceptance of Members

Only companies or authorities in the private or public sector of operating / controlling / owning / (re)insuring nuclear installations and/or conventional energy installations or their representatives can be member of the Association.

According to article 7 of the Articles of Association:

a) Companies or authorities in the private or public sector of operating / controlling / owning / (re)insuring nuclear and / or conventional energy installations or their representatives and having an insurable interest can be elected as member of the Association.

b) Approval of the new member by the Board of Directors on the terms laid down by the General Meeting.

c) The new member’s unreserved acceptance of these Articles of Association.

d) The new member's taking out at least one insurance policy with EMANI and / or ELINI and / or a (re)insurance company reinsured by NIRA, with unreserved acceptance of the rights and obligations attaching hereto.

Principle: Adequacy of Members

Each of NIRA's voting Members is an important player on the international energy market and is therefore submitted to intensive surveillance by national and international authorities. Due to their size and (self)-control, NIRA considers its voting Members as being reliable and financially sound. As NIRA is a mutual that does not apply supplementary contributions, no special call exposure policy is applicable. The assessment of a candidate voting Member, effectuated by the Engineers of the ceding companies, is also used in the NIRA membership process.

Membership is submitted to the Board of Directors and becomes effective after approval by General Meeting. New voting Members have to contribute to a sound and prudent management in NIRA as well as to the stability of the financial institution and its development on a going concern basis.

Every voting Member represents one vote in the Mutual. Non-voting Members have no voting rights. Because every Member is treated equally, there are no controlling Members even though each Member has got different participations in the funds. A complete list of the Members is published yearly in the annual report and the C.A.A. is informed on a regular basis.

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

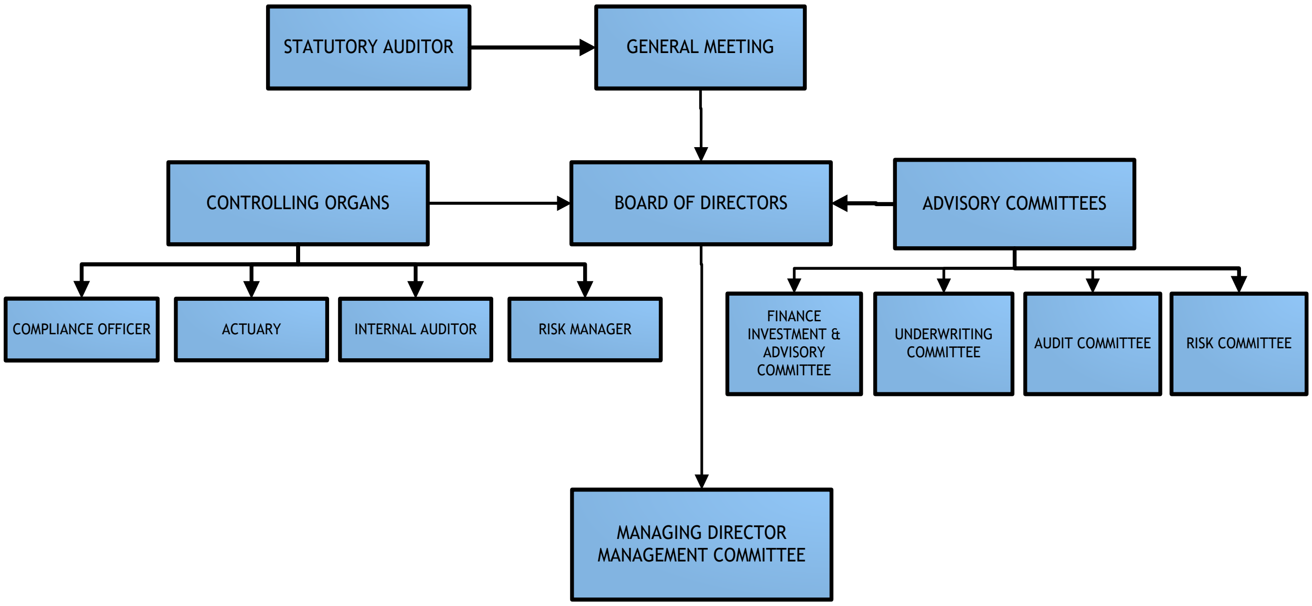
NIRA encourages its Voting Members to participate at the Members Meetings. In order to facilitate this, agendas and all other relevant information are sent in advance of the Members Meetings. During the meeting, the Board of Directors presents a management report and financial overview of the latest financial figures.

The General Meeting acts by simple majority of votes if quorum is reached unless for those cases stated in the Articles of Association where the approval is needed of three-quarters of the Members.

The Annual General Meeting, according to Article 10 of the Articles of Association, must meet on the last Thursday of April in Luxembourg or at any other place fixed by the Board of Directors. Written minutes of the AGM are drafted and adopted during the meeting itself.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

2. Management structure, remuneration



Principle: Adequate management structure

In line with the best practice on sound governance; NIRA maintains independency between the supervision of management and the management itself. The supreme management body of the Association is the General Meeting that has delegated its powers to the Board of Directors, who in his turn has entrusted the day-to-day management of the Mutual to the Management Committee.

To enhance efficiency, the Board has set up Advisory Committees in charge of analyzing specific issues. These Committees have only an advising function as the decision-making and risk appetite remains the task of the Board.

General Meeting

The General Meeting is composed of all the Members of the Association. The Annual General Meeting meets annually the last Thursday of April at the registered office in Luxembourg or at any other place fixed by the Board of Directors and designated in the notice convening the meeting.

Additionally, a General Meeting is convened by the Board of Directors when a Members' decision is legally and/or statutory required as described in the Articles of Association.

Members shall be represented directly at General Meetings by a person duly authorized for that purpose.

Any General Meeting shall be chaired over by the Chairman of the Board of Directors, or in his absence, by a Vice-Chairman or, in their absence, by another Director, who is not a member of the Management Committee, selected by his co-Directors. The Chairman of the Meeting shall designate the Secretary and choose two scrutineers from among the members of the meeting.

Board of Directors

The Annual General Meeting nominates the Board of Directors for a three-year period but can dismiss them at any given time. On completion of their three years period of office, Directors shall be eligible for re-appointment. According to the Articles of Association, the Board of Directors is composed out of at least 5 Directors.

The C.A.A. is informed of any new candidates who get (re)nominated and who resign.

Amongst the non-executive Directors following competences are looked for:

- Actuarial / Solvency experience
- Underwriting market experience
- Claims handling experience
- Legal background in relation with (re)insurance legislation and regulations
- Financial / investment background
- Corporate governance background
- Human resources knowledge
- Compliance & audit

Every candidate is assessed before (re)election on the following requirements:

- his/her professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);
- he/she is of good repute and integrity (proper).

Missing skills should be taken into account in order to maintain a sound composition

The information required to do so are included in the Internal Procedure Manual under the chapter of the Board of Directors.

The composition of the Board will be balanced considering the respective skills, experience and background of each of the Board members. Board members undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. To protect the interest of the Association, every candidate is requested to sign a confidentiality agreement as well as a written declaration to be reviewed on an annual basis of the respect of the fit and proper principles which are required for that function.

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

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

Notice of Board meetings shall be sent by ordinary mail at least ten days before the date of the meeting, unless the addressee has individually expressly and in writing accepted to receive the notices by another mean of communication. Such notices shall state the date place and time of the meeting and the items on the agenda. The Board of Directors can take decisions only if all the Directors have been given notice of the meeting and if a majority of Directors is present or represented.

Any Director may, by letter, or by another mean of written communication, give authority to another Director, to represent him at a particular meeting of the Board of Directors and to vote in his name.

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

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

Directors receive no remuneration for their commitment except the Independent Directors who receive an annual attendance fee. Board members, travelling on NIRA business will be reimbursed for travel expenses according to the Board expense policy.

Non-Executive Directors may have other mandates in other companies. Executive Directors are only authorized to take on additional Non-Executive mandates or other Executive mandates in companies in the insurance sector.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

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

Board members

• Gert-Jan Geertsema	Chairman
• Kitty Sinclair	Vice-Chairman
• Danny Vanwelkenhuyzen	Executive Director & Dirigeant Agrée
• Ann Geivaerts	Executive Director
• José-Luis Carbonell	Independent Director
• Klaus Greimel	Independent Director & Vice-Chairman
• Rafaël Jiminez-Shaw	
• Vaclav Hroneck	
• Detlev Prüske	
• Geert Bunkens	

Management Committee

The Management Committee is entrusted by the Board with the day-to-day management within the framework of the general policy of the Association and in accordance with the laws and regulations in force. The Management Committee is responsible for the execution and management of the outcome of all Board decisions. The Management Committee consists of the entire management. This structure is set up because NIRA is very small in size but it still has a desire to improve its functioning by regular and adequate self-assessment.

The Management Committee is a board acting jointly and collegially. It may delegate various tasks amongst its members, but this shall not detract from the fact that they are jointly and collegially responsible.

The Board of Directors appoints or dismisses among its Directors in consultation with the C.A.A, the members of the Management Committee, appoints the Chairman of the Management Committee, confers the competence to the Management Committee and decides on the remuneration of the members of the Management Committee.

In order for the Management Committee to do its job accordingly, it meets at least once every month.

Two members of the Management Committee are also member of the Board of Directors. The members of the Management Committee cannot become the majority in the Board of Directors.

Special powers can be determined and granted by the Board of Directors to the members of the Management Committee or to certain members of staff.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

In line with the fit and proper requirements applicable by the fit and proper policy, the Management Committee performs annually a self-assessment.

The Board of Directors held June 4th 2014 approved the applicable delegation of power by its decision 031/2014 being:

	DELEGATION OF POWER (1)				
	LIMITS FINANCIAL MATTERS			LIMITS (RE)INSURANCE MATTERS (4)	LIMITS ADMINISTRATIVE MATTERS (4)
	< 500.000 € (2)	500.000 € < x < 5.000.000 € (2)	> 5.000.000 € (3)		
Danny Vanwelkenhuyzen	X	X	X	X	X
Marleen Vercammen	X	-	-	X	X
Ann Geivaerts	X	X	X	X	X
Annemie Roefs	X	-	-	-	X
Maria Laguna	X	-	-	X	X
(vice)Chairman of the Board	-	-	a prior written warning and prior written consent is required	-	-

(1) the four-eyes principle must be pursued at all times
(2) legally bound by the signature of 2 authorised signatures (X)
(3) legally bound by the signature of 2 authorised signatures (X) and prior written warning and prior written consent of (Vice)Chairman is required
(4) legally bound by the signature of the Managing Director or by 2 authorised signatures (X)

Members of the Management Committee receive no additional compensation for their engagement. Every member of the Management Committee is entitled to one vote with casting vote for the Chairman.

Members of the Management Committee

- Danny Vanwelkenhuyzen (Managing Director and Dirigéant Agrée)
- Ann Geivaerts (Corporate Organizations & Legal Manager)
- Marleen Vercammen (Finance Manager)
- Maria Laguna (Senior Underwriter)
- Annemie Roefs (Asset Manager & Compliance Officer)

Advisory Board Committees

The Board appoints and dismisses the delegated members of the specialized Board Committees in charge of advising the Board: the Financial Investment & Advisory Committee (FIAC), the Audit Committee (AC), the Risk Committee(RC) and the Underwriting Advisory Committee (UC). The existence of the Committees doesn't decline the overall responsibility of the Board. Board

Committees provide advice and support in their field of expertise by making written recommendations towards the Board of Directors.

All Advisory Board Committees have charters that explain their purpose and their role including the responsibilities of the Committee towards the Board of Directors as advisory body. Each Charter is yearly evaluated and when necessary suggestions on amendments to the Committee's Charter are made to the Board for approval.

Committee members are nominated by the Board of Directors for their experience in the specific areas of the Committee they take part in. Every Committee consists of a mix of Board members, representatives of voting members to ensure execution and communication on every level of the Association.

Committee members are nominated by the Board of Directors to the term of the Board of Directors being 3 years. Outgoing members in the course of the 3 years period may propose a successor in the Committee but the Board of Directors is not bound by this proposal and is free to decide whether a replacement is appropriate and if so, by whom.

The Board is responsible to install an appropriate recruitment-, evaluation- and education policy and will therefore perform an assessment of the candidate on fit- and properness at the moment of selection.

Each member of the Committee must at least participate in person or by conference call in ¾ of the meetings over the period of 3 years. Non-compliance may lead to not being eligible for the next 3 years period.

Recommendations within a Committee are formulated by simple majority with casting vote by the Chairman. A quorum for voting exists if half of the members of the Committee are present.

After each meeting, the Board of Directors is informed of discussions through the circulation of written minutes. The Board also receives in the written minutes the Committee's recommendations for approval. Committee members, travelling on NIRA business will be reimbursed for travel expenses according to the Committees expense policy.

In line with the fit and proper requirements, every Committee performs annually a self-assessment. The self-assessment form is yearly circulated in October in order to enable to report on the outcome to the Committee and the Board of Directors scheduled in March of the next year.

Each of the members of Committees must sign a confidentially agreement that is stored under the NIRA-drive: confidentiality agreement.

A description of the working of each Committee can be found on the individual technical cards under the NIRA-drive: Solvency II\policies NIRA.

Principle: remuneration

NIRA's overall remuneration system has been designed to deliver compensation, driven by both mutual and individual performance, and according to its Members' interests. The focus will be on and long-term performance and will be aligned to market levels. Our principles are inspired by the Financial Stability Board principles for sound compensation practices.

Board Members as well as Executive Directors receive no remuneration. Only Independent Directors receive a fixed cash amount per year which is approved by the General Meeting for the current financial year. No variable nor incentive programs are included for any Board member.

Members of Advisory Committees receive no additional compensation, fixed or variable, for their contribution to the Mutual.

Actual expenses in connection with Board and Committee meetings are reimbursed.

Members of the Management Committee receive no additional compensation, fixed or variable, for their contribution to the Mutual.

Staff is employed on a contractual basis. Their remuneration is subject to annual reassessment. A desire to ensure that NIRA is able to attract and retain personnel with the best possible qualifications and the existence of sound succession plans have a decisive influence on the remuneration. The compensation package consists of two integrated elements: a base pay and an annual pre-agreed, personalized incentive bonus.

Base salary levels are designed to compensate staff for their responsibilities and their experience. Market levels for comparable positions are targeted for the base pay and the base pay levels are subject to regular reviews.

The annual incentive bonus recognizes and rewards individual performance as well as team performance but is never a substantial proportion of the compensation package. The funding levels for the annual incentive bonus are dependent upon non-financial criteria such as personal development and contribution to an improved Member-relationship. Bonuses are not guaranteed because they are not consistent with the pay-for-performance principle.

Annually, the Managing Director will present the total remuneration package to the Chairman of the Board of Directors for approval. He will conduct an independent review on the suggested bonuses and the proposed compensation policy for the next year.

Key/critical functions that are outsourced will follow the outsourcing policy and the outsourcing process in which a market competitive remuneration assessment is included.

3. Fit & Proper, external functions and internal control

Principle: Fit & Proper

Two standards of evaluation are at the center of the fit and proper policy:

1) Expertise (« fitness »):

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

2) Professional worthiness (« properness »):

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

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

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

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

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

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

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

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

The evaluation of capacity takes place as in principle before the entry in a function or during a change of function.

Principle: Qualities required of the mutual's officers in key functions

It is important that NIRA has officers in key functions that collectively and individually have an adequate profile to lead the Association. For this reason, the Mutual has defined minimal requirements. The officer:

- must have a clean track record and the required fitness and sincerity
- shall be experienced in managing and shall have the appropriate expertise in his field of activities
- shall devote the necessary time and attention to a correct fulfillment
- shall be able to express an objective and independent judgment
- shall take adequate measures to improve its knowledge

NIRA shall notify the C.A.A. in advance of any proposed appointment or dismissal of Mutual officers in key functions. This notification will mention the applicable internal rules. Also, the Association will inform the C.A.A. of any changes in the distribution of tasks among company officers.

Principle: Independent key functions

Key Functions play a critical role in lending independent credibility to statements used by internal and external stakeholders. While any consideration of the effectiveness of the function involves a wide variety of issues, it is fundamental to private and public confidence that the key function operates in an environment that supports objective decision-making on issues that have a material effect. In other words, the key function must be independent in both fact and appearance.

Standards of independence are promoted in NIRA to ensure an environment in which the key function is free of any influence, interest or relationship that might impair professional judgment or objectivity.

The governance structure of NIRA plays an important role in monitoring and safeguarding the independence of key function. The Board of Directors and advisory committees guarantee an environment that permits the key function to carry out its responsibilities free of any unreasonable restraints. The Board of Directors and/or advisory committees meet on a regular and frequent basis with the key function, and discuss any contentious issues that have arisen without the necessity that management is present.

When appointing or reappointing a key function, the Board of Directors and/or advisory committees should satisfy themselves that the candidate is independent in accordance with applicable standards.

Internal Audit function

The key role of the Internal audit function carried out by Internal Auditor, is to assist the Board and the Audit Committee in discharging its governance responsibilities by delivering:

- An objective evaluation of the existing risk and internal control framework
- Systematic analysis of business processes and controls
- A source of information on irregularities and unacceptable levels of risk
- Reviews of the compliance framework and specific compliance issues.
- Evaluations of operational and financial performance
- Reports on the evolution and the quality of the Solvency II implementation
- Recommendations for more effective and efficient use of resources
- Feedback on the values and ethics of the association
- Review of the questionnaire on prevention of money laundering and financing of terrorism
- Review of the Internal Procedure Manual and the Memorandum Corporate Governance

The Internal Auditor is appointed for a period of 1 year by the Board of Directors on written recommendation of the Audit Committee.

Therefore, internal audits take place at the various divisions of the Mutual at regular times but at least twice a year. The Internal Auditor will write down his observations and recommendation in a report for the Audit Committee. This written report including his numbered recommendations, if necessary with comments from the Audit Committee, is finally presented to the Board of Directors and disclosed to the C.A.A.

The Internal Audit function, being the Internal Auditor, is a key function and has to be fit and proper by performing annually a self-assessment.

More information on the working of the Internal Audit can be found in the Internal Audit Policy.

Due to the size and the activity (mono-line) of the NIRA, the Internal Audit function is outsourced. The Internal Audit function therefore needs to comply with guidelines of the outsourcing policy. Control on the efficiency of the key function is executed by the Board of Directors.

Compliance function

The compliance function carried out by the Compliance Officer, assesses the conformity of codes of conduct and procedures in relation to the policy of ethics in the Association. These rules arise from NIRA's own integrity policy as well as from its legal status and other regulatory provisions to identify and evaluate compliance risks.

Compliance risks are defined as the risk the Association may suffer as a result of its failure to comply with applicable laws, integrity policy and standards of good practice and includes:

- legal and regulatory risk
- reputation risk
- litigation risk
- risk of financial & non-financial loss
- fraud risk.

The responsibility for compliance within an organisation is defined at four levels:

- the Board of Directors is responsible for defining the compliance principles to which the Association has to adhere
- the Management Committee being in charge of the daily management of the Association is jointly responsible for implementing a compliance policy and a permanent compliance function
- the Compliance function must identify and assess the compliance risks, supervise the implementation of applicable laws and establish appropriate compliance checks and controls
- at operational level, compliance is the responsibility of all staff members through adherence to applicable laws and the internal policies, standards and procedures.

Appropriate measures have been taken to ensure the objectivity and independency of the Compliance Officer.

The Compliance Officer informs the Board of Directors in writing at least once a year of the situation on compliance within the Mutual in a report that is also disclosed to the C.A.A.

In accordance to the responsibilities of ensuring that NIRA complies with all regulatory principles set out by the Luxembourg authority and the overall internal policy, the compliance function has primarily been in relation to monitoring performances in the following areas:

- Internal Procedure Manual
- Corporate Governance
- Transactions for the own account of the members or staff
- Financial Instrument Transactions
- Respect of the private life of a Member or staff member
- System of incompatibility of mandates
- Assistance towards the internal audit and internal control
- Eventual Domains/Fields designated by the Board of Directors
- Prevention of Fraud
- Anti-money laundering measures
- Prevention of financing terrorism
- Evolution and the quality of the Solvency II implementation

The Compliance function is a key function and has to be fit and proper by performing annually a self-assessment.

More information on the working of Compliance can be found in the compliance policy.

Risk Management function

The Board of Directors and Management Committee decide on the risk strategy and design of the risk structure. The Risk Management function, deploys practices to identify, assess, monitor and mitigate various risks to NIRA's business. Because risks are not limited to one department, the Risk Management function carries out his duty throughout the Association.

Risk practices can therefore be conducted at various levels of the Association. The objectives and events under consideration determine the scope of the risk practice to be undertaken. Main domains for assessment are:

- Strategic assessment: Evaluation of risks relating to the Association's mission and strategic objectives including the Solvency position
- Operational assessment: evaluation of the acceptability of insured risk
- Country risk assessment: evaluation on culture and legislation of countries
- Internal Control risk assessment: evaluation by report and risk log
- Fraud risk assessment: evaluation of potential instances of fraud
- Conduct a ORSA-process and stress testing
- Inform, and alert where necessary in case risk tolerances are breached
- Expose the state of the risks

The Risk Management function will on a regular basis report to the Management Committee, Risk Committee and Board of Directors on the effectiveness of his assessments. In his reporting, the

Risk Management function will identify those risks which require attention and propose proper risk treatment.

NIRA has created a Risk Committee to assist the Board in fulfilling its oversight responsibilities in risk management and all other related areas as deemed appropriate. The Risk Committee is composed out of the members of the Audit Committee and the Risk Management function.

The Risk Management function is a key function and has to be fit and proper by performing annually a self-assessment.

More information on the working of risk management can be found in the risk management policy and internal control policy.

Actuarial function

The Actuarial function in charge of the control on the calculations made by the NIRA and to give a level of comfort to the Board of Directors on actuarial processes.

NIRA is required by law to have a mathematic investigation NIRA to assess the risk in contribution and claim liabilities in respect of insurance policies. The actuarial function verifies annually the computations on the basis of recognised actuarial methods and publishes them in an actuarial report. The actuarial report contains recommendations or comments to improve the reliability of future valuations of insurance policy liabilities and solvency requirements.

According to article 48 of the Directive Solvency II the Actuarial function has the following responsibilities:

- Coordination of the technical provisions calculation
- Control the data quality
- Advice on the underwriting and reinsurance policies
- Express his opinion on the actuarial report.

Due to the size and the activity (mono-line) of the NIRA, the Actuarial function is outsourced. The Actuarial function therefore needs to comply with guidelines of the outsourcing policy. The Actuary designated in agreement with the C.A.A. is Deloitte Tax and Consulting Sarl (Mr. Thierry Flamand), 560 Rue de Neudorf, L-2220 Luxembourg.

The Board of Directors executes the efficiency and reliability on the work performed by the Actuarial function.

The Actuarial function is a key function and must be fit and proper by performing annually a self-assessment.

More information on the working of the Actuarial function can be found in the actuarial function policy.

Statutory Auditor

NIRA must have its annual accounts audited by one or more registered auditors amongst the members of the Luxembourg Institute of Registered Auditors. The Statutory Auditor conducts his audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that they comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

The Statutory Auditor and his remuneration are to be appointed for a period of 1 year by the Annual General Meeting on recommendation of the Board of Directors. The Mutual informs the nomination to the Luxembourg authority. Within the Mutual, the statutory auditor reports in writing to the Managing Director and the Audit Committee.

Deloitte Audit - Represented by Mr. Ludovic Bardon, Statutory Auditor
560, Rue de Neudorf
L-2220 Luxembourg

Investments / "Prudent person" principle: policy and implementation process

Investments of NIRA are based on the following principles:

- Investments shall be made in the sole interest of NIRA and its key stakeholders.
- Investments shall be made with care, diligence and prudence.
- Investments shall be carefully diversified as to minimise the risk of large and unexpected losses.
- NIRA may engage different investment managers with varying investment philosophies and strategies in order to attain its business objectives.
- Appointed investment managers shall adhere to NIRA’s investment strategy for which they were engaged and shall make reasonable efforts to preserve capital while understanding that losses do occur at individual securities.
- Appointed investment managers shall make reasonable efforts to manage and control risks and maintain risk taking within the guidelines and are proportionate to the expected returns.
- Cash must be deployed productively at all times by investing in short-term cash-equivalents while maintaining the desired liquidity level.

The monitoring and control of the investment process is done on the basis of the three lines of defense. The 1st line of defense is the Asset Manager of NIRA (or external investment manager). The second line of defense is the FIAC and the third line is the Board of Directors.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Principle: Internal Control System

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

Every stakeholder within NIRA has an internal control responsibility. The Board of Directors is responsible for promoting a high level of integrity and for establishing a culture within the Association that emphasis and demonstrates to all levels of personnel the importance of internal control. Management is responsible for the implementation of the internal control principles. It is therefore essential that everyone, included all personnel, understands the importance of internal control and engages actively in the process according to their responsibilities and specific duties.

In establishing and maintaining an effective system of internal control, NIRA assess both the internal and external risks that it faces. Assessment includes the identification and analysis of all significant risks that the mutual is exposed to. Once the Association has identified and analysed its risks, an annually evaluation of the effectiveness of the internal control system is performed. If required, further actions will be undertaken to mitigate the risk. A signed and dated self-assessment declaration by the risk owner or manager in question provides a detailed report on risk exposures and advise on risk-management matters.

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

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

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

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

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

Policies and procedures

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

Control plans

By "control" of course it is a question of supplying the assurance of the conformity of the operations and the processes with one or several standards or rules, as well as the good implementation of the procedures. In a wider meaning of a word, it indicates any measure taken by the management, the internal or external auditors or the other parties to manage the risks and increase the probability that the purposes and the fixed objectives will be reached. The risks so identified that we want to master give rise to the implementation of controls, automated or not, among which the intensity and the rhythm are proportioned at the level of incurred risk.

Internal control processes occur throughout the entire organisation, at all levels and in all functions, since everyone in NIRA bears responsibility in internal control. Focus will be on "at the top" perspectives, but adequate controls must exist and understood in all departments and by all employees with access to control mechanisms. NIRA uses the four eyes principle to protect itself against mistakes and dishonesty in day-to-day management and outgoing payments and communication.

The Management Committee takes all necessary internal control measures to ensure that all the divisions of the Association have job descriptions with clear responsibilities. The Management Committee is responsible for implementing the risk management strategy and designing the structure so it is integrated into the organisational structure.

Management is charged with the maintaining of the internal control systems. Every manager establishes in his department policies and procedures in order to secure that the internal control directives are carried out and that there are sufficient tools for monitoring. Those procedures are gathered in a global Internal Procedure Manual. A manager will regularly monitor whether his procedures are working by periodic checks and balances such as testing of the system, supervision of day-to-day operations, auditor reviews, staff meetings etc. This gathering of information helps him in evaluating if procedures are sufficient and understood by all applicable personnel. Evaluating his staff, a manager determines as to what their jobs are, what their limitations are and where personnel lacks formation.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Reporting and recommendations

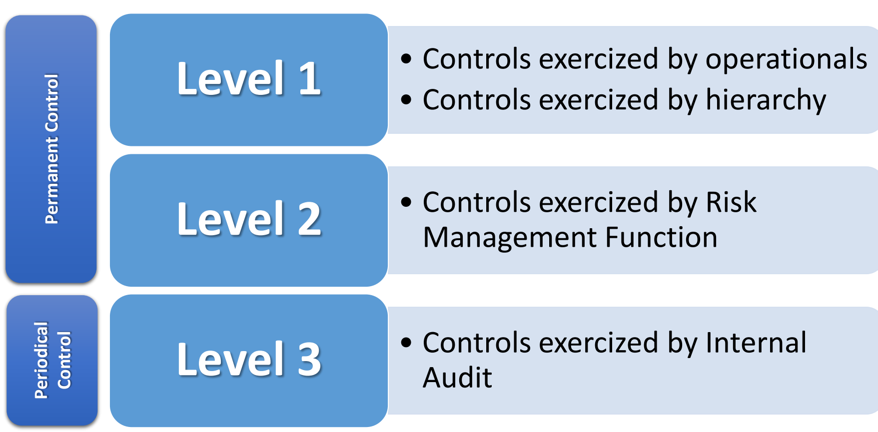
The reporting is the responsibility of the Risk management function.

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

Piloting, action, arbitration

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

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



NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

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

Principle: Risk Management System

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

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

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

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

The RAF contains the following characteristics:

- Identification of the key areas used to measure the success in achieving its overall objectives. These have been determined as free reserves, underwriting results, solvency, liquidity and reputation. These are referred to as “Dimensions” in this report;
- Quantification of the risk appetite attributed to each of the areas above, where quantifiable;
- Risk Profile (Risk Log): all of the risk faced by NIRA are identified, shortly described and categorised;
- Integration and control of the risk appetite through the Association;
- Dashboard.

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

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

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

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

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

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

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

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

Specific guidelines for each risk

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

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

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

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

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

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

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

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

Emerging risks refer to risks that do not currently exist or are not currently recognised but have the potential to materially impact the adequacy of NIRA’s financial and operational resources, the volatility of its results and expected financial income or its ability to meet its commercial, legal and regulatory obligations following changes in the environment.

Risk Reporting System

Risk reporting is integral to NIRA’s management information system, and takes place at several different levels throughout the business. It provides senior management, the Board and other stakeholders (e.g. regulators, rating agencies) with sufficient information to enable them to assess (1) the actual level of risk taken by the business compared with the desired level of risk agreed in the business plan and (2) the effectiveness of the control environment.

The Risk Manager will report to the Risk Committee and Board of Directors at least quarterly. The Management Committee is informed at least monthly. The Risk Management function will annually disclose a risk management report as well as for the year to come a risk management plan.

The Management Committee will report to the Board at least yearly on its assessment of material risks and on any significant changes to the overall risk profile of the company including actions being taken to mitigate or control key risk exposures. It reports also on the failures in relation to the risk appetite and precises if that is an asset or a liability breach.

Implementation process

An effective governance system requires written policies embedding the governance processes. Risk management is therefore well described within NIRA. Key reference documents are Procedure manual, Memorandum Corporate Governance and Risk Management policy.

Risk reporting is not a stand-alone item. For example, there is a nature flow towards the ORSA starting from budget and Business Plan towards the SCR calculation. The details and content of the ORSA process is described in the specific ORSA document.

Risk Management and its reporting contributes to effectiveness of some documents and refers them during their control activities:

Risk Management Policy
Capital Management policy
Compliance policy
Internal Control Policy
Fit & Proper Policy
Capital Management Policy
Risk Committee Charter

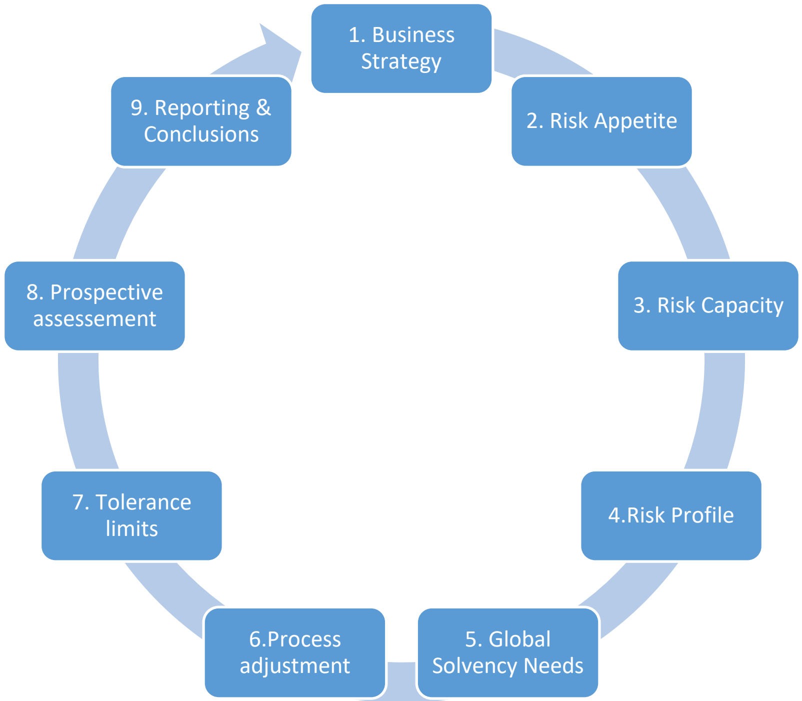
Operational Risk Policy
ORSA process
Internal Audit Policy
Actuarial Function Policy
Outsourcing Policy
Memorandum Corporate Governance

Principle: ORSA process

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

The process is iterative, as outlined below:

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu



The ORSA process is used to:

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

The adjustments are the result of exchanges between management and the Board, while operational limits are developed jointly by the risk taker and risk management function.

We must therefore expand and review some future scenarios (defined in terms of the most significant risks), to change the risk parameters and compare the different risk margins and the respective capital requirements and then take recapitalization measures or risk mitigation if necessary. We are then able to conclude whether the tolerance limits are exceeded and whether measures should be taken.

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

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

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

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

Time Horizon

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

Scenario-stress testing

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

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

- Address the main risk factors we may be exposed to;
- Address specific vulnerabilities (regional, sectorial characteristics, specific products or business, …);
- Contain a narrative scenario which includes various trigger events;

A range of scenarios are considered encompassing different events and degrees of severity:

- normal business scenarios
- more pessimistic scenarios
- stress scenarios
- reverse scenarios

Concerning stress testing, we have our own guidance:

- We regularly review the stress testing program and assesses its effectiveness;
- The stress testing program is used as a risk management tool supporting business decisions and actions;
- We perform sensitivity analysis for specific risks, if necessary;

Reverse stress testing, of issues that threaten the viability of the company, are also analysed.

Use of the ORSA results

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

- Yearly evaluation of the risk appetite framework in relation to the capital position and the strategy;
- Start the strategic business plan with the most recent capital assessment;
- Monitoring capital position from regulatory, rating agencies and internal angle;
- The assessment of the target and realized solvency ratios;

An analysis of the evolution of the capital position and the forecast of eventual funding requirements on the horizon period.

Frequency and triggers of ORSA

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

The first step in the ORSA is to determine if the information used in the last ORSA is still up to date:

- Any material changes in the business strategy?
- Any changes in the risk appetite?
- Has the risk profile changed?
- Analyse the capital position and the quality of capital (classification in tiers);
- Analyse the appropriateness of the model (standard model) for representing the risk profile.

Examples of trigger for updating the ORSA:

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

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

Reporting

An annual ORSA Internal Report will be produced by the Risk Management Function. This report will contain at least information on:

1. Risk Profile
2. Key Observations
3. Risk Assessment
4. Regulatory Capital Requirements

Risk Management Function

The Risk Management Function being the Risk Manager, is responsible to maintain an enterprise-wide aggregated view on NIRA's risk profile and operate its Risk Management System, monitors and reports to the Risk committee on actual risk exposures in comparison to Risk Appetite, Risk Tolerance and solvency requirements as set by the Board.

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

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

The Board retains the ultimate responsibility for defining the NIRA's Risk Strategy and Risk Appetite by setting the overall levels of business risk that are acceptable and approving its Risk Strategy having regard to generally accepted principles of prudence as well as prevailing legal and regulatory requirements.

More information on the working of risk management can be found in the Risk Management Policy and Internal Control Policy.

5. Capital Management and SCR-MCR

Capital requires a clearly defined management approach in order to ensure efficient and effective deployment.

NIRA currently does not have capital items other than unrestricted Tier 1 Own Funds. Major difference between equity in the LUXGAAP financial statements and the excess over liabilities as calculated for Solvency II purposes, is mainly from the revaluation of the equalisation reserve towards total basic own funds.

Nira uses the Standard formula to calculate its SCR and MCR.

Amounts of the undertaking's Solvency Capital Requirement and the Minimum Capital Requirement

See QRT S.23.01.01 in annex.

Balance sheet SII versus LUXGAAP

See QRT SE.02.01.01 in annex.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

6. Outsourcing

Policy

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

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

More information can be found in the Outsourcing Policy of NIRA.

Staffing of supervision

The subcontracting reduces in no way the responsibility of the Management Committee and the Board of NIRA whether regarding the Members, supervisory authorities or other shareholders: NIRA has to keep ultimate responsibility of its activity.

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

The subcontracted organization of the outsourced function should allow a permanent control of the provider. The subcontracted organization will have in particular the obligation to raise any operational incident having an impact on the subcontracted activities, as well as in emergency situation. The process of subcontracting is resumed in the plan below. Each of the stages of the process is explained in the outsourcing policy.

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Outsourcing Process

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

7. Status of the SFCR and date

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

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

Latest review date	30-05-2017
Latest assessment by Management Committee	15-06-2017
Latest control by Internal Auditor	
Latest approval by Board of Director	15-06-2017

Approved and duly signed at 22/06/2017 by,

Danny Vanwelkenhyzen Dirigéant Agréé	Ann Geivaerts Corporate & Legal Manager

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

ANNEX

Annex 1: list of critical functions that are outsourced

outsourced function	full or partial outsourcing	internal person in charge
Actuarial function	full	Gert Jan Geertsema
Internal Audit function	full	Jose Luis Carbonell
IT	partial	IT Manager

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Annex 2: list of members Board and key functions

Name	functions	specific remuneration
Gert Jan Geertsema	Chairman	NO
Klaus Greimel	Vice-Chairman & Independent Director	NO
Kathleen Sinclair	Vice-Chairman	NO
Danny Vanwelkenhuyzen	Executive Director & Managing Director	NO
Ann Geivaerts	Executive Director & Legal Manager	NO
Jose Luis Carbonell	Independent Director	YES
Vaclav Hronek	Board member	NO
Rafael Jiminez-Shaw	Board member	NO
Detlev Prüske	Board member	NO
Geert Bunkens	Board member	NO
Deloitte Tax and Consulting Sarl (Thierry Flamand)	actuarial function	outsourcing*
Ivan Annezer	risk management function	NO
Willy Gemis	internal audit function	outsourcing*
Annemie Roefs	compliance function	NO
*outsourcing: according to a market conform outsourcing contract		

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Annex 3:QRT S.23.01

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	0				
	Share premium account related to ordinary share capital	R0030	0				
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	36920002,33	36920002,33		0	
	Subordinated mutual member accounts	R0050	0				
	Surplus funds	R0070	0				
	Preference shares	R0090	0				
	Share premium account related to preference shares	R0110	0				
	Reconciliation reserve	R0130	37580591,8	37580591,8			
	Subordinated liabilities	R0140	0				
	An amount equal to the value of net deferred tax assets	R0160	0				
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Deductions	Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions		R0290	74500594,13	74500594,13	0	0	0
Available and eligible own funds	Total available own funds to meet the SCR	R0500	74500594,13	74500594,13	0	0	0
	Total available own funds to meet the MCR	R0510	74500594,13	74500594,13	0	0	
	Total eligible own funds to meet the SCR	R0540	74500594,13	74500594,13	0	0	0
	Total eligible own funds to meet the MCR	R0550	74500594,13	74500594,13	0	0	
SCR		R0580	39497942,57				
MCR		R0600	9874485,642				
Ratio of Eligible own funds to SCR		R0620	188,62%				
Ratio of Eligible own funds to MCR		R0640	754,48%				

NIRA m.a.
14, Syrdallstrooss
L - 6850 Manternach
Tel. +352 267 10 031
Fax. +352 263 83 135
www.nira.lu

Annex 3: QRT SE.02.01

				Solvency II value	Statutory accounts value
				C0010	C0020
Assets	Goodwill		R0010		0
	Property, plant & equipment held for own use		R0060	80195,48	80195,48
	Investments (other than assets held for index-linked and unit-linked contracts)		R0070	74159252,16	72285909,25
			R0080	0	0
			R0090	0	0
			R0100	0	0
		Equities - listed	R0110	0	0
		Equities - unlisted	R0120	0	0
			R0130	4951027,28	4950000
		Government Bonds	R0140	0	0
		Corporate Bonds	R0150	4951027,28	4950000
		Structured notes	R0160	0	0
		Collateralised securities	R0170	0	0
			R0180	57978371,31	56106055,68
			R0190	0	0
			R0200	11229853,57	11229853,57
			R0210	0	0
	Reinsurance recoverables from:		R0270	440092,75	440092,75
			R0280	440092,75	440092,75
		Non-life excluding health	R0290	440092,75	440092,75
		Health similar to non-life	R0300	0	0
			R0310	0	0
		Health similar to life	R0320	0	0
		Life excluding health and index-linked and unit-linked	R0330	0	0
			R0340	0	0
	Deposits to cedants		R0350	3357807,03	3357807,03
	Insurance and intermediaries receivables		R0360	0	0
	Reinsurance receivables		R0370	1960583,43	1960583,43
	Receivables (trade, not insurance)		R0380	56075,9	56075,9
	Own shares (held directly)		R0390	0	0
	Amounts due in respect of own fund items or initial fund called up but not yet paid in		R0400	0	0
	Cash and cash equivalents		R0410	7661852,17	7659664,91
	Any other assets, not elsewhere shown		R0420	78060,85	81275,38
	Total assets		R0500	87793919,77	85921604,13
Liabilities	Technical provisions – non-life		R0510	12026018,96	14251798,61
			R0520	12026018,96	14251798,61
		Technical provisions calculated as a whole	R0530	0	
		Best Estimate	R0540	9407416,36	
		Risk margin	R0550	2618602,6	
	Reinsurance payables		R0830	531670,23	531670,23
	Payables (trade, not insurance)		R0840	693177,52	693177,52
	Any other liabilities, not elsewhere shown		R0880	42458,93	42458,93
	Total liabilities		R0900	13293325,64	15519105,29
Excess of assets over liabilities			R1000	74500594,13	70402498,84