



# Solvency and Financial Condition Report - SFCR Financial Year 2022



Osez entreprendre,  
nous assurons le reste.

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The content of the Solvency and Financial Condition Report (SFCR) is described in Articles 290 to 298 of European Commission Delegated Regulation 2015/35 of 10 October 2014. It presents the company's business and performance, its governance system, its risk profile, the valuation used for solvency purposes and capital management for the period from 1 January to 31 December 2022.

# SUMMARY

*In accordance with the Solvency II directive, this summary highlights any significant changes in the various topics detailed in this report.*

## **Business and performance**

Axeria iard is an insurance company dedicated to brokerage. Based in Lyon, with offices in Bordeaux and Lille, as well as a branch to be opened in Romania in 2021, Axeria iard offers a range of simple and efficient products, mainly intended for professionals and companies to cover their risks.

Axeria iard distributes its products exclusively through brokers. In 2022, Axeria is developing a new business line based on portfolio underwriting through partnerships in France and the European Economic Area in addition to its historical activity. This will be based on a product mix that will generate technical profits and ensure a healthy balance sheet.

The 2022 fiscal year shows a 40% increase in revenues, to €195 million. This increase is mainly explained by the underwriting through the conclusion of partnerships.

## **System of governance**

The Board of Directors is composed of eight directors in accordance with the company's articles. A change of director occurred in June 2022 and led to a change of the Audit Committee's chairman on the same date. The policies were approved by the Board of Directors on 21 December 2022.

The ORSA (Own Risk Solvency Assessment) report presenting the internal risk and solvency assessment for 2021 was approved at the Board of Directors meeting of 21 December 2022.

## Risk profile

The risk profile is detailed in the relevant section of the report and presents the major risks to which the company is exposed. The methods for measuring and mitigating risks are also presented in this section.

## Valuation for solvency purposes

This section presents the restatements made between:

- the valuation used in the company financial statements prepared in accordance with the regulatory framework and generally accepted accounting principles for insurance companies in France. The provisions of ANC (French accounting standards authority) Regulation No. 2015-11, as amended by ANC regulation 2016-12 on annual insurance accounts, the provisions of ANC Regulation 2014-03 et seq. relating to the general chart of accounts, and Articles L.123- 12 to L.123-22 of the French Commercial Code also apply,
- and the valuation calculated for the Solvency II valuation, in accordance with the technical specifications

## Capital management

To calculate its Solvency II capital requirement, the company uses the standard formula, as defined in the Delegated Regulation.

For fiscal year 2022, it is proposed to reimburse €1 million of debt.

At the end of 2022, the SCR (Solvency Capital Requirement) coverage ratio was 281% compared with 197% in 2021.

SII valuation (in €m)	2022	2021
Own funds	73.3	56.0
SCR	26.0	28.4
<b>RATIO</b>	<b>281%</b>	<b>197%</b>

# A. BUSINESS AND PERFORMANCE

## A.1. Business activities

### A.1.1. Introduction to the company

Axeria iard is a public limited company regulated by the French Insurance Code, registered in the Trade and Companies Register with share capital of €38 million. It is authorised to conduct insurance business in segments 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 stipulated in Article R.321-1 of the French Insurance Code. Its registered office is located at 26, rue du Général Mouton-Duvernet in Lyon.

Axeria iard is an insurance company that sells solely through brokers. Based in Lyon, with offices in Bordeaux and Lille, and a Romanian branch opened in 2021, Axeria iard offers a range of simple and efficient products mainly designed for professionals and businesses to cover their risks.

Axeria iard distributes its products exclusively through partner brokers. In 2022, Axeria developed a new strategy based on portfolio underwriting through partnerships in France and the European Economic Area in addition to its historical activity. Its development is based on a product mix that generates underwriting profits and ensures a good balance sheet.

Axeria iard's share capital consists of 3,800,000 shares with a nominal value of €10.00.

At 31/12/2022, Axeria iard had:

- 79 employees,
- €118m in financial assets (market value) and cash,
- €8.4m net income.

Axeria iard is managed by a Board of Directors, chaired by Elisabeth Cunningham. Sébastien Seux is Chief Executive Officer of the company and David Seyller is Deputy Chief Executive Officer.

The financial statements are certified by the statutory auditors PricewaterhouseCoopers Audit SA, 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex, France.

The company's supervisory authority is the Autorité de Contrôle Prudentiel et de Résolution (ACPR), 4 place de Budapest - CS 92459 - 75436 PARIS - CEDEX 09.

### A.1.2. Key events in the year

#### A rating A-

In 2022, the credit rating agency AM Best has assigned an A- (Excellent) financial strength rating to Axeria iard.

#### Strategy developments

The strategy defined in 2021 by Axeria iard is based on two main areas:

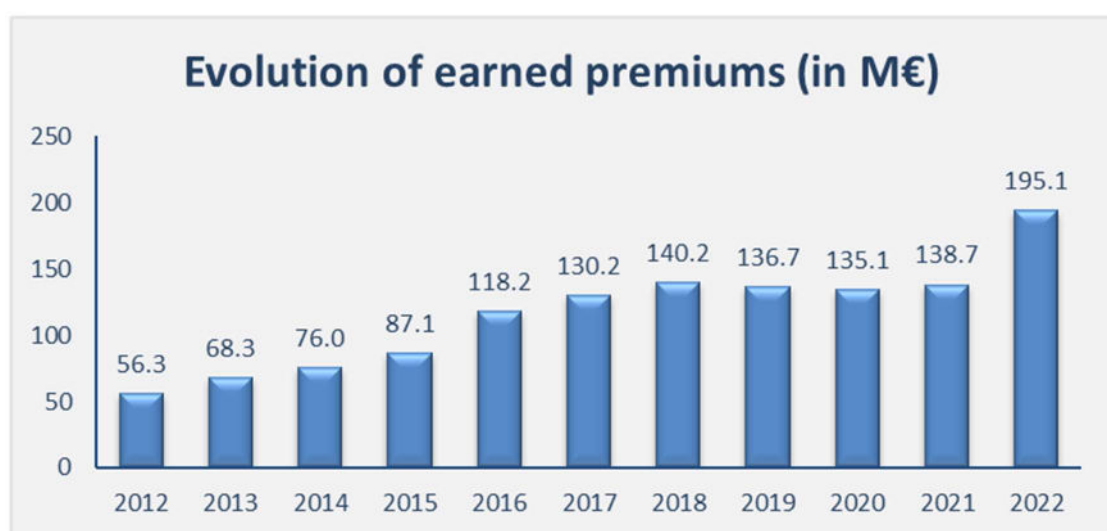
- Continuity in underwriting in Axeria’s historical markets based on a complete review of the portfolio and its underwriting quality. As a result, decisions to divest from certain sectors and segments were taken, followed by appropriate action during the January 2022 renewals.
- Increased underwriting of portfolios through partnerships in France and the European Economic Area under freedom of establishment or under the freedom to provide services thanks to the approvals under said freedom already available to the Company and by adding these accreditations with the regulator, the ACPR.

## A.2. Underwriting performance

### A.2.1. Revenue

Financial 2022 showed an increase in revenue of 40%, to €195M. This increase is mainly explained by new partnerships and was driven by: Motor vehicle liability insurance in Romania (€50.9M), General liability insurance (up63%) and by Property & casualty insurance (up7.5%) which offset the decline in the affinity portfolio (down 33%).

Axeria iard is pursuing its policy of managing risks, improving its underwriting procedures and is still strongly backed by reinsurance in order to limit the volatility of its underwriting performance.





The following table presents a breakdown of revenue.

LOB* <i>Data in millions of euros</i>	2022	2021	var %
Motor vehicle liability insurance	13.7	13.1	4.4%
Other motor insurance	19.9	18.1	10.0%
Marine, aviation and transport insurance	1.6	0.0	
Fire and other damage to property insurance	60.3	56.1	7.5%
General liability insurance	14.6	9.0	63.4%
Credit and suretyship insurance	0.0	0.0	
Legal expenses insurance	0.7	0.7	0.0%
Assistance	1.6	1.7	-8.1%
Miscellaneous financial loss	7.6	11.3	-33.0%
Motor vehicle liability insurance Romania	50.9	0.0	
General liability insurance Deutschland	3.3	0.0	
General liability insurance Netherlands	1.2	0.1	1247.7%
Miscellaneous financial loss Spain	7.3	14.1	-47.9%
Miscellaneous financial loss Belgium	10.4	13.2	-21.3%
Miscellaneous financial loss Portugal	2.0	1.3	54.4%
<b>TOTAL</b>	<b>195.1</b>	<b>138.7</b>	<b>40.6%</b>

\*LOB: Line Of Business

### A.2.2. Claims provisions

The following table details the claims provisions constituted, by insurance risk (net of projected recourse, including IBNR (Incurred But Not Reported), provision for claims management fees and mathematical provisions, gross of reinsurance), for the entire portfolio.

LOB* <i>Data in millions of euros</i>	2022	2021	var %
Motor vehicle liability insurance	57.7	48.9	18.0%
Other motor insurance	13.8	9.4	46.0%
Marine, aviation and transport insurance	1.2	-0.1	-2121.4%
Fire and other damage to property insurance	90.8	123.0	-26.2%
General liability insurance	9.8	6.3	56.2%
Credit and suretyship insurance	0.0	0.0	
Legal expenses insurance	0.5	0.3	39.9%
Assistance	0.1	0.1	-16.6%
Miscellaneous financial loss	0.7	0.8	-17.6%
Annuities stemming from non-life insurance	29.9	33.1	-9.9%
Motor vehicle liability insurance Romania	34.0	0.0	
General liability insurance Deutschland	1.7	0.0	
General liability insurance Netherlands	0.6	0.0	
Miscellaneous financial loss Spain	0.5	1.0	-54.8%
Miscellaneous financial loss Belgium	0.4	0.8	-45.1%
Miscellaneous financial loss Portugal	0.1	0.1	-38.8%
<b>TOTAL</b>	<b>241.6</b>	<b>223.8</b>	<b>7.9%</b>

2022 was affected by the occurrence of major natural events:

- Hail events in June: €17M
- Regional summer's fire: €25M

And by a fire event in motor: €8M.

### A.2.3. Underwriting results

In 2022, underwriting profit net of reinsurance and after profits allocation amounted to €7.6m.

#### **Current loss experience:**

The gross current premium ratio rose from 91% in 2021 to 81% in 2022. The company remains strongly reinsured in particular with the 85% intragroup Quota-Share implemented with Somers since 2021.

#### **Claims for prior periods and other underwriting provisions:**

Once taking into account all the impacts of the reinsurance, there is a €3.5 million surplus on previous claims.

The current increase in rates and some bonuses allow the company to realize a gain on its mathematical and longevity provisions.

The equalization reserve has not been allocated.

#### **Operating expenses (brokerage fees and overheads):**

The remuneration of our brokerage network and the Company's overheads amounted to €58m and gave a ratio to gross earned premiums of around 30%, down 9 points compared to 2021. The decrease of the affinity portfolio with a high rate of commission explains this difference.

## A.3. Financial performance

### A.3.1. General assets of the company

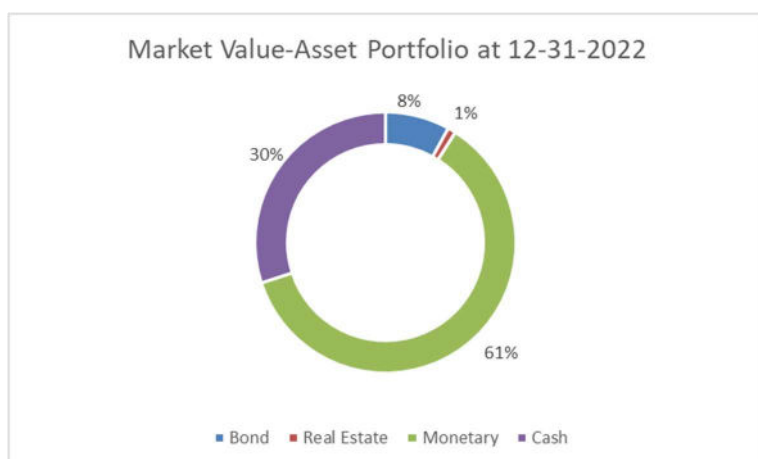
At 31 December 2022, Axeria iard's financial assets amounted to €83.7m (€36.1m in N-1) at market value, plus a significant cash and equivalent position of €36.5m.

During the financial year, the company defined its new investment policy geared towards "Investment grade" in fixed income euros. It executes it through an asset manager.

As part of the redeployment of this policy, the company liquidated its positions in diversified funds and almost all of its real estate funds, generating a net capital gain of €1.5 million. At the same time, in 2022, it continued to invest in short-term monetary supports (term deposits).

In the end, the financial result for the year amounted to €3.4 million; previously stated capital gains and return on cumulative term deposits.

The breakdown of the portfolio is as follows (in market value): 8% in bonds, 1% in real estate and 91% in monetary support and cash.



### A.3.2. Unrealised gains and losses

The amount of net unrealised capital gains on 31 December 2022 decreased by €1.9m to €0.4m.

### A.3.3. Net financial earnings

Net financial income amounted to €3.4m, or 1.7% of gross earned premiums. It increased by €2.7 million compared to N-1. The good return on term deposits, particularly for the Romanian branch, and the capital gain realized on the sale of almost all the real estate funds explain this strong increase in results.

By major asset class, the figure breaks down as follows:

<i>Data in millions of euros</i>	2021	2020
<b>Bond segment</b>	0.2	0.4
<b>Equities segment</b>	0.0	0.0
<b>Real estate segment</b>	1.7	0.2
<b>Diversification segment (DTA Romania)</b>	1.2	0.0
<b>Money Market/Cash segment</b>	0.3	0.1

## A.4. Investments

In fiscal year 2022, the company has defined its new investment policy oriented towards "Investment grade" in Euro fixed income.

It will execute this policy through BLACKROCK, a leading asset manager.

Financial management strategy is based on an analysis of the company's financial situation and a review of its commitments.

The general direction depends on:

- Regulatory constraints.
- Issuer rating (an investment-grade portfolio)
- Asset/liability matching used to define an asset allocation setting maximum and minimum quotas for each major type of investment.
- A minimum and maximum sensitivity for the bond portfolio.
- A benchmark portfolio.

### **A.5. Performance of other business activities**

There are no sources of income and expenses other than that generated by insurance policies and investments.

### **A.6. Other information**

No further information on the company's business activities and results needs to be noted.

## **B. SYSTEM OF GOVERNANCE**

### **B.1. General information on the system of governance**

Axeria iard has a governance system in place that aims to ensure sound and prudent management of the business. This system is based on a transparent organisational structure, with appropriate distribution and separation of responsibilities.

The Board of Directors' responsibility was increased with the entry into force of Solvency II. The four key functions, designated pursuant to Solvency II, thereby facilitate the Board's decision-making.

The governance of Axeria iard is consequently structured around:

- The Board of Directors
- Senior management
- The four key functions, i.e. the Actuarial, Risk Management, Compliance and Internal Audit functions

Governance is based on a separation of powers between executive and non-executive governance. It is regularly reviewed and adjusted according to changes in the company's business.

This structure also includes a system for transmitting information through committees and reporting to the Board of Directors.

### **B.2. Board of Directors**

#### **B.2.1. Structure and composition of the Board of Directors**

Article 14 of the Articles of Association of Axeria iard stipulate that the Board of Directors is composed of at least three members and no more than eighteen members, appointed for a term of six years, with re-election permitted.

The Board of Directors is chaired by Elisabeth Cunningham.

On 31 December 2022, the Company's Board of Directors comprised eight members:

- Elisabeth Cunningham, Chair of the Board of Directors
- François Marion, independent director
- Olivier Muraire, director
- Valandis Elpidorou, director
- Sioned Butler, director
- Pierre Jal, director
- David Seyller, director
- Sébastien Seux, director.

The nomination of Mr. François MARION as a director to replace Mr. François GOUTAGNEUX took place on June 13th, 2022 and led to a change in the chairmanship of the Audit Committee on the same date.

### B.2.2. Role of the Board of Directors and executive management

The Board of Directors determines the strategic direction of the company's business activities and ensures it is followed. Subject to the authority expressly granted by law to shareholders' meetings and within the bounds of the Company's corporate purpose, it concerns itself with all questions relating to the smooth running of the Company and governs the business of the Company through its decisions.

The Board of Directors undertakes to carry out all the tasks specifically entrusted to it by law. In particular, it ratifies the annual financial statements and establishes an effective governance system, ensuring sound and prudent management of the business. It also ensures the implementation of a risk management system including effective internal control and compliance mechanisms. A Board majority approves written policies and reports required by the regulations.

The Chair of the Board of Directors organises and directs its work and reports on that work to the General Meetings. The Chair supervises the proper running of the Company's governance bodies, and in particular that directors are in a position to fulfil their duties.

The Articles stipulate that executive management of the Company is conducted either by the Chair, or by another natural person appointed by the Board of Directors. The role is currently filled by a natural person appointed by the Board of Directors.

### B.2.3. Authority granted by the Board of Directors to the Chief Executive Officer

The Chief Executive Officer has the authority conferred by law. The CEO is invested with extensive authority to act on the Company's behalf under all circumstances, within the limits of the Company's objects and subject to the powers expressly given to shareholders' general meetings and the Board of Directors by law. The Chief Executive Officer represents the company in its dealings with third parties.

These powers, accompanied by the option to delegate further, must be exercised within the framework of the provisions of the Company's Articles, and the general direction and policy guidelines decided by the Board of Directors.

### B.2.4. Authority granted by the Board of Directors to the Deputy Chief Executive

At the CEO's suggestion, the Board of Directors can appoint one or more natural persons to assist the Chief Executive Officer, in the position of Deputy Chief Executive.

The scope and duration of the authority granted to Deputy Chief Executives is determined by the Board of Directors with the CEO's agreement. The Deputy Chief Executives have the same authority in dealing with third parties as the Chief Executive Officer.

### B.2.5. Frequency of meetings

Article 16 of the Articles stipulates that the Board of Directors meets as often as the company's interests require, when convened by its chair.

At least three formal meetings are held each year:

1. **Board of Directors meeting at the beginning of the year (February/March)** in order to take the decisions stipulated by the legal and regulatory provisions on ratifying the financial statements;
2. **Mid-year Board of Directors meeting (July)** to provide an update on the business. A budget update and a presentation of the accounts as at 30 June are also given;
3. **Board of Directors meeting at the end of the year (December)** relating to the N+1 budget presentation.

### B.2.6. Operation of the Board of Directors

Board members are invited to meetings in accordance with Article 16 of the Company's Articles, by ordinary mail or registered letter. The Company's Articles stipulate that notices may be sent by any means.

All documents and information necessary for the duties of the directors were communicated to them in a form and in sufficient time to enable them to deliberate under satisfactory conditions.

The minutes of the meetings of the Board of Directors were prepared at the end of each meeting and put to a vote by the members at the next meeting. In 2022, the Board of Directors met 7 times.

### B.2.7. Audit Committee

The French Commercial Code (Article L.823-19) stipulates that insurance companies have an expert committee acting under the exclusive responsibility of the administrative body, responsible for monitoring matters relating to the preparation and inspection of accounting and financial information.

This committee is made up of directors and chaired by an independent member who is also a financial expert.

Article L.823-19 of the French Commercial Code stipulates that this audit committee's responsibilities include:

- Monitoring the process of preparing financial information;
- Monitoring the effectiveness of the internal control and risk management systems;
- Monitoring the statutory audit by the statutory auditors of the annual company and, where applicable, consolidated financial statements;
- Examining the independence of the statutory auditors and verifying compliance with legal and regulatory provisions relating to any incompatibilities in statutory auditors' duties;
- Examining the process for selecting auditors;
- Formulating an opinion for the Board of Directors on the choice of statutory auditors.

Article 4 c) of CRBF Regulation No. 97-02 as amended states that the audit committee's responsibilities include, under the responsibility of the governing body:

- verifying the clarity of the information provided and assessing the appropriateness of accounting methods used to prepare individual and, where applicable, consolidated, financial statements;
- assessing the quality of internal control, in particular the consistency of risk measurement, monitoring and management systems, and proposing any additional actions as needed.

The Axeria iard Audit Committee held 3 meetings during the 2022 financial year to review the annual financial statements and to review the quarterly financial statements, the reforecasts and the N+1 budget.

## B.3. Chief Executive Officer and delegation of authority

The Board of Directors decides on the general direction and policy guidelines within which the Chief Executive Officer proposes the strategy to be adopted.

Once the strategy is approved by the Board of Directors, the Chief Executive Officer oversees its

operational implementation and reports on progress to the Board.

Thus, operational deployment of the strategy is structured through a series of delegations of authority. The Chief Executive Officer delegates authority to the company's various managers in accordance with their management scopes. These managers may in turn further delegate their authority partly or wholly to members of their teams. Delegations of authority are formally recorded and subject to annual review.

## B.4. Effective managers and key functions

The law on the separation and regulation of banking activities (law no. 2013-672 of 26 July 2013) and its implementation decree no. 2014-1357 of 13 November 2014 introduced new governance notification obligations from 2016 onwards. The company initiated its Solvency II compliance implementation process several years ago, including the appointment of two effective managers and the creation of four key functions with effect from 1 January 2016.

The Chair of the Board of Directors and the Chief Executive Officer were appointed effective managers of Axeria iard at the Board of Directors meeting of 1 December 2015. The four key functions were also appointed at this Board meeting. They report to the AMSB\*:

- The Actuarial function: Lucas Margulis
- The Internal Audit function: Lise Dromacque
- The Compliance function: Corinne Page
- The Risk Management function: Rajaa Birot

Key functions have a risk control role in the structure. They are responsible for alerting Management and the Board of Directors in the event a significant risk is identified within their scope. To ensure their independence and the proper information of stakeholders, the key functions have direct access to the Board of Directors. They are performed internally by employees of the company who have the necessary skills. Key function holders must meet the requirements of:

- responsibility
- independence
- fitness
- propriety.

### B.4.1. Effective managers

In accordance with Article R.322-168 of the French Insurance Code, effective managers have a sufficiently broad area of competence and powers over the company's activities and risks. They demonstrate availability within the company to fulfil their role as an effective manager and are involved in decisions that have a significant impact on the company, particularly in terms of strategy, budget or financial matters.

The powers of an effective manager, other than the Chief Executive Officer, include the authority to define and implement the reinsurance, underwriting, compensation and asset management policy within the bounds of the company's corporate purpose. They exercise that authority subject to any authority that the law expressly attributes to shareholders' meetings and to the Board of Directors.

On 31 December 2022, the company's two effective managers were Sébastien Seux, Chief Executive Officer and David Seyller, Deputy Chief Executive Officer.

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\* AMSB : Administrative, management or supervisory body. It comprises members of the Board of Directors and the Chief Executive Officer



#### B.4.2. Risk Management key function

The Risk Management function ensures that the level of risk taken by the company is consistent with the guidelines and objectives defined by the Board of Directors.

Its role is to ensure the implementation of an effective risk management system through:

- The construction and deployment of tools and methods to assess the company's risks;
- The assessment and strengthening of the risk management system;
- Regular reporting to governance bodies;
- The development of a risk culture within the company.

It must ensure that its objectivity, impartiality and independence are safeguarded. It must have sufficient authority in the organisation and have access to all the information necessary to perform its role.

#### B.4.3. Actuarial key function

The Actuarial function contributes to improving the risk management system. It guarantees the reliability and appropriateness of the methods and assumptions used in the calculation of underwriting provisions. It is responsible for issuing an alert if risk arises between the underwriting policy and the reinsurance policy and if there is a risk of non-profitability of underwriting with regard to the strategy and organisation of the company.

#### B.4.4. Internal Audit key function

The Internal Audit function monitors and evaluates governance processes and the risk control system as defined within Axeria iard. As part of its role, the Internal Audit function periodically assesses the relevance and effectiveness of processes with regard to the legal and regulatory provisions in force, as well as the company's strategic objectives.

#### B.4.5. Compliance key function

The Compliance function ensures compliance with legal, regulatory and administrative provisions throughout the organisation.

It is not limited solely to the regulatory and legal framework. The role also includes professional and ethical standards: conflicts of interest, AML/CFT, instructions from Senior Management and brokerage custom and practice.

This function covers the entire scope of the company, in particular:

- Business practices;
- Customer protection;
- Compliance of policies / products;
- Data protection and confidentiality;
- Anti-money laundering and combating the financing of terrorism;
- Regulations relating to the conducting of insurance business (accreditation, governance, prudential supervision);
- Ethics and professional conduct.

Accordingly, the Compliance function, acting independently, will be required, in particular, to:

- ensure compliance with all relevant laws, regulations, rules and professional standards;
- assist employees in ensuring compliance with ethics policy;
- identify and assess non-compliance risks;
- assist employees in the management and control of these risks;
- report significant issues directly to managers.

This function's role is to advise the administrative, management and supervisory bodies and promptly report any major irregularities. In the event of non-compliance, the Compliance function must inform the Chair of the Board or another board member. Independently of such a situation, the Compliance function presents a report of its activity to the Board of Directors at least once a year.

Implementation of the non-compliance risk management system requires coordination between the Compliance function and the company's various departments (Marketing, HR, Finance, etc.)

## **B.5. Reporting lines within the company**

The meetings of the Board of Directors, held at least three times a year, set the company's overall strategy, and allow the CEO to keep the Board of Directors informed of the company's activities. They also allow key functions to report to the Board of Directors on the main risks they have identified as part of their role.

The Management Committee meets monthly and brings together the department heads. It is a forum for cross-departmental discussion of the business and achievement of objectives and exchanging strategic and operational information. Management Committee meetings are minuted and information shared within the teams.

Finally, specific committees meet if there is a need to analyse, process and share information on cross-functional topics (such as prioritisation of IT development work, the fit between underwriting/reinsurance coverage, etc.). They change according to the company's objectives.

## **B.6. Remuneration**

Axeria iard's remuneration policy aims to attract staff and ensure their commitment and loyalty over the long-term, while ensuring appropriate risk and compliance management.

It also aims to support employees in their roles to achieve the company's strategic objectives.

To this end, the company has set up a remuneration structure for its employees combining fixed and variable individual remuneration plus a collective remuneration component.

The combination of these different aspects makes it possible to address the challenges of motivating and rewarding employees, as well as controlled support in achieving the company's objectives, with the aim of sound and effective management.

### **B.6.1. Contractual remuneration**

Contractual remuneration consists of a fixed portion and a variable portion for all employees of the company.

#### **Fixed portion of the contractual remuneration**

Axeria iard employees are governed by the insurance and insurance inspectorate collectively bargained agreements, applicable within the company.

The fixed remuneration is set when the employee joins the company. It takes into account in particular the position held, status, training, skills and the experience of the employee concerned. It is determined in accordance with the minimum levels set by the collective agreement.

Increases are examined annually during an internal process defined by the company.

#### **Variable portion of the contractual remuneration**

Each employee of the company on a permanent contract has a variable remuneration defined as a percentage of their fixed annual remuneration. Variable remuneration depends on the achievement of collective and individual targets, which are reviewed annually. These objectives contribute to the achievement of the company's strategy and can include performance, quality and risk management criteria.

Variable remuneration is decided taking into account in particular the position held by the employee concerned while ensuring that the fixed remuneration remains predominant in relation to the variable remuneration. No remuneration factor is therefore likely to encourage excessive risk-taking in the company.

The variable remuneration objectives set are quantitative or qualitative and measurable.

The achievement of collective objectives is evaluated annually once the company's financial results are known and is shared with the Works and Economic Committee.

The attainment of individual objectives is assessed in the annual appraisal interviews.

The variable assigned to managers of key functions is not related to activities assigned to them in the context of this key function.

#### **Remuneration of effective managers**

The Chief Executive Officer and the Chief Operating Officer, in their capacity as effective managers of the company, have a different compensation structure from that of employees.

Their compensation is approved each year by the Board of Directors.

### **B.6.2. Remuneration resulting from collective schemes**

The remuneration policy established within the company also takes into account remuneration components resulting from collective schemes, whether it is a collectively bargained agreement, other collective agreement or unilateral decisions by the employer:

- Profit-sharing agreement
- Incentive agreement
- Attendance bonus
- Long service bonus
- Transport costs
- Meal vouchers
- Home office allowance

In 2022, employees eligible under the statutory provisions also received the cost-of-living payment.

These schemes are intended for the company's employees, excluding its corporate officers.

### B.6.3. Collective health, death & incapacity, and pension schemes

The collectively bargained insurance and insurance inspectorate agreement stipulates that employees benefit from health, death & incapacity and supplementary pension benefits run by I-Gestion and the B2V.

These schemes are collective and mandatory within the company.

Since 1 January 2019, the company has also offered an optional supplemental scheme to strengthen the coverage offered by the mandatory group healthcare expenses insurance scheme.

#### **Personal protection insurance plan**

The purpose of the Personal Protection Insurance Plan is to provide employees of insurance companies or their family members with benefits in terms of death, incapacity for work, disability and accidents occurring during a business trip, as well as reimbursement of healthcare costs under the conditions and limits stipulated.

Employees must join the Plan from their first working day. However, employees who are eligible for public policy exemption arising from Articles L.911- 7 III, D.911-2 and D.911-6 of the French Social Security Code may, at their request, be exempt from reimbursements of healthcare costs only.

The level and nature of the benefits are identical for all members of the company.

The contribution basis for the healthcare expenses portion is a percentage of the monthly social security contributions ceiling. This percentage varies on the basis of the previous year's gross remuneration with the criterion of being greater than or less than an annual social security ceiling.

The contribution relating to death disability benefits is based on the gross compensation for the current year made up of all the components of remuneration used to calculate social security contributions up to a limit of 8 times the annual social security ceiling.

#### **Complementary health insurance**

In addition to the benefits stipulated in the collective agreement, the company has taken out complementary health insurance to extend the healthcare basket of the basic Plan. Employees must join the scheme from their first working day, unless legally exempted.

The contribution rate (defined as a percentage of the social security ceiling), the level of coverage and the nature of the benefits are identical regardless of the insured party's status or level of remuneration.

#### **Optional supplemental health insurance**

Since 1 January 2019, employees can optionally subscribe to a supplementary health insurance plan to increase the benefits acquired under the collective scheme.

The contribution rate (defined as a percentage of the social security ceiling), the level of coverage and the nature of the benefits are identical regardless of the insured party's status or level of remuneration. The contribution is paid exclusively by the employee.

#### **Complementary pension scheme**

Joint agreements have created this professional scheme of pension funds operating according to the funded mechanism and intended to create a complementary pension in the form of a life annuity. This mechanism establishes an organised and professionally managed fund in the form of a group insurance policy, managed by B2V.

The «Pension Fund» is therefore a collective and mandatory defined contribution complementary pension scheme for the benefit of all employees.

All employees must join once they have one year's length of service in one or more companies covered

by the insurance and insurance inspectorate collective agreements under one or more employment contracts, consecutive or otherwise.

## **B.7. Fit and proper requirements**

The members of the Axeria iard Board of Directors, the effective managers and key functions must comply at all times with the requirements of fitness and propriety:

- their qualifications, knowledge and professional experience are appropriate for sound and prudent management (fitness); and
- their reputation and integrity are of good quality (propriety).

The Compliance function reports appointments or renewals of effective managers and key functions to the ACPR in accordance with Instruction no. 2015-I-03, using the nomination or renewal forms.

### **B.7.1. Assessment of propriety**

Assessing propriety involves assessing a person's reputation and integrity. Honesty is one of the qualities to consider, as is conflicts of interest, which can influence a person's behavior and must be avoided.

The propriety assessment is performed by the Company's Compliance function. A propriety assessment includes the following aspects:

- Any criminal conviction, director disqualification, administrative or disciplinary sanction
- by a supervisory or professional authority, or measure of suspension or exclusion from a professional organisation in France or abroad; or any proceedings pending for any of the cases set out below;
- Any ongoing investigations, enforcement measures or sanctions for non-compliance with financial services legislation or imposed by a regulatory or professional body;
- If any of the undertakings in which the person has performed a management/control role in the last ten years:
  - Has had approval or accreditation withdrawn in the field of insurance, banking or finance, in France or elsewhere, for breaches or misconduct, or has entered administration or liquidation,
  - Has seen its statutory auditors, in France, or its legal auditors, for companies having their registered office elsewhere, refuse to certify the accounts,
  - Has been subject to an administrative or disciplinary sanction imposed by a supervisory authority or a professional organisation, in particular suspension or exclusion from a professional organisation in France or elsewhere.

If a person who is effectively involved in managing the company finds themselves in one of the aforementioned situations, they are required to report it prior to assuming any position of responsibility.

The Compliance function will then report to the AMSB so that it can justify its decision whether or not to accept the appointment of the individual concerned in respect of:

- the intended function;
- the collective fitness and propriety of the administrative, management and supervisory body (AMSB).

Propriety will be assessed annually on the basis of the nomination file sent to the supervisory authority and a declaration of non-conviction, accompanied by an extract of the person's criminal record less than

three months old. All verification evidence is retained.

## B.7.2. Assessment of fitness

### Board of Directors

In order to meet the collective and individual fitness requirements of the Board of Directors, the Compliance function must ensure that the company's Board of Directors has expertise in the following areas:

- **Market knowledge:** understanding of the company, the economic environment and the wider market in which the company operates as well as knowledge of the needs of the insureds,
- **Strategy and business model:** an appropriate and detailed understanding of the company's strategy and business model,
- **System of governance:** this includes risk management and control, which means an awareness and understanding of the risks facing the company and the ability to manage them. In addition, this includes the possibility of evaluating the effectiveness of the arrangements made by the company to ensure effective governance and the controls necessary for their supervision within the company and, if necessary, the supervision of changes in these areas,
- **Financial and actuarial analysis:** the ability to interpret the company's financial and actuarial information, identify key issues, put in place appropriate controls and take necessary action on the basis of such information,
- **The regulatory framework and its requirements:** knowledge and understanding of the regulatory framework within which the company operates, the related requirements and expectations, and the ability of the company to adapt to regulatory changes.

Any given member of the Board of Directors is not required to have expertise, skill and experience in all of the areas listed above. However, the collective knowledge, skills and experience of the Board of Directors as a whole must allow for sound and prudent management of the company. This collective knowledge must be maintained at all times, so any change in membership of the Board of Directors must be considered from this perspective.

Fitness will be assessed annually on the basis of:

- The CVs requested on each appointment,
- The mapping of each member's skills. For each skill and/or experience area, this map indicates the contribution of each director to the collective knowledge of the Board of Directors for the sound and prudent management of the company.

### Effective managers and key functions

Generally speaking, the skills, experience, reputation and integrity of the persons effectively managing the company and holding key functions are determined and verified through the following:

- Dated and signed curriculum vitae;
- Copy of the national identity card or passport;
- Copy of the qualifications obtained;
- Criminal records check less than 3 months old;
- Declaration of non-conviction relating to I and II of Article L. 322-2 of the French Insurance Code;
- References (other positions held, interests, holdings in companies);
- and any other means necessary for the evaluation.

This evaluation demonstrates that the person has proven in the past that he or she is fit and proper for the

performance of his or her future duties.

All persons concerned will be required to maintain their skills for their role through continuing training.

In addition, the company must not only have procedures in place to meet the skills requirements during hiring but must also integrate a continuing professional training process so that all of these people stay informed of developments related to their duties. Skills are assessed as part of the annual appraisal.

## **B.8. Risk management system, including ORSA**

### **B.8.1. The risk management system objectives**

The purpose of the risk management system is to make decision-making secure through the identification, assessment, management and monitoring of the risks to which the company is, or could be, exposed in order to achieve its strategic objectives.

### **B.8.2. Risk management system governance**

The Board of Directors provides sound and prudent management of the company. As such, it validates the company's risk appetite as proposed by senior management.

The risk management system is coordinated by senior management. During Management Committee meetings, management discusses and shares the risk areas of their activities with regard to the company's strategy directions. This body decides on the actions to be taken with regard to the risks identified.

Specific committees also meet when needed to analyse, process and share information on cross- functional topics. The frequency of committee meetings and topics addressed vary according to the company's needs.

Finally, the risk management system is supported by all employees in the routine management of their work. They use the internal control system implemented by Axeria iard to manage their risks.

Risk management system coordination falls under the key function of risk management required by Solvency II.

### **B.8.3. Risk management system organisation**

The risk management system is part of a global mechanism structured in three levels:

- **1<sup>st</sup> line of defence:** operational functions are responsible for routine management of the risks inherent in their work.
- **2<sup>nd</sup> line of defence:** the key functions of Risk Management, Actuarial and Compliance constitute the second level of coordination in the risk management system. They control and monitor the identified risks autonomously and independently from the 1st line functions in order to ensure their risk assessments are reliable, that checks are made, and that the optimisation plans and monitoring are appropriate.
- **3<sup>rd</sup> line of defence:** Internal audit is responsible for providing independent assurance of the effectiveness of the first two levels.

### **B.8.4. Risk management framework**

Axeria iard's risk management framework is based on:

- the definition of the risk appetite,

- its application to risk limits, at different levels,
- identification of all the risks to which Axeria iard is exposed,
- assessing, monitoring and circulating information about each risk.

#### B.8.4.1. Risk appetite

Risk appetite is the level of risk that the company accepts to conduct its business and achieve its strategic objectives. The objective is to build a profitable, risk-controlled portfolio. Appetite is defined annually and proposed to the Board of Directors for ratification.

#### B.8.4.2. Risk register

This covers all risks that might impact the company. Taking the form of risk mapping, all identified risks inherent to the company's activities are included. Risks are reassessed and risk management improved annually. The mapping of major risks is ratified by the Board of Directors and presented to the Management Committee.

#### B.8.4.3. Own risk and solvency assessment

ORSA (Own Risk and Solvency Assessment) is defined as a set of processes to assess the overall solvency requirement related to the risk profile specific to each insurance company, on an ongoing and forward-looking basis.

Conducted annually, the ORSA reflects the company's ability to identify, measure and manage factors that may change its solvency or affect its financial position. An ad hoc ORSA can be carried out in the event of major internal or external events.

Within Axeria iard, the ORSA falls under the responsibility of the Risk Management key function. It is conducted in conjunction with the Risk and capital manager.

The ORSA report is presented to the Chief Executive Officer for approval and then to the Board of Directors for ratification.

The ORSA is incorporated into the company's management process and is one of various tools used. It is based on:

- **The company's medium-term strategy plan:** the projection of solvency ratios in future is based on the estimates in this plan
- **Risk mapping:** the company analyses its main risks annually.

Conversely, ORSA's findings feed into the risk mapping, inform strategic decisions and may lead to a review of the medium-term plan.

This assessment includes the following information:

- An assessment of the overall solvency requirement taking the company's specific risk profile into account;
- This analysis is based on the company's risk mapping, with each risk taken into consideration in determining whether it is adequately addressed in the standard formula, given the company's exposure. If it is not, an adjustment or additional capital requirement is included in the ORSA;
- A projection of this requirement over 3 years based on the company's medium-term plan;
- An analysis of the impact of internal and external events on the company's solvency, taking into account the company's specific risk profile, approved risk tolerance limits and the company's business strategy.



- The determination of stress tests, which is based, among other things, on the company's risk mapping.

## B.9. Internal control system

### B.9.1. Definition

Internal control is a process implemented by the company's Board of Directors, executives and employees. It is intended to provide reasonable assurance that three categories of objectives are met:

- **operational objectives:** these relate to the effectiveness and efficiency of operations. They include operational and financial performance objectives, as well as asset safeguarding.
- **reporting objectives:** these concern internal and external, financial and extra-financial reporting. They may target the reliability, timeliness, transparency or other requirements issued by regulators, recognised standards bodies or internal instructions.
- **compliance objectives:** these relate to compliance with the laws and regulations applicable to the company.

To this end, Axeria iard has implemented an internal control system based firstly on the requirements of Solvency II and secondly on the methodologies and best practices recommended by the COSO guidance.

### B.9.2. Internal control framework

In accordance with the governance provisions laid down by Solvency II and the COSO guidance, Axeria iard's internal control framework is structured around five key components described below.

#### B.9.2.1. Control environment

Axeria iard has a control environment that favours proper management of its risks, reflected in:

- **a Board of Directors** ensuring the implementation and smooth running of the internal control system.
- **senior management**, under the supervision of the Board of Directors, defining the structures, reporting lines, and the appropriate powers and responsibilities to achieve the objectives set.
- **a commitment to attract**, train and retain employees with skills aligned with the objectives set.
- the establishment of formal procedures distributed to all employees.

#### B.9.2.2. Risk assessment

Based on a process mapping, Axeria iard has undertaken a process for identifying, measuring and prioritising the risks inherent to its activities and ensuring that they are under control.

Risk mapping is based on two dovetailing top-down and bottom-up approaches. Risk mapping is constantly monitored on the basis of changes in the risk environment and is reviewed at least annually. Indeed, the risk assessment changes according to the results of the controls, the incidents identified and the key performance indicators.

#### B.9.2.3. Control activities

Axeria iard's objective is to establish permanent and operational monitoring in the context of business processing. The permanent control mechanisms are structured around:

- **A control plan:** drawn up annually, it facilitates control of operations, compliance with regulations and the reliability of data. It is operated on three control levels corresponding to the three lines of defence.
- **An incident database:** in which major incidents are recorded. It serves to reconcile initial risk assessments with incidents actually identified.
- **Action plans:** these are defined to respond to any inadequacies identified in the control of risk.

#### B.9.2.4. Information and communication

The internal control system is based on adequate circulation of information. This must be relevant to the recipients. It is important to report on the work carried out to those involved in coordinating the internal control system to enable them to fulfil their responsibilities and achieve their objectives.

Information from the internal control system also contributes to the production of the reports required by the regulations.

#### B.9.2.5. Monitoring of the framework

The internal control system is structured around ongoing management and periodic reviews of its operation, making it possible to verify its effectiveness and appropriateness to the company's objectives. It assesses and communicates the strengths and weaknesses of the internal control system to stakeholders, including senior management, and the Board of Directors.

#### B.9.3. Compliance function

Axeria iard has designated Compliance to be a key function, reporting directly to the Chief Executive Officer, effective manager. It provides advice to senior management and the Board of Directors.

The Compliance function presents the policies and activity reports falling within its scope to the Board of Directors. It can contact the Board of Directors whenever a major incident impacting its areas of expertise occurs. The compliance policy is reviewed annually and describes the roles and responsibilities of the function, its areas of intervention and its relationship with the internal control system and its governance.

It also plays a role with operational staff in coordinating, advising and checking their compliance. It thus contributes to the strengthening of the internal control system through its position as the 2<sup>nd</sup> line of defence.

The scope of the function covers compliance with laws, regulations, standards and internal policies and procedures. Thus, the compliance function detects, identifies, assesses and prevents non-compliance risks through:

- Training and raising employee awareness of internal procedures (anti-money laundering and terrorist financing, complaints, etc.);
- The anti-money laundering and combating the financing of terrorism mechanism;
- Monitoring and gathering information;
- A reference base holding the regulations;
- Monitoring of regulatory reporting obligations;
- Customer protection;
- Compliance of the company's policies/products;
- Data protection and confidentiality

## **B.10. Internal Audit function**

### **B.10.1. Process**

The head of Internal Audit reports directly to the Chief Executive Officer, to whom they report on all of their work. Internal Audit being a key function, they present policy and the function's activity report to the Board of Directors.

The scope of internal audit covers all of the company's activities and processes. The audit schedule is planned in conjunction with the Risk Management and Compliance key functions, based on the risk analysis work carried out (risk mapping, ORSA, etc.). Audits are planned to address the company's main risks, based on the principle of rotation over several years.

The results of the audits in turn are used as input to the work of other key functions and are taken into consideration when implementing the risk management system.

### **B.10.2. Policy**

Internal audit is governed by a policy approved annually by the Board of Directors. This policy is consistent with Solvency II standards (Article 47 of Directive 2009/138/EC), as well as international standards in professional internal audit practice.

This policy serves as the internal audit charter, as required by Article 1000 of the "International Standards for the Professional Practice of Internal Auditing".

It is a written policy and follows the same approval and review process as other internal policies. This policy presents the role and objective of the internal audit, its scope of intervention, the general methodology applied, and the rights and obligations of the auditees and auditors.

This policy specifies the following aspects in particular:

#### **Reporting line**

In order to ensure its independence, the Internal Audit function reports directly to the Chief Executive Officer. Any person involved in an audit (internal auditor or any internal or external expert brought in for the assignment) will, in the context of this assignment only, report directly to the head of internal audit, to the exclusion of any other usual hierarchical relationship.

#### **Independence**

In accordance with professional standards, auditors (and any other persons involved in an audit assignment) must be independent from the individuals and processes audited. In particular, they are to refrain from auditing any process in which they participate or over which they have authority, or in which they have participated in the three years preceding their audit.

#### **Right of inspection**

The audit has full authority to seek and investigate in respect of assignments approved by senior management. The collection of information or documents must not be hindered, and the information itself must not be concealed or distorted. The audit has access to any person the auditors deem necessary to interview in the context of the assignment. Apart from in the situations stipulated by law, no objection can be made for reasons of confidentiality.

#### **Referral**

Any manager in the company is authorized to propose an assignment or to alert to an area of risk. However, the appropriateness of an assignment is decided by the internal audit, in agreement with the Chief Executive Officer to whom it reports. The internal audit defines an audit plan that lists the assignments scheduled over a defined period.

## B.11. Actuarial function

### B.11.1. Organisation

The Actuarial function ensures the reliability and appropriateness of the methods and assumptions used in the calculation of underwriting provisions.

It is responsible for issuing warnings if there is any risk of a mismatch between underwriting policy and the reinsurance policy and if there is a risk of underwriting not generating a profit with regard to the company's strategy and organisation.

The Actuarial function's scope and role were defined, in accordance with Directive 2009/138/ EC of 25 November 2009 (Article 48) and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (Article 272), as follows:

- **regulatory monitoring** to ensure the role of the function is appropriate given regulatory requirements,
- **in terms of underwriting provisions:**
  - approval of the methods used,
  - opinion on data quality,
  - backtesting estimates.
- **in terms of the underwriting policy:**
  - opinion on the risk of non-profitability of underwriting taking into account the various factors that might influence it.
- **in terms of reinsurance:**
  - opinion on the risk of a mismatch between cover (co-insurance, processed and optional) and underwriting.

The Actuarial function reports annually to the Board of Directors.

### B.11.2. Scope

The Actuarial function bases its opinions and recommendations on:

- The existence of documented internal processes;
- The work of the Risk Management function (risk mapping, process documentation, etc.);
- Technical analyses carried out by underwriting coordination and management control;
- A review of the methodologies used to calculate underwriting provisions;
- Additional analyses, without, however, undertaking audits.

## B.12. Subcontracting

### B.12.1. Subcontracted activities

As part of its insurance business, Axeria iard has put agreements in place with third party service providers and partners in order to outsource part of its business. This outsourcing gives the company greater flexibility as well as access to specific skills.

Axeria has drawn up a list of activities that may be considered important or critical based on the provisions of the EIOPA:

- Insurance product design;
- Insurance product pricing;

- Claims handling;
- Drafting of contractual documents;
- Financial asset management;
- Key functions of Compliance, Internal Audit, Risk Management and Actuarial services;
- The accounting function;
- The ORSA process;
- Data archiving;
- IT support and operational maintenance services when the service provided is considered essential or critical in the BCP.

### B.12.2. Subcontracting Policy

The Axeria iard Board of Directors has adopted a subcontracting policy that forms part of the general risk management framework in accordance with the requirements of the Solvency II Directive.

In accordance with the transposition of the Directive into French law (Decree n°2015-513 of 7 May 2015), the key functions listed in Article L.354-1 and those whose interruption is likely to have a significant impact on the company's activity or its ability to effectively manage risks, or call into question the conditions of its accreditation, are deemed important or critical operational activities or functions within the meaning of Article L. 354-3.

For any new subcontracting arrangement, Axeria iard follows a systematic procedure in line with the requirements of Article 274-3°-a) of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014. This procedure consists of:

- Carrying out a preliminary feasibility study and detailing the subcontracting scope;
- Implementing a rigorous and transparent subcontractor selection procedure, covering in particular the assessment of the internal control system, checks on any necessary capabilities and accreditations and the existence of an adequate business continuity plan;
- Producing a formal subcontracting agreement that ensures subcontracting does not worsen the company's exposure to risk, that it remains in a position bring the activity back in-house, and that it has the means to monitor the performance of outsourced activities (reporting, management committees, inspections, etc.);
- Implementing an appropriate control and monitoring system (audit, continuous evaluation, steering committees).

### B.13. Other information

No other information to be brought to the attention of the reader.

# C. RISK PROFILE

## C.1. Underwriting risk

### C.1.1. Identification of underwriting risk

Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 defines “underwriting risk” as “the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions”.

The main underwriting risks identified are as follows:

- **Inadequate pricing:** inadequate pricing makes it difficult to achieve underwriting objectives in terms of underwriting, development or risk selection targets. Thus,
  - **poorly adapted pricing** leads to a risk of anti-selection of risks;
  - **pricing that is too high** in relation to the profitability target or market practices prevents the achievement of development objectives;
  - **underwriting policies** that are repeatedly below the profitability threshold may jeopardise profitability and therefore the sustainability of the business.
- **Inadequate provisioning:** claims provisioning is used to measure their ultimate level, individually or on a segment. If this provisioning is biased in one direction or in the other, or if the distribution of reserves is not appropriate (for example, by product), the profitability picture is blurred. This leads to difficulties with coordination and can have negative consequences on pricing. On the other hand, under-provisioning would entail a risk for the company of being unable to honour its commitments to policyholders.

### C.1.2. Measurement of underwriting risk

Axeria iard’s strategy in terms of pricing and reserves is based on the following principles:

- **Control over profitability:** Axeria iard ensures that its profitability is under control and all segments of the portfolio generate a sufficient underwriting margin.
- **Provisioning in accordance with regulatory requirements:** At each period-end, Axeria iard records provisions meeting French regulatory obligations, particularly those regarding the sufficiency of claims reserves.
- **Effective management:** Axeria iard ensures that it produces cost-effective management tools adapted to its needs. To do so, it ensures that the assessment of claims incurred is as fair and accurate as possible and that it is updated regularly.

Unsuitable pricing and inadequate provisioning risks can be measured using the metrics of earned premiums net of reinsurance and best estimate claims reserves net of reinsurance. These two metrics are used in the standard formula.

### C.1.3. The risk control system

Axeria iard has put in place a risk control system that enables it to deploy its strategy within each relevant process. The main elements of this system are as follows:

### **Pricing methods suited to the product**

Axeria iard does not delegate the pricing of its products. Axeria iard is the only decision-maker regarding products and prices and is solely responsible for their consistency with company objectives, and their correct application and monitoring. Pricing methods are adapted to the type of product being underwritten.

### **A standardized, clear and well-defined claim provisioning process**

For all provisions in the portfolio file, Axeria iard's objective is to ensure that the provision made is standardised, accurate and up to date. To this end, documented processes have been put in place based on a secure management system (management guide, management authorities, continuous review of evaluations, audits of delegated authorities, etc.).

### **Regulatory compliance**

Axeria iard has put regulatory intelligence gathering in place and strives to comply with all requirements related to constituting provisions.

The financial statements are reviewed half-yearly by the statutory auditors, who ratify their compliance annually.

### **Comprehensive and high-quality data**

Axeria iard pays particular attention to the reliability and quality of data used. Axeria iard ensures in particular that the information necessary for pricing and building provisions is available to the teams and that it is of good quality, complete, and timely.

### **A process for preparing financial information**

The production process of the quarterly financial statements makes it possible to control the quality of the data produced and meet deadlines.

### **Monitoring of profitability and adjustment of the premiums of policies in the regular portfolio**

Several processes exist within Axeria iard to monitor portfolio profitability (including actuarial analyses) resulting in price adjustments.

## **C.1.4. Risk mitigation techniques**

In order to mitigate some underwriting risks, Axeria iard uses co-insurance and reinsurance to transfer part of the pricing risk. These techniques lead to other types of risk, which will be addressed in the "credit risk" section.

## **C.2. Market risk**

### **C.2.1. Identification of market risks**

Market risk is the risk of loss, or of an unfavourable change in the financial situation, directly or indirectly resulting from fluctuations in the level and volatility of the market value of assets, liabilities and financial instruments.

Financial risks are monitored periodically and break down into:

#### **C.2.1.1. Interest rate risk**

The impact of interest rate risk on assets is based on the following:

- regulatory constraints
- asset/liability matching to define a tactical allocation
- minimum and maximum sensitivity for the bond portfolio

Interest rate movements may have a negative impact on the economic, financial and solvency situation.

#### C.2.1.2. Equity risk

Equity risk arises from unexpected changes in stock prices.

Movements in equities may have a negative impact on the economic and financial situation, both in terms of value and solvency.

#### C.2.1.3. Liquidity risk

This risk is specifically addressed in Part D.4 of the report.

### C.2.2. Market risk management

Axeria iard's investment policy is guided by the rules and limits imposed by the French Insurance Code.

To keep market risk under control, Axeria iard has set up a framework approach that imposes a limit structure governing risk-taking.

Interest rate risk is assessed in the form of target sensitivity calculated monthly in order to mitigate potential imbalances between assets and liabilities.

### C.2.3. Measurement of market risk

Market risk can be assessed through investment volumes by asset class, as in the standard formula.

## C.3. Credit risk

### C.3.1. Introduction to credit risks

Credit risk is the risk that a receivable owed to the insurer will not be paid. For Axeria iard, this risk concerns:

- Delegation of premium collection to brokers
- Delegation of premium collection to co-insurance lead insurers
- The claims commitments of other co-insurers
- Commitments ceded under reinsurance
- Funds placed with banks (current accounts or term deposits).

### C.3.2. Credit risk management

#### D.3.2.1 Brokers

The company, through its extranet, delegates the distribution of its products, as well as, to a more limited and controlled extent, the collection of premiums. It controls credit risk by running a number of checks, particularly in the selection of brokers, the contractualisation of the relationship, the performance of audits and the verification of registration in the ORIAS French insurance intermediaries register.



### D.3.2.2 Co-insurers

Co-insurance is governed by the FFA (French insurance federation) co-insurance agreement.

Axeria iard is only liable to the insured only for its portion; it is not jointly and severally liable with the other co-insurers.

### D.3.2.3 Reinsurers

Axeria iard only takes out reinsurance with financially sound reinsurers with a good reputation on the market, with which it develops long-term partnerships, in order to ensure the sustainability of coverage and avoid opportunistic attitudes.

Axeria iard is moreover responsible for diversifying counterparties and avoiding excessive exposure to one or more counterparties.

Finally, its reinsurance guidelines stipulate the inclusion of treaties clauses covering assigned provisions and cash calls when possible.

### C.3.3. Credit risk measurement

The company monitors its counterparty risk through the following indicators:

- Aged balance of broker and co-insurers receivables;
- Provisions assigned to reinsurers, and provisions assigned less pledges;
- Amounts of current accounts and term deposits with banks

These metrics are used in the standard formula to estimate the capital requirement related to counterparty risk.

## C.4. Liquidity risk

### C.4.1. Introduction to liquidity risk

Liquidity risk is defined in Article R352-1 of the French Insurance Code as «the risk, for insurance and reinsurance undertakings, of not being able to realise their investments and other assets in order to honour their financial commitments when they become due.»

The main objective for Axeria iard is to manage and coordinate liquidity risk in order to meet its commitments to its insureds and creditors in a short period of time.

### C.4.2. Liquidity risk management

Liquidity risk management is based on:

- A target allocation with investments in liquid and low-volatility assets to provide security and meet liquidity requirements;
- Maintenance of a reserve in the event of unforeseen liquidity needs;
- Daily cash management issuing warnings when large disbursements occur. In addition, call clauses are stipulated with co-insurers and reinsurers.

The target allocation on the monetary component is calibrated in order to ensure a minimum level of liquidity for operations and maintain a significant reserve.

## C.5. Operational risk

### C.5.1. Identification of operational risk

Operational risk is defined under Solvency II as the risk of losses resulting from inadequate or failed internal processes, human error, IT system failures, or external events.

In this regard, operational risk also includes the risk of non-compliance, defined as the risk of judicial or administrative sanctions, material financial loss or damage to reputation caused by the company's failure to comply with legal, regulatory or contractual provisions, or with professional or ethical standards, instructions or the strategy direction of the business.

### C.5.2. Operational risk management

Control over operational risk is based on:

#### **A risk register**

Axeria iard produces a risk map annually. It makes it possible to formalise and rank the company's major risks and identify the extent of the company's vulnerability to these risks.

#### **A business continuity plan (BCP)**

The company has a business continuity plan that makes it possible to switch to a backup system that will provide the services necessary for the survival of the company and the services to be provided to insureds, despite a significant loss of resources.

Axeria iard's computer system makes it possible for all employees to work remotely in the event that access to the premises is impossible or difficult.

#### **Incident database**

The company has put various tools in place that allow it to log incidents and irregularities, analyse them and implement the necessary corrective actions.

#### **Insurance**

Axeria iard has an insurance program to cover major risks. The company regularly verifies that the cover is adequate for its needs.

### C.5.3. Measurement of operational risk

As proposed by the standard formula, Axeria iard uses gross reinsurance premium and gross reinsurance provisions as an indicator.

# D. VALUATION FOR SOLVENCY PURPOSES

## D.1. Assets

This section presents the restatements made between:

- the valuation used in the company financial statements prepared in accordance with the regulatory framework and generally accepted accounting principles for insurance companies in France. The provisions of ANC (French accounting standards authority) Regulation No. 2015-11, as amended by ANC regulation 2016-12 on annual insurance accounts, the provisions of ANC Regulation 2014-03 et seq. relating to the general chart of accounts, and Articles L.123- 12 to L.123-22 of the French Commercial Code also apply,
- and the valuation calculated for the Solvency II valuation, in accordance with the technical specifications.

### D.1.1. Investments

In the Solvency II balance sheet, equities and bonds are valued at their market value on the basis of custodian statements, including accrued coupons. UCITS and securities held in OPCI - real-estate collective investment schemes - are valued on the basis of the net asset value (NAV) issued by the management company. Term deposits are valued at historical cost.

### D.1.2. Tangible and intangible assets

Intangible assets are eliminated from the valuation for solvency purposes. Tangible assets are valued in the same way as in the financial statements.

### D.1.3. Reserves for contingencies and charges

These provisions are valued in this valuation in the same way as in the financial statements.

### D.1.4. Receivables

These provisions are valued in this valuation in the same way as in the financial statements.

### D.1.5. Accruals and prepayments

#### D.1.5.1. Valuation in the financial statements

Prepayments and accrued income are mainly:

- accrued interest and accrued income;
- differences in bond redemption prices (discount);
- deferred acquisition costs over future financial years.

Accrual accounts mainly consist of the amortisation of differences in bond redemption prices (premium).

#### D.1.5.2. Valuation in the SII balance sheet

Accrued interest and premiums/discounts are included in the valuation of investments. Deferred

acquisition costs are eliminated and replaced by an overall premium provision.

## **D.2. Underwriting provisions**

### **D.2.1. Premium provisions**

All premium provisions in the financial statements (premiums issued not earned, provision for ongoing risks, deferred acquisition costs and equalisation provision) are replaced in the SII valuation with an overall provision corresponding to discounted future cash flows related to policies that the company cannot terminate or for which it cannot change the price. This involves:

- Policies currently running
- Policies on which the company is bound due to the notice of termination, (usually 2-month namely, at month-end December N, contracts with inception dates in January and February N+1.

The provision for premiums assigned under reinsurance is calculated by applying the budgeted disposal rates to the various elements of the gross premium provision.

### **D.2.2. Provisions for claims**

Mathematical provisions, provisions for outstanding claims and provisions for management costs are measured in the SII solvency valuation as the present value according to the EIOPA risk-free yield curve, future settlement flows and expenses. Reinsurance assignments comply with the terms of the various reinsurance treaties entered into.

## **D.3. Deferred taxes**

### **D.3.1. Deferred tax**

In the SII valuation, assets and liabilities are recalculated, generating adjustments to liabilities and assets, which are recognised in equity. For Axeria iard, these adjustments are positive and increase equity, thereby generating a tax liability.

The impact of the tax is estimated using the corporate tax rate multiplied by the amount of the adjustments. This constitutes a deferred tax liability recognised in the valuation for solvency purposes.

### **D.3.2. Loss-absorbing capacity of deferred taxes**

Under SII standards, the company calculates an adjustment to take into account the BSCR (Basic Solvency Capital Requirement) ability to absorb that loss + capital for operational risk through deferred taxes. This amount is estimated using the corporate tax rate multiplied by the sum of the BSCR and the operational SCR, limited by the amount of deferred tax liabilities recognised under SII.

## D.4. Values of assets and liabilities

### D.4.1. Table of provision entries

The table below shows the transition from claims and premium provisions from the financial statements to the SII valuation for solvency purposes.

Provision in financial statements (in €m)		Difference		SII valuation
<b>ENTRIES IN CLAIMS AND PREMIUM PROVISIONS RESTATED AS ASSETS</b>				
provisions for assigned premiums and deferred acquisition costs	12 603	-35 317	-22 715	provisions for assigned premiums discounted BE
provisions for claims assigned under reinsurance	188 580	-23 712	164 868	provisions for claims assigned under reinsurance
<b>TOTAL</b>	<b>201 183</b>	<b>-59 029</b>	<b>142 153</b>	<b>TOTAL</b>
<b>ENTRIES IN CLAIMS AND PREMIUM PROVISIONS RESTATED AS LIABILITIES</b>				
premium provisions	75 674	-58 715	16 960	premium provisions discounted BE
claims provisions (incl. mathematical prov. and prov. for claim mgt fees)	241 576	-21 732	219 843	claims provision discounted BE incl. risk margin
<b>TOTAL</b>	<b>317 250</b>	<b>-80 447</b>	<b>236 803</b>	<b>TOTAL</b>

### D.4.2. Balance sheet: transition from financial statements to valuation for solvency purposes

The table below shows the transition from the balance sheet to the SII valuation for the main asset and liability categories:

€m	Financial statements	Difference	SII valuation
<b>ASSETS</b>			
Intangible assets	83	-83	0
Investments (incl. bank deposits)	171 814	520	172 334
Receivables from reinsurers, intermediaries and excluding insurance	287 247	-49 525	237 722
Deferred acquisition costs	9 504	-9 504	0
Other assets	3 404	-369	3 035
<b>TOTAL ASSETS</b>	<b>472 052</b>	<b>-58 957</b>	<b>413 094</b>
<b>LIABILITIES</b>			
Gross underwriting provisions	317 250	-80 447	236 803
Reinsurers' cash deposits	3 487	0	3 487
Debts	74 184	0	74 184
Deferred tax liability	0	5 694	5 694
Other liabilities	19 654	0	19 654
<b>TOTAL LIABILITIES</b>	<b>414 575</b>	<b>-74 753</b>	<b>339 822</b>

#### D.4.3. Underwriting provisions by line of business

The table below shows the expected Best Estimate underwriting provisions net of reinsurance (premium and claims provisions, including management fees and risk margin) by LoB (€m).

€m	Underwriting provisions in SII valuation net of reinsurance at 31/12/2022
Line of Business	
<b>NON-LIFE</b>	
Care costs	0
Loss of income	0
Accidents at work	0
Third-party motor insurance	48 896
Other motor insurance	5 518
Maritime, air and transport insurance	-160
Fire and other property damage	13 856
General civil liability	6 464
Bond credit	0
Legal protection	15
Assistance	231
Miscellaneous pecuniary losses	299
<b>LIFE</b>	
Annuities from non-life policies	15 139
<b>TOTAL</b>	<b>90 259</b>

*including management fees and risk margin*

#### D.5. Other liabilities

N/A

#### D.6. Alternative valuation methods

N/A

#### D.7. Other information L 12/290 FR Official Journal of the European Union 17.1.2016

N/A

# E. CAPITAL MANAGEMENT

## E.1. Own funds

### E.1.1. Valuation in the financial statements

At 31.12.2022, the company's share capital was €38m, being 3,800,000 shares with a nominal value of €10.

The proposed profit allocation for financial 2022 is as follows:

<b>Profit for the year:</b>	<b>8435226.26€</b>
<b>Allocation to statutory reserve</b> (Article 33 of the Articles - min 5%)	<b>421761.31 €</b>
<b>Proposed dividend distribution</b>	<b>1 000 000 €</b>
<b>The balance will be recorded under «Retained earnings» i.e. the balance of which would be increased to:</b>	<b>€ 7 013 464.95€</b> <b>8 414 444,06€</b>

There were no changes in capital during the financial year.

Own funds would then amount to €57m after allocation of earnings according to the proposal set out above.

### E.1.2. Solvency II valuation

The components of SII capital are, in addition to the own funds items in the financial statements:

- Asset adjustments
- Liability adjustments
- Deferred tax liabilities

SII eligible own funds amounted to €73,3 million.

### E.1.3. Quality of own funds

In view of their quality, all items of eligible SII own funds are classified as Tier 1.

## E.2. Solvency Capital Requirement and Minimum Solvency Requirement

Axeria iard uses the standard formula to calculate the Solvency Capital Requirement. The company is not affected by any add-on capital.

At the end of 2022, the SCR (Solvency Capital Requirement) coverage is 281%. The SCR amounts to 26.0M€.

The MCR amounts to 11.7M€, on the basis of the linear formula, as the cap and floor do not impact the result.

## E.3. Use of the long-term equity risk sub-module in the calculation of the Solvency Capital Requirement

N/A

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

N/A

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

N/A

**E.6. Other information**

N/A



# F. APPENDIX

## F.1. S.02.01.02 - Balance Sheet

Solvency II value

Assets		C0010
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	635 367
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	83 789 231
Property (other than for own use)	R0080	1 185 788
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	9 052 396
Government Bonds	R0140	617 390
Corporate Bonds	R0150	7 931 039
Structured notes	R0160	503 967
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	62 530 021
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	11 030 025
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	142 153 259
Non-life and health similar to non-life	R0280	136 686 426
Non-life excluding health	R0290	136 686 426
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	5 466 833
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	5 466 833
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	57 526 028
Reinsurance receivables	R0370	37 657 940
Receivables (trade, not insurance)	R0380	384 346
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	87 900 218
Any other assets, not elsewhere shown	R0420	3 035 051
	<b>R0500</b>	<b>413 090 440</b>

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Solvency II value

Liabilities		
Technical provisions - non-life	R0510	215 807 459
Technical provisions - non-life (excluding health)	R0520	215 807 389
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	211 805 503
Risk margin	R0550	4 001 886
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	20 995 599
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	20 995 599
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	20 606 261
Risk margin	R0680	389 338
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	324 201
Pension benefit obligations	R0760	157 580
Deposits from reinsurers	R0770	3 486 784
Deferred tax liabilities	R0780	5 693 672
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	17 377 643
Reinsurance payables	R0830	51 077 260
Payables (trade, not insurance)	R0840	5 729 260
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	19 172 387
<b>TOTAL LIABILITIES</b>	<b>R0900</b>	<b>339 821 631</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>	<b>R1000</b>	<b>73 268 809</b>

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## F.2. S.05.01.02 - Premiums, claims and expenses by line of business

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
		C0040	C0050	C0060	C0070	C0080	C0100	C0110	C0120	C0200
<b>PREMIUMS WRITTEN</b>										
Gross - Direct Business	R0110	96 988 477	19 795 435	1 559 396	60 794 623	21 307 917	721 700	1 547 968	27 319 818	230 035 334
Gross - Proportional reinsurance accepted	R0120									
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	59 087 804	18 225 302	1 535 396	52 509 310	20 854 976	646 899	1 331 306	24 551 880	178 742 873
Net	R0200	37 900 674	1 570 133	23 999	8 285 313	452 941	74 801	216 662	2 767 939	51 292 461
<b>PREMIUMS EARNED</b>										
Gross - Direct Business	R0210	64 631 908	19 860 589	1 557 438	60 272 845	19 150 647	733 828	1 592 906	27 276 348	195 076 509
Gross - Proportional reinsurance accepted	R0220									
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	59 087 804	18 225 302	1 535 396	56 409 505	18 383 253	646 899	1 331 306	24 551 880	180 171 345
Net	R0300	5 544 104	1 635 287	22 041	3 863 340	767 394	86 929	216 662	2 724 468	14 905 164
<b>CLAIMS INCURRED</b>										
Gross - Direct Business	R0310	56 946 258	26 627 526	1 203 089	69 159 958	8 260 526	368 045	294 243	3 611 336	163 470 981
Gross - Proportional reinsurance accepted	R0320									
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	54 006 528	21 940 279	1 224 463	68 569 824	5 399 294	497 856	773 312	3 274 986	155 686 544
Net	R0400	2 939 731	1 687 247	-21 375	590 134	2 862 232	-129 811	-479 070	336 349	7 784 437
<b>CHANGES IN OTHER TECHNICAL PROVISIONS</b>										
Gross - Direct Business	R0410	0	280 236	143	3 135 753	-2 983 360				432 773
Gross - Proportional reinsurance accepted	R0420									
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440									
Net	R0500	0	280 236	143	3 135 753	-2 983 360				432 773
<b>EXPENSES INCURRED</b>	R0550	1 150 390	209 523	-1084	251 718	409 766	8 513	14 513	648 114	2 688 968
<b>OTHER EXPENSES</b>	R1200									-
<b>TOTAL EXPENSES</b>	R1300									2 688 968

### F.3. S.05.02.01 - Premiums, claims and expenses by country

#### Non-life obligations

COUNTRY	R0010	Home country	Total Top 5 and home country	Country (by amount of gross premiums written) - non-life obligations				
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
				FRANCE	ROMANIA	BELGIUM	SPAIN	GERMANY
<b>PREMIUMS WRITTEN</b>								
Gross - Direct Business	R0110	116 862 062	224 700 440	116 862 062	83 534 257	10 659 155	7 932 348	5 712 518
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	108 852 860	174 768 158	1068 852 860	46 492 159	9 025 229	7 415 192	2 982 719
Net	R0200	8 009 202	49 932 282	8 009 202	37 042 198	1 633 926	517 157	2 729 799
<b>PREMIUMS EARNED</b>								
Gross - Direct Business	R0210	116 711 561	190 451 634	116 711 561	50 936 142	10 605 600	8 713 896	3 484 436
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	110 281 332	176 196 630	110 281 332	46 492 159	9 025 229	7 415 192	2 982 719
Net	R0300	6 430 229	14 255 004	6 430 229	4 443 983	1 580 371	1 298 704	501 717
<b>CLAIMS INCURRED</b>								
Gross - Direct Business	R0310	115 593 567	157 288 741	115 593 567	39 724 559	-1 693 286	1 998 454	1 665 446
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	110 096 920	150 668 913	110 096 920	36 149 380	-337 256	3 104 584	1 655 285
Net	R0400	5 496 647	6 619 828	5 496 647	3 575 179	-1 356 029	-1 106 130	10 161
<b>CHANGES IN OTHER TECHNICAL PROVISIONS</b>								
Gross - Direct Business	R0410	432 773	432 773	432 773				
Gross - Proportional reinsurance accepted	R0420	-	-	-				
Gross - Non-proportional reinsurance accepted	R0430	-	-	-				
Reinsurers' share	R0440	-	-	-				
Net	R0500	432 773	432 773	432 772				
<b>EXPENSES INCURRED</b>	R0550	-1 024 901	2 437 476	6 1024 901	1 608 628	1 021 406	720 027	112 317
<b>OTHER EXPENSES</b>	R1200		-					
<b>TOTAL EXPENSES</b>	R1300		2 437 476					

**Life obligations**

		Home country	Total Top 5 and home country	Country (by amount of gross premiums written) - life obligations	Country (by amount of gross premiums written) - life obligations	Country (by amount of gross premiums written) - life obligations	Country (by amount of gross premiums written) - life obligations	Country (by amount of gross premiums written) - life obligations
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Country	R0010			FRANCE	ROMANIA	BELGIUM	SPAIN	GERMANY
<b>PREMIUMS WRITTEN</b>								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
<b>PREMIUMS EARNED</b>								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
<b>CLAIMS INCURRED</b>								
Gross	R1610	-2 383 903	-2 383 903	-2 383 903				
Reinsurers' share	R1620	-1 237 998	-1 237 998	-1 237 998				
Net	R1700	-1 145 905	-1 145 905	-1 145 905				
<b>CHANGES IN OTHER TECHNICAL PROVISIONS</b>								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
<b>EXPENSES INCURRED</b>								
OTHER EXPENSES	R2500		-					
<b>TOTAL EXPENSES</b>	<b>R2600</b>		-					

#### F.4. S.12.01.02 - Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Total (Life other than health insurance, including Unit-Linked) C0150
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>		
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		
<b>Technical provisions calculated as a sum of BE and RM</b>			
Best Estimate	R0030		20 606 261
<b>Gross Best Estimate</b>		20 606 261	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	5 466 833	5 466 822
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	15 139 429	15 139 429
Risk Margin	R0100	389 338	389 338
<b>Amount of the transitional on Technical Provisions</b>	<b>R0110</b>		
Technical Provisions calculated as a whole Best estimate	R0120	-	-
Risk margin	R0130	-	-
<b>Technical provisions - total</b>	<b>R0200</b>	20 996 606	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	15 528 773	20 996 606
			15 528 773

**F.5. S.17.01.01 - Non-Life Technical Provisions**

		Direct business and accepted proportional reinsurance									Total Non-Life obligation
		Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	
<b>TECHNICAL PROVISIONS CALCULATED AS A WHOLE</b>	<b>R0010</b>										
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	<b>R0050</b>										
<b>TECHNICAL PROVISIONS CALCULATED AS A SUM OF BE AND RM</b>											
Best Estimate											
<b>Premium provisions</b>	<b>R0220</b>										
Gross - Total	<b>R0060</b>	20 953 017	2 474 415	-882 285	-7 888 086	2 287 402	-	-240 963	250 465	5 735	16 959 701
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<b>R0140</b>	-4 969 737	-435 421	-695 521	-714 425 642	-1 974 867	-	-241 846	34 134	-5 629	-22 714 528
<b>Net Best Estimate of Premium Provisions</b>	<b>R0150</b>	25 922 754	2 909 836	6186 764	6 537 556	4 262 269	-	883	216 331	11 364	39 674 229
<b>Claims provisions</b>											
Gross - Total	<b>R0160</b>	82 525 186	12 710 533	1 105 511	85 618 516	10 776 061	-	457 513	78 704	1 548 614	194 845 802
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<b>R0240</b>	59 551740	10 117 313	1 103 859	78 299 926	8 587 256	-	443 513	64 127	1 260 941	159 636 908
Net Best Estimate of Claims Provisions	<b>R0250</b>	22 973 446	2 608 342	26 817	7 318 589	2 201 640	-	13 765	14 576	287 673	35 444 848
<b>Total Best estimate - gross</b>	<b>R0260</b>	103 478 203	15 184 948	248 391	77 730 430	13 063 463	-	216 550	329 169	1 554 349	211 805 503
<b>Total Best estimate - net</b>	<b>R0270</b>	48 896 200	5 518 177	6159 947	13 856 146	6 463 909	-	14 648	230 907	299 037	75 119 077
Risk margin	<b>R0280</b>	1 969 587	289 028	4 728	1 479 508	248 648	-	4 122	6 265	0	4 001 886
<b>AMOUNT OF THE TRANSITIONAL ON TECHNICAL PROVISIONS</b>											
<b>TP as a whole</b>	<b>R0290</b>										
<b>Best estimate</b>	<b>R0300</b>										
<b>Risk margin</b>	<b>R0310</b>										
<b>TECHNICAL PROVISIONS - TOTAL</b>	<b>R1300</b>	-	-	-	-	-	-	-	-	-	-
Technical provisions - total	<b>R0320</b>	105 447 790	15 473 976	253 119	79 209 938	13 312 111	-	415 433	372 902	2 225 070	215 807 389
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	<b>R0330</b>	54 582 003	9 666 771	408 338	63 874 284	6 599 554	-	177 351	-197 975	2 256 430	136 686 426
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	<b>R0340</b>	50 865 787	5 807 205	6155 219	15 335 654	6 712 557	-	238 082	570 877	-31 360	79 120 963

**F.6. S.19.01.01 - Non-life Insurance Claims Information**

Accident year		Development year (absolute amount)															Current year, sum of years (cumulative)		
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120				C0160	C0170	C0180
Prior	R0100																	-	-
N-14	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-13	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-12	R0130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-11	R0140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-10	R0150	-	-	-	-	5 787 366	4 576 066	9 934 783	1 279 612	-286 554	2 058 541	145 207					145 207	23 495 022	
	R0160	-	-	-	586 310	596 224	373 163	210 097	-66 744	692 113	33 154						33 154	2 424 316	
N-8	R0170	-	-	2 462 678	1 391 680	399 298	217 672	277 961	771 493	367 177							367 177	5 887 960	
N-7	R0180	-	14 694 816	1 717 157	1 877 344	791 496	773 480	94 481	27 106								27 106	19 975 881	
N-6	R0190	26 251 081	23 220 879	6 203 529	1 027 189	317 491	323 390	261 335									261 335	57 604 894	
N-5	R0200	26 326 841	25 780 404	4 806 292	249 539	1 055 360	402 184										402 184	58 620 620	
N-4	R0210	28 186 636	21 923 358	6 615 855	2 502 138	1 809 605											1 809 605	61 037 592	
N-3	R0220	34 392 901	26 077 206	6 687 920	1 777 546												1 777 546	68 935 572	
N-2	R0230	22 892 422	25 309 150	28 221 067													28 221 067	76 422 639	
N-1	R0240	34 898 481	72 686 821														72 686 821	107 485 301	
N	R0250	36 989 829															36 989 829	36 989 829	
<b>Total</b>	<b>R0260</b>																<b>142 621 031</b>	<b>518 879 627</b>	

Development year (absolute amount)		Development year (absolute amount)															Current year, sum of years (cumulative)	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0	C	C	C0340	C0350	C0360
Prior	R0100																	-
N-14	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-13	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-12	R0130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-11	R0140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N-10	R0150	-	-	-	-	-	53 821 425	32 459	34 055 696	32 716 665	25 635 231	25 244 364	-					20 238 620
N-9	R0160	-	-	-	-	2 875 182	1 961 649	1 203 290	824 403	153 449	225 562	-						129 083
N-8	R0170	-	-	-	4 781 369	4 210 909	2 700 588	1 867 883	807 620	870 168								578 604
N-7	R0180	-	-	6 125 982	3 516 014	2 615 117	1 233 716	789 831	935 477									795 824
N-6	R0190	-	14 682 148	6 074 500	4 439 304	3 369 671	3 394 231	3 178										3 099 307
N-5	R0200	36 119 395	9 859 217	2 959 549	2 357 062	1 064 833	927 242											960 771
N-4	R0210	37 953 571	17 723 826	10 265 939	6 699 566	4 144 986												3 561 863
N-3	R0220	36 863 944	13 192 848	6 947 855	6 093 078													6 285 580
N-2	R0230	64 688 536	44 356 555	15 646 652														19 167 804
N-1	R0240	91 590 788	29 182 905															28 675 017
N	R0250	118 174 574																76 814 065
<b>Total</b>	<b>R0260</b>																	<b>160 306 540</b>



## F.7. S.23.01.01 - Own Funds

Own Funds		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	38 000 000	38 000 000		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	15 791 882	15 791 882			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	19 476 927	19 476 927		-	-
<b>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</b>						
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	-				
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
<b>TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS</b>	<b>R0290</b>	<b>73 268 809</b>	<b>73 268 809</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand and mutual - type undertakings, callable on demand	R0300	-			-	
	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	-			-	-
<b>TOTAL ANCILLARY OWN FUNDS</b>	<b>R0400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	73 268 809	73 268 809	-	-	-
Total available own funds to meet the MCR	R0510	73 268 809	73 268 809	-	-	-
Total eligible own funds to meet the SCR	R0540	73 268 809	73 268 809	-	-	-
Total eligible own funds to meet the MCR	R0550	73 268 809	73 268 809	-	-	-
SCR	R0580	26 036 396				
MCR	R0600	11 713 235				
<b>Ratio of Eligible own funds to SCR</b>	<b>R0620</b>	<b>281%</b>				
<b>Ratio of Eligible own funds to MCR</b>	<b>R0640</b>	<b>626%</b>				

Reconciliation reserve		
		C0060
<b>RECONCILIATION RESERVE</b>		
Excess of assets over liabilities	R0700	73 268 809
Own shares (held directly and indirectly) Foreseeable dividends, distributions and charges Other basic own fund items	R0710	-
	R0720	-
	R0730	57 476 927
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
<b>RECONCILIATION RESERVE EXPECTED</b>	<b>R0760</b>	<b>15 791 882</b>
<b>PROFITS</b>		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
<b>TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)</b>	<b>R0790</b>	<b>-</b>

### F.8. S.25.01.01 - Solvency Capital Requirement - for undertakings on Standard Formula

#### Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	5 129 784	5 129 784	
Counterparty default risk	R0020	14 587 640	14 587 640	
Life underwriting risk	R0030	1 209 157	1 209 157	
Health underwriting risk	R0040	-	-	
Non-life underwriting risk	R0050	11 661 551	11 661 551	
Diversification	R0060	-7 569 551	-7 569 551	
Intangible asset risk	R0070		-	
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>25 018 577</b>	<b>25 018 577</b>	

#### Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	6 711 432
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	5 694 743
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>26 035 266</b>
Capital add-on already set	R0210	
Solvency capital requirement	R0220	26 035 266
<b>Other information on SCR</b>		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

### F.9. S.28.01.01 - Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		MCR components	
		C0010	
MCR <sub>NL</sub> Result	R0010	11 395 307	

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	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	48 896 200	38 237 453
Other motor insurance and proportional reinsurance	R0060	5 518 177	1 510 454
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	23 210
Fire and other damage to property insurance and proportional reinsurance	R0080	13 856 146	4 251 042
General liability insurance and proportional reinsurance	R0090	56 463 909	2 895 266
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	14 648	71 520
Assistance and proportional reinsurance	R0120	230 037	206 929
Miscellaneous financial loss insurance and proportional reinsurance	R0130	299 037	2 668 119
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations

		MCR components	
		C0040	
MCR <sub>NL</sub> Result	R0200	317 928	

Total capital at risk for all life (re)insurance obligations

		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	15 139 429	
<b>Total capital at risk for all life (re)insurance obligations</b>	<b>R0250</b>		

Overall MCR calculation

		C0070
Linear MCR	R0300	11 713 235
SCR	R0310	26 035 266
MCR cap	R0320	11 715 870
MCR floor	R0330	6 508 817
Combined MCR	R0340	11 713 235
Absolute floor of the MCR	R0350	2 700 000
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>11 713 235</b>



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