Omnilife

Omnilife Insurance Company Limited
Solvency and Financial Condition Report

Year ended 31 December 2023

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Summary

Company Overview

Omnilife Insurance Company Limited ("Omnilife" or "the Company") is a privately owned, UK life insurance company. At 31 December 2023 the Company was wholly owned by RGA Americas Investments LLC which is part of Reinsurance Group of America ("RGA"). The ultimate parent company of the Group is Reinsurance Group of America, Incorporated ("RGA Inc"), whose corporate headquarters is located St. Louis, Missouri and is listed on the New York Stock Exchange.

Purpose of the Solvency and Financial Condition Report

The Solvency and Financial Condition Report ("SFCR") is an annual report that the company is required to produce as part of the Solvency II regime. The SFCR is a public document and Omnilife is required to disclose this document on its website. The Company must also provide a copy to the UK supervisory authority, the Prudential Regulation Authority ("PRA").

This report will assist the Company's customers in understanding the Company's regulatory capital and financial strength. This SFCR has been prepared in accordance with the PRA rulebook and the Solvency II Regulations.

Business and Performance Summary

During 2023 Omnilife completed the Part VII transfer of the Hodge Life Assurance Company Limited ("HLAC") business which had an effective date of 30 April 2023. This transfer broadly doubled the size of the balance sheet, adding a similar sized block of annuities with a similar degree of reinsurance protection to the existing business. Alongside this, the company has continued to focus on managing the existing business and preparation for the new consumer duty regulations.

The gross long term technical provision is £661.8 million (2022: £350.7 million) whilst the reinsurer's share of the long term technical provision was £265.1 million (2022: £108.3 million). The majority of the increase in the long term technical provision for annuity business related to the transfer of the HLAC annuity portfolio.

Total expenses were £6.0 million (2022: £4.7 million). The 2023 expenses included some project costs linked to the Part VII transfer of the HLAC business. Underlying expenses have increased due to the increased scale of operations after the HLAC transfer.

The 2023 profit after tax of £23.4 million (2022: £20.0 million loss) was generated from favourable mortality experience, tightening of credit spreads and the benefit of regulatory reforms on the calculation of the Risk Margin.

The Company's financial position remained strong on a Solvency II basis, with Shareholder's funds being £173.9 million (2022: £71.5 million); this represents 364% (2022: 283%) coverage of the Solvency Capital Requirement ("SCR").

Governance Overview

The board of directors of the Company ("the Board") is responsible for, amongst other things, the approval of the Omnilife strategy, setting and oversight of the effectiveness of Omnilife's governance structure and internal control system and oversight of the risk management system, including setting Omnilife's risk appetite and tolerances.

The Omnilife system of governance includes:

- an organisational structure, with clear allocation and segregation of responsibilities;

- corporate policies that define key principles and rules for operation;
- operating procedures detailing the activities and controls individuals are expected to perform; and
- a regular governance effectiveness review.

Risk Management

Omnilife manages its risks using a three lines of defence model which is widely used across the UK life insurance industry. The three lines of defence within Omnilife are as follows:

1. Active risk management - the risk-taking business units such as business development, investment, and administration. All individuals that carry out a 'first line' activity or make decisions on behalf of Omnilife are responsible for managing the risks in relation to that activity or decision.
2. Risk assurance - the second line functions of risk management and compliance provide oversight and assurance to the Board. They are also responsible for the provision of the policies and standards with which the first line must comply.
3. Independent assurance - the internal audit function provides independent assurance to the Board regarding the risk management and internal control activity of the business.

Omnilife has appointed a Whistleblowing Champion to whom staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Omnilife's risk management system is designed to assess, control, and monitor risks from all sources for the purpose of increasing value to all Omnilife's stakeholders. Risk management within Omnilife is a combination of 'top down' strategic planning and 'bottom up' risk assessment.

The Company's overall strategy and business plan are set with reference to Omnilife's risk appetite, to ensure that the type and amount of risks to which Omnilife is exposed can be adequately managed and are in line with agreed preferences.

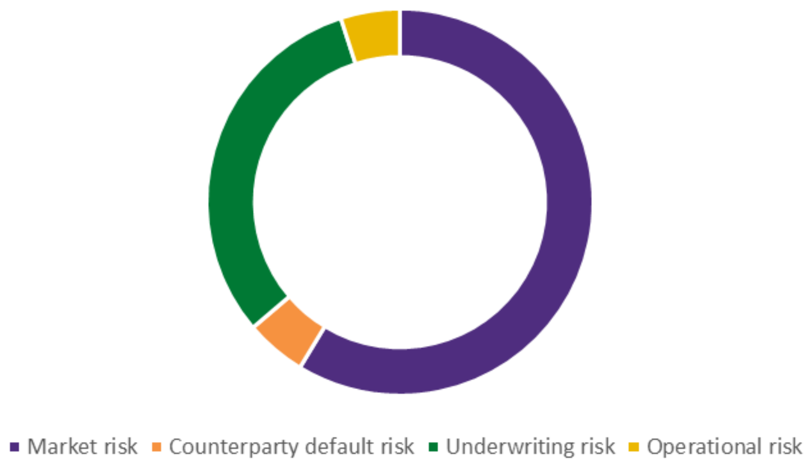
The Company's system of governance and risk management is described in detail in Section B.

Risk Profile

Omnilife has specific written risk policies in respect of each of its material categories of risk exposure; these policies set out the process the Company will follow to identify, assess, mitigate, manage, and report risks.

The chart below shows the component risks which make up the Company's total SCR. This is the amount of capital that Omnilife must hold to protect it from extreme risk events.

Composition of undiversified SCR



The chart shows that the Company's greatest exposure is to market risk which arises through its investment in corporate bonds and lifetime mortgages. Underwriting risk arises from the annuity business where the Company is exposed to the risk that annuitants live longer than estimated, increasing the overall payments made to our policyholders.

The composition of the risks is largely unchanged over the year.

Capital Management

The Company's risk management framework incorporates explicit risk appetite statements relating to capital. The SCR coverage ratio is a key risk indicator which is regularly reported to the Board Risk Committee and to the Board.

The Company's own funds are mainly comprised of ordinary share capital and reconciliation reserves (retained earnings). These items are treated as Tier 1 unrestricted capital items. There is a £6.8 million deferred tax asset which is treated as Tier 3 capital. The Tier 3 capital is not eligible to cover the Minimum Capital Requirement ("MCR").

The table below summarises the Company's capital position as at 31 December 2023.

Solvency Position (£million)	31 December 2023	31 December 2022
Own Funds	173.9	71.5
Solvency Capital Requirement	47.7	25.2
SCR Coverage Ratio	364%	283%
Minimum Capital Requirement	11.9	6.3
MCR Coverage Ratio	1401%	1084%

There has been a £102.5 million increase in Omnilife's own funds with £79.1 million arising from the transfer of the HLAC business and the remaining £23.4 million due to net operating profits. There has also been an increase in the Company's SCR coverage ratio to 364% (2022: 283%).

Omnilife carries out an Own Risk and Solvency Assessment ("ORSA") annually, and more frequently if required. The ORSA process is intended to identify, assess, monitor, manage and report on both short-term and long-term risks and to determine the capital required to ensure that Omnilife can continue to meet its solvency requirements over its business planning period. In particular, the ORSA process connects the Company's risk management system with its risk exposures and its related economic capital needs, and incorporates:

- the Board's forward-looking plans for the business;
- a consideration of the appropriateness of the Standard Formula assumptions; and
- continuing compliance with Solvency II regulatory requirements.

The 2023 ORSA was approved by the Board on 15 November 2023.

Statement of Directors' Approval

Omnilife Insurance Company Limited

Approval by the Board of Directors of the Solvency and Financial Condition Report
Financial period ended 31 December 2023.

We certify that:

the Solvency and Financial Condition Report has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and

we are satisfied that:

throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the insurer; and

it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

By order of the Board

Deian Jones

Date: 26 March 2024

A. Business and Performance

A.1. Business and External Environment

A.1.1. Summary Information

Omnilife is a private limited company. It is incorporated in the UK and its company registration number is 02294080. The registered office is:

Omnilife Insurance Company Limited
45th Floor
22 Bishopsgate
London
EC2N 4BQ

The company is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Prudential Regulation Authority
Bank of England
20 Moorgate
London
EC2R 6DA
https://www.bankofengland.co.uk/prudential-regulation

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN
https://www.fca.org.uk/

The independent external auditors of the Company are:
Deloitte LLP
1 New Street Square
London

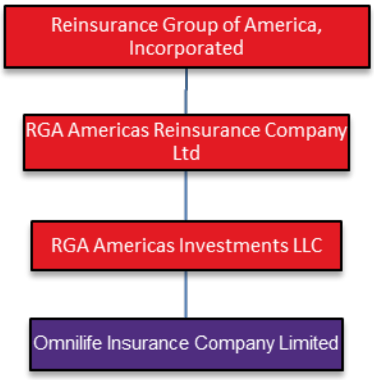
The Omnilife Board of Directors has reviewed and approved the contents of the 2023 Solvency & Financial Condition Report.

A.1.2. Group Structure

Omnilife is wholly owned by RGA Americas Investments LLC, a subsidiary of RGA Americas Reinsurance Company Ltd. The ultimate controlling party is Reinsurance Group of America Incorporated, a company incorporated in the State of Missouri and listed on the New York Stock Exchange.

RGA is one of the largest global life and health reinsurance companies. As at 31 December 2023 RGA had consolidated assets of $97.6 billion and in 2023 consolidated net premiums were $15.1 billion.

A simplified RGA Group structure is set out below.



A.1.3. Business and Strategy

Omnilife's strategy is to pursue acquisition opportunities of closed blocks of life business with an emphasis on RGA's core capabilities of biometric and investment risks.

With the completion of the Part VII transfer of the HLAC business on 30 April 2023, Omnilife now has two closed blocks of annuity business. The annuity business now represents over 99% of the policyholder liabilities of Omnilife.

Prior to 2020, the Omnilife business comprised mainly UK and Overseas group risk business together with some individual protection and savings policies. These lines of business are all closed to new business and in run-off.

The table below illustrates the relative size of each of Omnilife's lines of business, in terms of Best Estimate Liabilities as at 31 December 2023, with a comparison to the prior year.

Line of Business	Best Estimate Liabilities (£ million)[1]			
	2023		2022	
	Gross	Net	Gross	Net
UK Annuities	675.8	411.0	342.0	234.1
Overseas Individual Savings	1.6	1.6	1.6	1.6
Other pre 2020 business	0.4	0.1	0.6	0.2
Total	677.8	412.6	344.2	235.9

The insurance liabilities of Omnilife are primarily UK sterling denominated, together with some US dollar denominated (less than 1% of the total).

A.1.4. Significant Business and External Events

Hodge Life Assurance Company Limited

On 30 April 2023 Omnilife completed the Part VII transfer of the HLAC business which broadly doubled the size of the balance sheet.

Credit rating

Omnilife has retained its A+ (Strong) credit rating from S&P Global Ratings reflecting the financial strength of the Company and its strategic role within the RGA group.

[1] Omnilife does not calculate the Solvency II Risk Margin at the level of individual lines of business, Best Estimate Liabilities have therefore been used above to compare the relative materiality of the different lines of business. The Risk Margin accounted for less than 1% of the overall Solvency II Technical Provisions as at 31 December 2023.

Climate Change

The Chief Risk Officer is responsible for ensuring climate-related risks are identified, measured, monitored and managed through the Company's risk management framework and in line with its risk appetite and the requirements of Policy Statement PS11/19 and Supervisory Statement SS3/19, for managing the financial risks relating to climate change.

For key risks in the risk register we consider if the risk has the potential to be affected by physical risks from climate change or from the transition effects associated with adjustment towards a low-carbon economy.

Climate change is considered within ORSA scenarios and stress tests.

The investment team consider potential climate change effects, along with broader environmental, social and governance assessments, in the decision-making process for selecting new bonds and reviewing current holdings.

As part of the RGA Group, Omnilife forms part of group wide targets most recently reported to the market in the RGA 2022 Sustainability Report. These are subject to monitoring and action to deliver against those targets.

The Board Risk Committee oversees the management of the climate-related risks and opportunities.

A.2. Underwriting Performance

A.2.1. Overall Underwriting Performance

The following table sets out Omnilife's performance in the technical account for long-term business and the total profit / (loss) as shown in the financial statements for the year.

Profit & Loss £million	2023	2022
Net written premium	(5.2)	(0.1)
Investment return	49.5	(71.3)
Other income	0.0	0.0
Net claims	(37.5)	(33.8)
Movement in net technical provisions	29.8	84.4
Net operating expenses	(6.0)	(4.4)
Other expenses & foreign exchange profits/losses	0.1	(0.1)
Profit / (loss) on technical account before tax	30.7	(25.3)
Tax (charge) / credit	(7.3)	5.4
Profit / (loss) on technical account	**23.4**	**(19.9)**
Profit / (loss) on non-technical account	0.0	(0.3)
Total Profit / (loss)	**23.4**	**(20.3)**

Omnilife made a technical profit of £23.5 million over 2023 (2022: loss of £19.9 million), the main components of this profit are as follows:

- The reduction in interest rates through the year have led to an increase in the value of both assets and liabilities. The assets and liabilities are closely matched, however an increase in the value of surplus assets and assets backing the capital requirement resulted in a profit.

- The reduction in corporate bond spreads and the illiquidity premium on lifetime mortgages over the year have led to an increase in asset values with limited changes to the gross liabilities which has resulted in a profit.
- Favourable mortality experience and changes to the mortality assumptions have also contributed to the profit.
- The tax charge of £7.3 million is largely in respect of the 2023 profits.

A.3. Investment Performance

A.3.1. Holdings by Asset Class

The investments held as at 31 December 2023 are shown in the table below.

Asset class at 31 December (£ million)	2023	2022
Bonds	427.6	288.3
Lifetime mortgages	109.0	0.0
Reinsurance asset	265.1	108.3
Cash accounts	28.0	20.7
Policy loans	0.1	0.1
Other assets	15.5	11.0
Total assets	845.3	428.3

The transfer of the HLAC business together with the reduction in interest rates and corporate bond spreads over 2023 have resulted in an increase in the market value of assets.

A.3.2. Overall Investment Performance

Component of Investment Performance (£ million)	2023	2022
Investment income	19.2	11.3
Realised gains / losses	(3.8)	(9.6)
Unrealised gains / losses	34.1	(72.9)
Interest on policy loans	0.0	0.0
Foreign exchange gains / losses	0.1	(0.1)
Net investment gains / losses	50.2	(71.3)

Omnilife earned investment income during the year from bond coupons and interest on short-term deposits and cash accounts. The income shown is net of investment expenses. The unrealised gains in 2023 are due to the reduction in in interest rates and spreads.

Omnilife maintained a very small amount of Own Funds in US dollars during 2023. The foreign exchange gains / losses in the year were negligible.

A.4. Performance of Other Activities

A.4.1. Other Activities

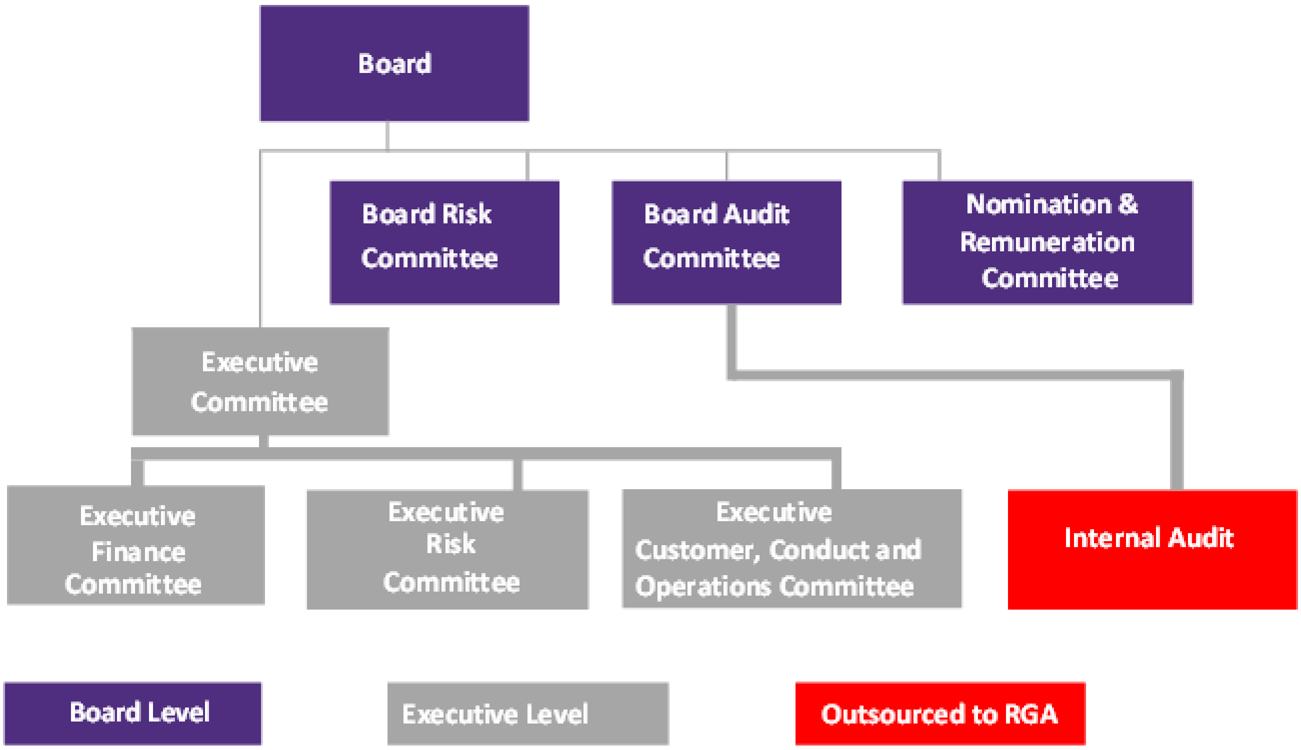
Omnilife does not carry out any material activities outside of the core activities related to the acquisition and management of UK and overseas insurance and reinsurance business.

B. System of Governance

B.1. General Information

B.1.1. Overview of Governance Framework

The governance structure supports the three lines of defence model. The committee structure as it currently applies to Omnilife is set out below. The material changes to the governance structure over the reporting period are described later in this section.



B.1.2. Board and Sub-Committees

The Board and each committee have Terms of Reference ("TOR") setting out the following:

- Purpose;
- Membership;
- Procedures;
- Duties and responsibilities; and
- Reporting requirements

The Board is composed of the Chief Executive Officer ("CEO") and six non-executive Directors ("NEDs"), four of which are independent ("INEDS"). The Board meets at least four times a year or more frequently as detailed within the TOR, or as considered necessary.

The reporting lines for the executive committees are shown in the diagram above. Minutes of executive committee meetings are made available to the relevant Board Committee.

The Internal Audit Function has been outsourced to RGA Group and its representatives attend the Board Audit Committee and have a standing invitation to the Executive Risk Committee.

Board of Directors

The Board has overall responsibility for management of the business. The Board's responsibilities are documented in its TOR and include:

- approval of Omnilife's strategy, business plan and any individual large or complex transactions;
- approval of Omnilife's investment strategy and the investment policy statement;
- monitoring operating performance against the approved business plan;
- ensuring sufficient capital is held to maintain Omnilife's ongoing solvency;
- oversight of the risk management system, including setting Omnilife's risk policies, risk appetite and risk tolerance limits;
- setting and oversight of the effectiveness of Omnilife's governance framework and internal control systems;
- setting and oversight of adherence to corporate policies (including RGA group policies); and
- ensuring Omnilife meets all regulatory requirements.

In order to fulfil its duties effectively, the Board is provided with information from its committees and senior management.

Changes in committee structure during the year

Audit and risk issues were considered jointly in the Audit and Risk Committee up to September 2023.

In-line with the company NED succession plan and the appointment of a separate Chair of the Audit Committee, the Audit and Risk Committees were split from October. They have then met separately as the Board Audit Committee and the Board Risk Committee.

The Executive Customer Conduct and Operations committee was set up in May with a remit to assist the Chief Operations Officer.

To ensure there was clarity between Board and Executive level committees, all other Executive level committees are clearly referred to as such.

Board Risk Committee

The Board Risk Committee ("BRC") comprises of four NEDs of which three (including the committee chair) are INEDs. The remaining members of the Board and other senior executives attend as required by the Chair, to ensure the Committee is fully apprised of any risks or issues identified within the business.

The purpose of the BRC is to assist the Board in fulfilling its oversight responsibilities by leading the process of reviewing and making recommendations on Omnilife's risk management system, the internal control system and matters relating to the compliance function. Its responsibilities include, but are not limited to, providing oversight and challenge as to the integrity of the:

- Internal control system;
- Risk management system;
- Compliance & Financial Crime function; and
- Capital and liquidity.

The BRC is also responsible for the oversight of compliance with the Investment Policy Statement for the Company's investment portfolio and to ensure that the portfolio is being managed in accordance with the agreed risk appetite. In doing so, the Committee ensures that Omnilife has sound liquidity management practices which cover both short-term and long-term considerations.

The BRC meets on a quarterly basis or as necessary to review and discuss reports from the Risk Management and Compliance & Financial Crime functions. The Committee receives the reports from these functions and proposes further actions to be taken by the Board to address any issues identified.

The results of any Risk assurance or Compliance reviews are circulated to the CEO, the Risk Management and Compliance functions and managers of the areas reviewed.

The Chair of the BRC provides updates to the Board, outlining progress against the Risk Assurance and Compliance Monitoring Plans and key findings, risks and issues identified as a result of risk and compliance reviews. The Committee is supported by the CEO and other executive management.

Board Audit Committee

The Board Audit Committee ("BAC") comprises of three INEDs (including the committee chair). The remaining members of the Board and other senior executives attend as required by the Chair.

The purpose of the BAC is to assist the Board in fulfilling its oversight responsibilities by leading the process of reviewing and making recommendations on its financial and regulatory reporting, the external auditor and matters relating to the Internal Audit function. Its responsibilities include, but are not limited to, providing oversight and challenge as to the integrity of the:

- Financial statements and regulatory returns;
- Internal Audit function; and
- External audit.

The BAC annually reviews and approves a risk-based Internal Audit Plan. The Committee also oversees Omnilife's relationship with its external auditor, as provided in the Committee TOR.

The BAC meets on a quarterly basis or as necessary to review and discuss reports from the Internal Audit function. The Committee receives the reports from Internal Audit and the external auditor and proposes further actions to be taken by the Board to address any issues identified. The results of any Internal Audit reviews are circulated to the CEO, the Risk Management function and managers of the areas reviewed.

The Chair of the BAC provides updates to the Board, outlining progress against the Internal Audit and key findings, risks and issues identified as a result of internal and external audit reviews. The Committee also reviews the necessary disclosures within the Annual Report and Accounts and makes recommendations to the Board regarding their approval. The Committee is supported by the CEO and other executive management, who provide updates to the Committee and the Board regarding implementation of Internal Audit recommendations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") currently comprises three NEDs, appointed by the Board, two of whom (including the Committee Chair), are INEDs. Executives of the Company and advisers are invited by the Committee to attend all or part of any meeting as and when appropriate.

The Committee assists in ensuring the effectiveness of the board by overseeing the composition and skills of the board and by leading the identification of suitable candidates for election to the board. In addition, the Committee makes recommendations to the Board in terms of the appointment of individuals into regulated senior management functions and oversees the application of the company's remuneration policy within the RGA group context, including the framework for the remuneration of executive directors and others covered by the PRA and FCA Senior Managment and Certification Regimes ("SMCR"), in compliance with the Company's obligations under Solvency II.

The Committee meets at least twice a year and at such other times as the Committee Chair requires. During 2023 the committee met three times.

The Chair of the NRC is charged with reporting to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

B.1.3. Delegation of Responsibility and Reporting Lines

Senior Managers

The Company complies with the PRA and FCA SMCR regimes. The table below summarises the controlled functions and responsibilities prescribed under SMCR regulation. These have been allocated to individuals within the Company using the fit and proper requirements highlighted in B.2.

SMR ref	Description	Holder	Prescribed responsibilities held
SMF1	Chief Executive Function	Deian Jones	**A** Responsibility for the firm's performance of its obligations under the senior management regime **B** Responsibility for the firm's performance of its obligations under the employee certification regime **C** Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map **G** Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated senior management functions on behalf of the firm other than members of the governing body. **H** Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm. **T** Responsibility for the development and maintenance of the firm's business model by the governing body **U** Responsibility for the firm's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of its notified non-executive directors
SMF2	Chief Finance Function	Sam Gunter	**O** Management of the allocation and maintenance of capital, funding and liquidity **Q** The production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities
SMF4	Chief Risk Officer Function	Dominic Badham	**T-2** Responsibility for the firms ORSA
SMF5	Head of Internal Audit	Paul Smith	
SMF7	Group Entity Senior Manager Function	Hamish Galloway Peter Banthorpe	

SMF9	Chair of the Board	Paul Whitlock	**F** Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the firm's governing body. **I** Responsibility for leading the development of the firm's culture
SMF10	Chair of Risk Committee Function	Mark Laidlaw	
SMF11	Chair of Audit Committee Function	Martin Pringle	
SMF12	Chair of Remuneration Committee Function	Lynzi Harrison	**N** Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment **M** Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)
SMF16	Compliance Oversight Function	John McQuade	**B-1** Responsibility for the firm's obligations in relation to conduct rules for: (a) training and (b) reporting **D** Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime
SMF17	Money Laundering Reporting Function		
SMF20	Chief Actuary Function	Stephen Grigg	
SMF24	Chief Operations Function	Angela Tucker	**X** Responsibility for the firm's performance of its obligations under the Outsourcing part of the PRA Rulebook

The changes to the senior manager functions from those noted in the previous SFCR.

- Martin Pringle joined the Board and took over the responsibility of Chair of Audit Committee Function from Mark Laidlaw. Mark Laidlaw continues to hold Chair of Risk Committee Function
- Caroline Instance retired and Lynzi Harrison was appointed as Chair of Remuneration Committee Function (which now incorporates the Chair of the Nominations Committee Function).
- Angela Tucker has been formally approved as the cChief Operations Officer taking the formal responsibility from Deian Jones (this supersedes her certification in this role)
- Dominic Badham has been formally approved as the Chief Risk Officer replacing Phil Tervit (this supersedes his certification as Head of Risk)

External audit

The external auditor, Deloitte, is responsible for undertaking Omnilife's statutory audits and reporting its findings to the Audit Committee.

Reporting

The governance framework ensures that the relevant financial and non-financial information from each business function is provided to the appropriate individuals and / or committees to enable the monitoring of Omnilife's performance and an informed and risk-based approach to business decision processes.

The key internal control functions are responsible for undertaking monitoring activities and reviews to determine the accuracy and reliability of both financial and non-financial information being reported throughout the Company.

B.1.4. Executive Committees

Senior managers are supported in discharging their responsibilities by four executive committees:

Roles and responsibilities of the Executive Committee

The committee consists of executive management and manages the business and executes the Company's strategy in line with the will of the Board. It is chaired by the CEO.

It monitors financial performance, risk indicators, and change programmes to ensure each business and function is able to make the requisite contribution to the strategic plan and budget.

It receives escalations from Executive Finance Committee, Executive Risk Committee and Executive Customer Conduct and Operations Committee (where appropriate).

Roles and responsibilities of the Executive Finance Committee

The committee consists of executive management chaired by the Chief Financial Officer ("CFO") and is responsible for providing the necessary assistance, implementation, and maintenance to the Board to maintain its legal and fiduciary obligations with respect to matters involving financial reporting and capital, liquidity or asset-liability management. It is also responsible for judgements used in actuarial valuation.

Roles and responsibilities of the Executive Risk Committee

The committee consists of executive management chaired by the Chief Risk Officer ("CRO") and is responsible for the second line of defence of the business.

It is responsible for developing and implementing a robust enterprise-wide risk management framework and reviewing the aggregated risk profile of the company. It ensures that significant risks are identified, understood, assessed, and managed. It also monitors and co-ordinates the activities of compliance throughout the Company.

Roles and responsibilities of the Executive Customer, Conduct and Operations Committee

The committee consists of executive management and is chaired by the Chief Operating Officer ("COO").

It is constituted to support the COO in delivering good customer outcomes, in compliance with regulatory requirements, which align with the agreed Customer Management and Engagement Framework.

It is also responsible for oversight and control of the company's outsourcing (to both other companies with in the RGA Group and to third parties) and operational resilience.

B.1.5. Remuneration

Remuneration policy

The Remuneration policy is regularly reviewed by the NRC, in the context of the wider RGA group, and approved by the Board. The remuneration framework is applicable to employees who are substantially working for Omnilife or are Senior Managers or Certified staff registered to Omnilife and remunerated for that role. The policy sets out the principles and framework for Omnilife employee remuneration, which is transparent to all staff, with clear communication of the reward structure and the processes used for decision-making; is applied consistently to all employees, with no 'special arrangements' inconsistent with this policy; and provides employees with total compensation that is competitive with relevant market medians.

Omnilife staff are employed by RGA UK Services Limited and are entitled to remuneration and benefits consistent with other employees of RGA.

Executive Directors and employees

The NRC reviews the ongoing appropriateness and relevance of the Remuneration Policy, in the context of the wider RGA group.

In respect of Executive Directors, Senior Management Function Holders and Material Risk Takers (as defined by PRA/FCA Rules), where those individuals are working solely or mostly for Omnilife, the responsibilities of the NRC include:

- Ensuring that remuneration features transparent goals and objectives which are aligned to the strategy and risk of the Company;
- Ensuring that remuneration provides appropriate incentives to remain in the employment of the Company and to reward their individual contributions to the success of the Company;
- Being aware and input to the design of any performance-related pay schemes operated by the RGA group in which they participate;
- Ensuring that remuneration gives due regard to the comments and recommendations of current regulatory guidance; and
- Being aware of and input to any major changes in employee benefit structures affecting these individuals, including pension arrangements.

The objective of the Remuneration Policy is to provide total compensation that is in line with market rates and structured and calibrated so as to attract, retain, motivate and reward its employees to deliver enhanced performance in the eyes of customers and / or members.

Executive directors and employees are remunerated as follows:

- Basic salary: Salaries are reviewed each year and increases may be granted, though not automatically implemented, based on comparable market rates for each job and individual performance.
- Pension contributions: All employees are automatically enrolled into the RGA defined contribution pension arrangement, to which the Company contributes. Employees can also make additional contributions.
- Other benefits: Life cover, income protection insurance and medical insurance.
- Annual bonus: A discretionary annual bonus may be paid which is based on a combination of RGA Inc., segment, local, company and personal performance relative to objectives. A common

structure is in place for employees, managers and the CEO in order to ensure alignment of this incentive throughout the Company.

- Long Term Incentive Plan: A discretionary long-term incentive may be paid which is determined in a similar way to the annual bonus. This element is held for a minimum period of three years before it can be paid to incentivise management to take a long term view, which is in line with the regulations.

In reviewing and approving remuneration arrangements, the NRC gives due regard to the comments and recommendations of current regulatory guidance. No Executive Director shall vote on any decisions as to his or her own remuneration.

Non-Executive Directors

The remuneration of NEDs is a matter for the Board but advice about appropriate payments via benchmarking is provided by the Nomination and Remuneration Committee. All INEDs are paid a fixed fee, with Board and Committee Chairs receiving an additional fee for their extra work. RGA Group staff serving as NEDs are not remunerated by Omnilife.

B.2. Fit and Proper Requirements

B.2.1. Skill, Knowledge and Expertise Requirements

Overview of requirements

A robust approach to managing the fitness and propriety of Omnilife's employees is important to ensure that they demonstrate the following attributes:

- They have the necessary knowledge, skills and experience to undertake their intended roles and responsibilities competently, in an effective and efficient manner and, where relevant, are able to add value to the business;
- They do not undertake their activities in a manner that will bring the Company into disrepute; and
- They do not undertake their activities for the purposes of financial crime, fraud, or any other criminal activity.

Senior Managers

Omnilife's Senior Managers and their prescribed responsibilities are set out in Section B.1.3 above. All Omnilife Senior Managers, certified personnel and other staff are required to meet the relevant PRA Conduct Standards and FCA Conduct Rules in carrying out their duties for Omnilife.

Where a Senior Manager is allocated one or more of the PRA or FCA Prescribed Responsibilities, the individual's statement of responsibility will include this responsibility.

B.2.2. Fit and Proper Assessment

In order for Omnilife to determine the fitness and propriety of all its staff, and in particular its Senior Managers and Certified Personnel, the following processes are implemented:

- Competency-based recruitment process;
- Induction training and supervision;
- Ongoing training and competence management;
- Annual fitness and propriety self-declaration and line manager assessment; and
- Periodic corporate governance, compliance and internal audit reviews.

The extent to which the above processes are applied will be determined by the roles and responsibilities of a specific individual.

This process is owned by the CEO and overseen by the Compliance function, who monitor the process to ensure it is suitably robust and meets up-to-date regulatory expectations.

In the event that an existing employee is to become a Senior Manager or Certified Person (e.g. as a result of a promotion), he or she will be subject to the same fitness and propriety checks as those applied to a newly employed Senior Manager or Certified Person.

The recruitment process plays an initial and pivotal role in ensuring that Omnilife employs only individuals that it considers to be fit, proper and of good repute. Key steps involved in the recruitment process are set out below.

- The HR function, which is an outsourced function, works closely with the relevant manager(s) to understand fully the position to be filled, therefore enabling a clear role profile to be developed;
- All candidates are required to submit a curriculum vitae to the Company. Suitable candidates are invited for competency-based interviews. Depending on the nature of the role to be filled, candidates may participate in a number of interviews with various Omnilife representatives up to and including members of the Board; and
- Employment offers are subject to satisfactory references, right to work checks and evidence of qualifications. All Senior Managers and Certified Personnel are subject to pre-employment criminal, credit and regulatory background checks.
- In addition to the above, for any individual that will become a PRA / FCA Controlled Function holder, the following activities will be undertaken:
    - Submission of the 'Controlled Function' application to the PRA / FCA; and
    - Completion of a self-assessment by the individual.
- The HR function is responsible for maintaining records to demonstrate that a robust recruitment process was followed.

B.3. Risk Management System

B.3.1. Overview of Risk Management System

Omnilife has a risk management system that is designed to assess, control, and monitor risks from all sources for the purpose of increasing short and long-term value to Omnilife's stakeholders. Omnilife ensures that there is strong alignment between the risk appetite, risk register and other management information.

B.3.2. Business Strategy and Plan

Omnilife's strategy provides the basis for articulating Omnilife's Risk Appetite Statement, which defines a clear mandate for the amount and type of risks to accept and manage, along with the types of risks to avoid.

Each year, Omnilife prepares a business plan with the current plan being consistent with the company strategy covering the period 2022 to 2026. The business plan is developed with reference to, and is consistent with, Omnilife's risk appetite and provides a forward-looking view of the Omnilife risk profile. It reflects any planned changes to the business through expected transfers in or acquisitions, financial performance targets, the use of risk reduction strategies, such as reinsurance and any important business development activities.

The business plan forecasts the expected profits and solvency position over the plan period.

B.3.3. Risk Strategy

Omnilife has formally documented policies that define the strategies, framework and tools for the management of all material risk categories.

Risk management is a continuous process that is used in the implementation of strategy and allows for an appropriate understanding of the nature and significance of the risks to which the business is exposed, including sensitivity to those risks and its ability to mitigate them.

Omnilife recognises that a successful enterprise risk management framework involves an integrated and iterative approach, with a commitment to continuous improvement. The objectives of Omnilife's risk strategy are to grow a risk culture throughout the company and manage risks through control processes that provide appropriate assurance to the Board.

The risk strategy sets out to:

- identify potential risks;
- quantify the risks, where possible;
- manage those risks within the Company's risk appetite;
- report on risk management; and
- utilise insights gained from the risk management process to improve our risk management capability.

B.3.4. Risk Governance

Three Lines of Defence

The Board utilises a three lines of defence model for risk governance, as set out below.

<table>
<tr><th colspan="3">OMNILIFE BOARD
'TONE FROM THE TOP' – RISK CULTURE, PERFORMANCE & RISK OVERSIGHT, RISK ACCEPTANCE</th></tr>
<tr><td>FIRST LINE OF DEFENCE:
ACTIVE RISK MANAGEMENT

Those individuals undertaking any activity or making decisions on behalf of Omnilife are responsible for managing the risk that is attached to that activity</td><td>SECOND LINE OF DEFENCE:
RISK ASSURANCE

Those functions provide the policies and standards within which the first line of defence is expected to operate and provide independent oversight and challenge of decisions taken</td><td>THIRD LINE OF DEFENCE:
INDEPENDENT ASSURANCE

Those functions responsible for providing independent assurance to the Board and its committees</td></tr>
<tr><td>IT, ACTUARIAL FUNCTION, INVESTMENT MANAGEMENT, FINANCE, CUSTOMER OPERATIONS & OVERSIGHT, ETC.</td><td>RISK MANAGEMENT FUNCTION
COMPLIANCE & FINANCIAL CRIME FUNCTION
DATA PROTECTION FUNCTION</td><td>INTERNAL AUDIT</td></tr>
</table>

Risk Owners

The 'risk owner' is the individual with the responsibility and the authority to manage a given risk. All risks identified in the Company's Risk Register (see Section B.3.7) are assigned to risk owners, who collectively ensure that the impact and likelihood of occurrence of any adverse risks are minimised. Risk owners may also arrange for another suitably qualified member of staff (a 'control owner') with relevant expertise to undertake the task of managing the risk through implementation and operation of the identified risk mitigation activities and controls. The risk owners' responsibilities include:

- identification and evaluation of the adequacy of controls and other risk management activities for managing the risk;
- identification and endorsement of the requirements and resources to implement risk mitigation activities and controls;
- where controls are evaluated as 'needs improvement', the risk owner will institute suitable treatments to ensure the effectiveness of the control is corrected; and
- updating risk information and escalating changes in likelihood, impact or control effectiveness to the relevant committee and the Risk Management Function.

The CEO has Board-level responsibility for firm-wide risk management activities and is supported by the CRO. The role of the CEO in relation to risk management is to:

- increase Board awareness of the relationship between risk and reward;
- support the Board in the articulation and setting of risk appetite and risk tolerance limits, based on target returns over the short and long-term and minimum regulatory capital requirements;
- provide a clear vision as to where risks lie, setting a framework and policies for how these will be managed;
- ensure that the Risk Management System is communicated throughout the Company, so that employees understand and support it;
- oversee the development of the Risk Appetite Statement and the risk elements of the Business Plan; and
- ensure provision of suitable risk management tools and risk reporting systems to support the effective management of risks.

Risk Management Function

In the second line of defence, the Risk Management function is headed by the CRO, who reports to the CEO and the Board Risk Committee ("BRC").

The Risk Management function is responsible for development, maintenance and operation of the risk management system.

The Risk Management function provides risk opinions on major initiatives and proposals to assist the Executive Committee and Board in the decision-making process.

The Risk Management function works with Omnilife's operational functions to assist them in identifying, assessing and managing their risks. To achieve this, the Risk Management function communicates regularly with the operational functions in order to understand, challenge and monitor their risks and controls, including interaction with the appropriate owners.

The interaction between the Risk Management function and the operational functions includes a regular risk assessment process which requires individual risk and control owners to report on the status of their risks and controls. The assessment process uses the Risk Register, which is updated to reflect any changes to the impact or probability of individual risks or the design and performance of controls.

A program of risk assurance is developed annually which considers certain risks in detail and generates findings for risk owners which are tracked to resolution. The assurance plan is approved by the BRC. Progress on implementing the Plan and key findings are reported to the BRC.

The Risk Management function also liaises with the Compliance and Internal Audit functions with a view to assisting in the development of overall risk-based assurance and monitoring plans. An Integrated Assurance Map assists in ensuring full coverage of risks across the second and third line functions. The Risk Management function also liaises with the Compliance and Internal Audit functions for the purposes of understanding any new emerging risks or control failures / inadequacies identified through monitoring and assurance reviews.

The Risk Management function provides regular risk management reports to the BRC, which are subsequently reported to the Omnilife Board. The Risk Management function includes information in its reporting that enables the Board and senior management to:

- monitor the Company's overall risk profile against the Risk Appetite Statement;
- monitor the ongoing impact of the Company's risk and control environment on its strategy;
- monitor the ongoing performance and suitability of mitigating controls;
- monitor emerging issues and their impact on the business;
- understand progress and business commitment to addressing identified weakness and issues;
- understand operational and strategic activities to be undertaken by the Risk Management function;
- monitor the ongoing effectiveness of the Risk Management function; and
- understand changes in regulatory or legislative requirements in relation to risk management.

A review of the Risk Management function's effectiveness is conducted on a regular basis by the Internal Audit function, as determined by the BRC and Board as appropriate. The most recent review was conducted during 2022.

The Board and Risk Management

The Board sets the risk culture for the Company and its role in relation to risk management includes:

- approval and effective oversight of the risk management system including all current and future risk exposures, risk appetite, risk metrics and risk tolerance limits;
- proactive response to risks and issues;
- promotion of a risk aware culture;
- approval of key guidelines and policies;
- review and approval of the business plan;
- review and approval of technical provisions and assumptions; and
- review of capital adequacy, management and planning.

B.3.5. Risk Appetite

Overview

The Omnilife Risk Strategy sets out Omnilife's policy and process in relation to risk appetite, tolerances, monitoring and reporting. It is formally documented and approved by the Board.

The Risk Management function support the Board in the creation and embedding of an effective risk appetite and tolerance framework. Omnilife's risk appetite is set by the Board, driven by its key stakeholders, including shareholder and regulators, with both qualitative and quantitative statements reflecting:

- Key organisational objectives and stakeholder expectations;
- Skill, resources and technology required to manage and monitor risk exposures; and
- Risk tolerances or negative events that can be easily quantified.

The Risk Appetite Statement is a key component of the Omnilife risk management system and it defines the amount of risk that the Board is prepared to take in pursuit of its strategic objectives. The Risk Appetite Statement covers the impact of all material risk categories operating together.

Risk tolerances are the most granular level used for the business operations and translate the risk appetite for each risk category into risk monitoring measures.

Omnilife's risk appetite is supported by the Capital Management Policy, which determines the Company's capital requirements, and the Recovery and Resolution Plan ("RRP") which sets out in detail the steps the Company would take to restore its solvency and operational capabilities in response to severe shocks reducing its capital position including those involving the failure of a reinsurer.

The ORSA and RRP are intended to play a key role in helping to understand the current risk appetite implied within the Business Plan. The Risk Management function assesses the risk exposures against approved risk appetites, and these are reported to the BRC and the Board.

The status against each approved risk tolerance is monitored by the Risk Management function. The results of this monitoring are reported to the BRC.

All breaches of the approved risk appetite are reviewed by the BRC in the first instance and escalated to the Board with recommended resolution actions.

B.3.6. Risk Policy

Omnilife's Risk Policy is intended to provide an overview of the risk management system for employees and the Board. Specifically it:

- details the key components of the risk management system, with references to other risk management documents that form part of the risk management system;
- sets out clear roles and responsibilities for the day-to-day operation of the risk management system; and
- provides a high-level view of the material risks facing the Company and how these are effectively identified, assessed, managed and reported (see Section C for further details).

B.3.7. Risk Register and Risk Assessments

Content of the Risk Register

All staff are responsible for the timely identification and escalation of risks to the Risk Management function to ensure risks are captured within the Risk Register. The Risk Register records Omnilife's identified risks and also includes information on their probability and impact, the controls in place to mitigate them, and how they are monitored. The Risk Register is divided into sections covering functional areas of the business risk types.

Risk Assessments

The Risk Management function is responsible for the maintenance of the Omnilife Risk Register and Key Risk Indicators, and provides independent challenge on the nature, scope and appropriateness of control activities.

The BRC reviews the Risk Register regularly to ensure its ongoing appropriateness and completeness.

The risk assessment process involves:

- assessment of inherent and residual risk;
- assessment of control design and operational effectiveness; and
- overall risk assessment.

Mapping to Capital Requirements

The Risk Management function is responsible for ensuring that the Standard Formula used for capital assessment is appropriate, and that all material quantifiable risks identified are addressed. This mapping is performed on an annual basis to ensure that Omnilife's risk profile is appropriately modelled and reflected in the capital calculation. The risk mapping is subject to review and approval by the BRC and is part of Omnilife's ORSA process. As part of the ORSA (see Section B.4), Omnilife also considers a broader range of risks, as recorded in the Company's Risk Register.

B.4. Own Risk and Solvency Assessment

B.4.1. Performance of the ORSA

Overview of the ORSA Process

Omnilife's ORSA process is developed and approved by the Board and is set out in detail in the ORSA Policy document. The ORSA Policy document is reviewed and challenged annually by the BRC, which is responsible for recommending the Policy to the Board for its approval.

The ORSA process connects the Company's risk management system with its risk exposures and its related economic capital needs. It also incorporates:

- the Board's forward-looking plans for the business;
- the actions management would take under the RRP in response to a serious event, such as the failure of a reinsurer;
- a consideration of the appropriateness of the Standard Formula assumptions; and
- continuing compliance with Solvency II regulatory requirements.

ORSA Timelines and Records

The ORSA is performed yearly or more frequently following a trigger event. A trigger event is something that significantly changes the financial strength of the Company or the outlook, such as a change in strategy or risk appetite, a serious loss event or some regulatory factor.

A record of each ORSA is maintained.

ORSA Governance

Omnilife governs the ORSA process using the three lines of defence model, as set out above in Section B.3.4.

ORSA Report

The ORSA Report is the output from the ORSA process and is produced with the following aims:

- to manage the business and monitor progress against the business plan;
- as the basis for communication to all relevant staff once the results and conclusions from the ORSA have been approved by the Board; and
- it describes the purpose of the ORSA, how it has been produced and what its meaning and utility is for all concerned with the running of the business.

The CRO is responsible for producing the ORSA, a draft of which is prepared at least annually by the Risk Management function. The report is presented first to the BRC for review and challenge and, once a draft meets the satisfaction of the Committee, it is presented to the Board for review, challenge and final approval.

The report is submitted to the PRA and is used by the Board to inform its decision making. The ORSA is also distributed to managers to ensure they, and all their staff, understand the strategy, risks and tolerances affecting their areas.

Board Involvement and Challenge

The minutes of the BRC and the Board record the discussions that were held on the ORSA Policy and report. Any written feedback received directly from Board members is also retained.

B.4.2. Use of the ORSA

Business Strategy and Business Plan

The business strategy of the Company (see Section A.1.3) reflects the requirements of the key stakeholders, such as the shareholders and regulators, and is approved by the Board. The Board decides on the Company's risk appetite and risk tolerance limits so that it can properly manage the strategy within safe financial parameters and provide a clear mandate for the type and amount of risk that the Company can accept. The ORSA results are used to inform on the ongoing appropriateness of Omnilife's strategy.

Omnilife prepares a business plan each year and, in the ORSA, this forms the base case for the forward-looking assessment of own risks, which considers the Company's risk profile in the context of its risk appetite. The ORSA results then influence the following year's business plan, in a cyclical relationship. The Company monitors its experience against its business plan on an ongoing basis.

Risk and Capital Management

The ORSA process is used day-to-day in considering risks within the Company's operating processes, including recording the risks to which it is exposed in its risk register and managing and monitoring these by a variety of means appropriate to each risk. The CRO is responsible for managing the ORSA process and plays an important role in communicating and embodying the process and the wider risk culture within the Company. The CRO will continuously assess and challenge the status quo from a risk management perspective.

As part of the ORSA, Omnilife calculates the Standard Formula SCR as at the valuation date and projects it forward over the business planning horizon as part of the annual ORSA cycle.

The ORSA will also consider a broader range of risks than allowed for in the Standard Formula. The capital requirement is also tested under single stresses and multi-faceted scenarios. The results are used to assess the impact of stressed conditions on the Company's future financial strength and could lead to the Company refining its business plan and taking further measures to mitigate particular risks.

B.5. Internal Control System

B.5.1. Overview of the Internal Control Framework

The internal control framework is a key element of the management of risks that threaten Omnilife's objectives. It helps to facilitate and provide reasonable assurance over:

- the effectiveness and efficiency of operations;
- the reliability of financial reporting; and
- compliance with laws and regulations.

Ultimate accountability for ensuring that Omnilife has an adequate internal control framework rests with the Board. Whilst the Board maintains oversight of the internal control framework, it has delegated to its committees the responsibility for the day-to-day and operational management of the key elements, functions and processes that make up this system. The Board and its Committees manage the key elements of Omnilife's internal control framework through the:

- Governance framework (see Section B.1);
- Corporate policies;
- Operating procedures;
- Risk governance structure (see Section B.3.1); and
- Risk Register (see Section B.3.7).

B.5.2. Key Internal Control Functions

Omnilife has established the following key internal control functions, each of which reports to either the BAC or the BRC:

- Compliance & Financial Crime function (BRC);
- Risk Management function (BRC);
- Finance function (BAC/BRC);
- Actuarial function (BAC/BRC);
- Data Protection function (BRC);
- External Audit function (BAC); and
- Internal Audit function (BAC).

The structure of these internal control functions, including their position within the wider governance framework, has been designed to provide Omnilife with a robust internal control framework that enables it to monitor on an ongoing basis the appropriateness of its systems and controls, ensuring that they:

- support Omnilife's strategy and objectives, and enable the Company to deliver value to stakeholders;

- enable Omnilife to operate successfully within its risk environment and in accordance with its risk appetite; and
- remain adequate to enable Omnilife to adhere to applicable regulatory and legislative requirements.

The structure of the internal control framework enables each of the internal control functions to provide support to, interact with and monitor, as appropriate, the Company's operational activities and systems and controls. This structure aims to embed the internal control functions throughout the Company, and to also promote ownership and accountability of internal control measures and issues within the business itself.

Whilst each of the internal control functions will interact with each other, they are considered as individually distinct functions in their own right, thus ensuring that they are provided with adequate focus and resources to undertake effectively their intended roles. Each of the internal control functions has unrestricted access to all individuals and records throughout the business so as to ensure that they are able to investigate and understand fully Omnilife's activities and performance.

Details of the Risk Management function are provided in Section B.3.1 above. Further information on Omnilife's Compliance & Financial Crime, Finance and Data Protection functions is provided below, while the Internal Audit and Actuarial functions are described in Sections B.6 and B.7 respectively.

Compliance & Financial Crime Function

Responsibility for overseeing the company's compliance with its regulatory requirements and its financial crime deterrence rests with the Compliance and Financial Crime function. The function is led by the Head of Compliance, who reports jointly to the CEO and the BRC. The Head of Compliance is also the Money Laundering Reporting Officer and this is a full time role. The Head of Compliance is supported by a compliance officer.

The Compliance and Financial Crime function creates a risk-based Compliance Monitoring Plan annually which is approved by the BRC. Progress on implementing the Plan and key findings are reported to BRC and the senior managers of the company regularly and areas of weakness requiring remediation are the responsibility of the relevant senior management to resolve with the concurrence of the Compliance and Financial Crime function. The Plan is reviewed quarterly and updated where risks or business changes warrant.

To ensure that a compliance and financial crime culture is embedded throughout the firm, day to day responsibility and accountability for complying with all regulatory requirements rests with the relevant operational functions. The Compliance & Financial Crime function's responsibility is to interact with and oversee the operational functions to ensure that they:

- are aware of applicable regulatory, legislative and financial crime requirements;
- understand fully how regulatory, legislative requirements apply to the business;
- have incorporated accurately and effectively regulatory, legislative requirements into company standards, policies and procedures; and
- have included the Compliance & Financial Crime function as a key stakeholder within certain policies and procedures.

The Compliance & Financial Crime function is responsible, together with the Chief Executive Officer, for maintaining the relationship between the firm and the relevant regulatory, supervisory and legislative bodies.

A review of the Compliance & Financial Crime function's effectiveness is conducted on a regular basis by the Internal Audit Function, as determined by the BRC and the Board.

Finance Function

Omnilife's accounting policies and procedures reside within the Finance function. The Finance function is the responsibility of the in-house Chief Financial Officer which is a dedicated full-time role, whilst many elements of the day to day activity are outsourced.

The Board has delegated to the BRC the responsibility for ensuring that the firm has adequate financial systems and controls, for monitoring Omnilife's financial health, and to provide it with accurate and up to date financial performance information. It will also provide advice and commentary to the Board on all relevant material financial matters.

The Finance function is responsible for developing its own systems and controls to ensure the adequate management of the firm's financial risks and affairs, as well as ensuring the accurate reporting of financial information. However, the firm's other internal control functions will be responsible for undertaking independent monitoring and assurance reviews to ensure the on-going suitability and effectiveness of the firm's financial systems and controls, as well contributing, both directly and indirectly, to determining the accuracy and reliability of the financial and non-financial information received by the Finance function and the information subsequently disseminated internally and externally.

Data Protection Function

Omnilife's data policies and procedures are the responsibility of the Global Security and Privacy Office ("GSPO"). The GSPO, along with Risk, Compliance and the RGA Data Protection Officer ("DPO") share responsibility for developing and monitoring the firm's systems and controls to ensure the adequate management of the firm's data. The DPO advises the Company to ensure all policies and procedures relating to data comply with the legislative and regulatory requirements, including the General Data Protection Regulation ("GDPR"). The RGA DPO is a full time staff member who is experienced and qualified for the role.

The DPO monitors the regulatory environment and updates management and staff (and provides training) where necessary. The DPO also reports to the BRC on an ad-hoc basis. Should a data protection breach occur, GSPO will ensure that the breach is managed and logged in the breach log and include the DPO in the response as appropriate. The DPO will report to the BRC on the data breach, including details of any reports made to the Information Commissioners Office. As required the internal control functions will be responsible for undertaking independent monitoring and assurance reviews to ensure the on-going suitability and effectiveness of the firm's data protection systems and controls.

B.6. Internal Audit Function

B.6.1. Overview of the Internal Audit Function

The Internal Audit function reports directly to the BAC, the membership of which consists only of INEDs. On this basis, the Internal Audit function is considered independent from all other business functions and, therefore, is able to provide objective opinions on the adequacy and effectiveness of Omnilife's risk management system and internal control framework over the approximately three-year audit cycle. The BAC oversees and provides challenge to the Internal Audit function to satisfy itself that the risk management system and internal control framework are adequate and operating effectively.

The Internal Audit function is provided by, RGA Inc's Global Audit function. The Internal Audit function is responsible for conducting all Internal Audit reviews and, in conjunction with the BAC, developing a rolling Internal Audit Plan.

The areas to be reviewed under the Internal Audit Plan are determined based on the risks to the business, based on those detailed within the risk register together with Internal Audit's own judgement, with every activity of Omnilife within the scope of Internal Audit reviews. The Internal Audit Plan is reviewed and approved by the BAC at least annually. The Internal Audit function is required to provide the BAC with quarterly updates against the plan and submit an individual report (including agreed action points to address each issue) on completion of each Internal Audit review. The Internal Audit function and/or the BAC may, at its discretion, amend the Internal Audit Plan, where there have been significant changes to Omnilife's risk profile.

The BAC reviews all agreed actions and challenges the suitability of these as necessary. The Internal Audit function monitors and reports to the BAC on management's progress with implementing agreed recommendations on a timely basis and in line with the agreed due dates. Any agreed actions are highlighted to the BAC.

The CEO, the Compliance Function Holder and the CRO normally attend BAC meetings, so that they may understand and assist to address any identified issues, weaknesses and failures. They may also be invited to contribute to (although not determine) the Internal Audit Plan development process.

The BAC provides to the Board, on a regular basis, reports outlining its progress against the Internal Audit Plan and also the key findings, risks and issues identified as a result of both Internal Audit reviews and reviews carried out by the external auditor.

B.7. Actuarial Function

B.7.1. Composition of the Actuarial Function

The Actuarial Function comprises:

- the Chief Actuary;
- an internal actuarial department; and
- the actuarial services provided by RGA Enterprise Services and RGA UK Services.

Reviews of the effectiveness of the Actuarial Function are conducted by the Internal Audit function.

B.7.2. Actuarial Department

The duties and responsibilities of the Actuarial department include but extend beyond the duties and responsibilities of the Actuarial Function as defined in the relevant legislation.

The Actuarial department is referred to as an internal control function to the extent that it undertakes many activities that strengthen Omnilife's risk management and internal control systems and enable management to undertake informed and risk-based decision-making processes (e.g. financial and non-financial data analysis and assessment, capital monitoring etc.).

The Actuarial department is primarily responsible for the following:

- production, communication and embedding of Solvency Capital Requirement under the Standard Formula;
- input to Omnilife's business plan;
- providing support to the Finance and Risk Functions in proposing Omnilife's risk appetite to the Board and ensuring that it complements the business plans and objectives.

B.7.3. Chief Actuary

The specific responsibilities relating to the Chief Actuary role are as follows.

- co-ordinating the calculation of Technical Provisions;
- ensuring appropriate methodologies and assumptions are used in Technical Provisions;
- assessing the sufficiency and quality of data used in Technical Provisions;
- comparing the best estimates against experience;
- reporting on the reliability and adequacy of Technical Provisions;
- overseeing Technical Provisions in cases where approximations might be required or a case-by-case approach needed;
- expressing an opinion on the pricing strategy;
- expressing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the risk management system, in particular with respect to risk modelling for capital calculations for both SCR and ORSA purposes.

At least annually, the Chief Actuary co-ordinates production of a report to the Omnilife Board, setting out how the duties of the Actuarial function, as defined in the relevant legislation, have been discharged and ensuring that any issues are escalated to the Board as necessary.

B.8. Outsourcing

Omnilife remains ultimately responsible for any activity that is outsourced. The Outsourcing & Related Party Transactions Policy, which has been approved by the Board, describes the principles and policies the Company follows in deciding to outsource an activity and in subsequently monitoring it. In making a business case for outsourcing, the Company uses a risk-based approach and conducts due diligence before agreeing a contract. The arrangements include suitable monitoring and reporting requirements, details of the provider's business continuity planning and an exit strategy.

The Company outsources:

- investment management to RGA Capital Limited and RGA Enterprises Services Company;
- the provision of corporate services to RGA UK Services Limited and RGA Enterprises Services Company, including IT, HR, Finance and Facilities
- Internal Audit to RGA Inc; and
- The administration of the in-payment annuities to EQ (formerly Equiniti).

RGA Enterprises Services Company and RGA Inc are US-based and the other outsourced service providers are UK-based.

B.9. Assessment of Governance

B.9.1. Assessment of System of Governance

Assessments of the effectiveness of the overall System of Governance, including the risk management and internal control systems, are carried out to identify and appropriately remediate any material weaknesses in the:

- overall organisational structure;
- reporting of information and escalation of issues;

- management of risks; and
- operation of internal controls.

B.9.2. Board and Committee Performance and Effectiveness Reviews

Comprehensive Board and Committee performance and effectiveness reviews are conducted regularly. That involves members of the Board and each committee being asked to provide evaluations and feedback through the use of detailed questionnaires or similar methods covering, at a minimum:

- size and composition of the Board or committee;
- the frequency of meetings;
- effectiveness of the meetings;
- effectiveness of the Chair;
- the adequacy of risk reporting, monitoring and other management information received by the Board or committee;
- adequacy of support provided by business functions;
- adequacy of existing Board and committee TORs;
- schedule of matters reserved for the Board; and
- recommended changes

Following completion of a detailed Board performance evaluation questionnaire by each Director, the facilitator is responsible for compiling and reporting the results to the Board. The Board reviews the results and implements any agreed changes.

Results and recommendations arising from annual reviews of Committee performance and effectiveness against their Terms of Reference are reported to the Board through each Committee Chair, with any agreed changes implemented by the Committee.

Where deemed appropriate by the Board, ad hoc Board and/or governance reviews may be undertaken. Co-ordination and oversight of the reviews is the responsibility of the BAC and will normally be undertaken by the Internal Audit function. All reports are to be reviewed by the respective committee prior to issuance to the Board.

An independent review of board effectiveness was conducted at the end of 2023.

B.9.3. Review of Governance Effectiveness

The Internal Audit function undertakes periodic reviews of the governance framework at the request of the Board.

B.9.4. Review of the Risk Management System

The BRC formally considers any material weaknesses within the risk management system on an annual basis and reviews the appropriateness of risk appetite and risk tolerance limits each year as part of the ORSA process. Results of all reviews are reported to the Board via Committee minutes and by the Committee Chair.

In 2022 the Internal Audit function performed a review of the risk management system of Omnilife with the report issued in January 2023.

B.9.5. Review of the Internal Control Framework

The internal control framework is assessed through regular Internal Audit reviews. Internal Audit reviews examine the design and operational effectiveness of processes and controls in place to manage any associated risks.

The BAC and Internal Audit function ensure that the key internal controls across the firm are audited over a three year timeframe.

B.9.6. Internal Audit Reviews

The Internal Audit function is a key internal control function, independent from the influence of other business functions and Omnilife's management. Details of its roles, responsibilities and reporting requirements are included under Sections B.1.3 and B.6.

Through delivery of the annually approved Internal Audit Plan, the Internal Audit function undertakes ongoing assessments of the suitability and effectiveness of the internal control framework. The Internal Audit function also undertakes periodic reviews of the overall system of governance at the request of the BAC. Any weaknesses identified by the Internal Audit function are reported to the BAC together with proposed actions to remedy the issues identified.

The effectiveness of the Internal Audit function is reviewed by the BAC on an annual basis.

C. Risk Profile

This section describes the nature of the risks which the Company has underwritten and the guiding principles which it has followed and intends to follow in future in reinsuring or covering those risks.

Risk Assessment Process

The Board is ultimately responsible for the adequacy of Company's risk management processes and framework, and for ensuring that all material risks are identified and addressed. At an executive level, the first line committees are responsible for ensuring the identification and management of risks and the Executive Risk Committee is responsible for the adequacy of the risk management framework.

Risk Profile

The balance sheet is dominated by the closed annuity business. During 2023, Omnilife's liabilities increased by £343m due to the Part VII transfer of the HLAC annuities

The group life risk and other closed business represents a small proportion of the overall business with liabilities before reinsurance of £1.9 million (2022 £2.2 million).

The annuity business means that the company is exposed to the risk that annuitants live longer than estimated. It is also exposed to the risk that matching assets perform less well than expected. These risks are mitigated by the reinsurance arrangements that Omnilife has in place.

The Company seeks to reduce risks from changes in interest rates by matching cashflows from its asset portfolio with the required payments to annuitants and using surplus assets to match the risk profile of its capital requirements. It reduces liquidity risks by maintaining minimum liquid assets. The Company's liquidity risk policy is reflected in the levels of cash and other liquid assets it maintains to meet its shorter-term obligations and structural risks.

The Company accepts that operational risks arising from its people, processes, systems or the external environment are a natural consequence of its business operations but seeks to avoid or mitigate the risk to a minor level wherever practical.

The small volumes of legacy business no longer have a material impact on the solvency of the company, but the company remains committed to providing a good service to the customers.

Climate change risks can crystallise as investment risks or insurance risks. Considerations of climate change are embedded in individual risk policies and the ORSA considers specific scenarios where climate change risks could emerge across several risk types.

Use of Reinsurance

The Company uses reinsurance agreements to manage its exposures to longevity and market risks. Reinsurance to other companies within the RGA Group is chosen as the primary method to manage the Company's risk profile in order to retain value within the group.

Retention is set at levels consistent with the Company's risk capital management policy and risk appetite to protect the overall solvency position of the Company. The Company must have recourse to sufficient funds to be able to recover its SCR coverage ratio within timescales required for undertakings in difficulty in the event of a reinsurer failure.

Therefore, arrangements with the potential for a significant exposure to a single entity are collateralised so that the Company would be able to continue to meet 100% of SCR if the reinsurer were to become insolvent or could swiftly restore its solvency to that level with pre-defined management actions within the timescales required for undertakings in difficulty.

The reinsurance arrangements for the ex-Generali and ex-HLAC annuities have been set up separately.

There are three reinsurance arrangements in place for the ex-Generali annuities using a combination of coinsurance and portfolio stop-loss with one of the reinsurers external to the RGA group. There are also three reinsurance arrangements in place for the ex-HLAC annuities using a combination of a longevity swap, coinsurance and stop loss with one of the reinsurers external to the RGA group.

The internal reinsurance arrangements for ex-HLAC annuities are structured so that in the event of a default by the external reinsurer, the RGA group reinsurance arrangements would automatically cover the majority of the Company's potential losses.

There is also reinsurance in place with Gen Re on much of the legacy business.

The Company sets its target capital at a level to ensure it could recover its SCR coverage ratio to over 100% within timescales required for undertakings in difficulty in the event of failure of the largest reinsurance counterparty exposure.

Prudent Person Principle

The Company selects and manages its investments in accordance with the 'prudent person principle', by following guidelines set out in its Investment Policy Statement, which has been agreed by the Board.

The guidelines include the following constraints:

- Interest rate risk: The interest rate risk of the Company is described primarily by the effective duration. When applicable, the intent is to closely match the cash flows of the assets and Best Estimate Liabilities to keep interest rate risk low;
- Credit risk: Credit risk is managed by diversification across fixed income sectors and by prudent issuer and ratings limitations; and
- Liquidity risk: Maintaining sufficient liquidity is of utmost importance. Liquid Assets are defined in the asset class range and limits table. The overall liquidity will be managed and monitored jointly by the CFO, RGA Treasury and RGA Investments.

The Investment Policy Statement lists permitted assets as liquid assets, government securities, credit securities and lifetime mortgages. Limits are applied to maximum investments in each class to control exposures and a maximum holding to a single security of 5% is applied to control investment risk.

Less than 1% of the Company's assets and liabilities are held in currencies other than sterling.

The Investment Policy Statement is implemented by our investment manager and any breaches of the Policy are reported to the Board Risk Committee who are required to agree the proposed remedial action.

Risk Exposures

The resulting risk profile as given by the standard formula SCR as at 31 December 2023 is shown below.

Solvency Capital Requirement £million	31 Dec 2023	31 Dec 2022
Life Longevity	15.8	10.0
Life Expense	6.9	2.0
Diversification within Life underwriting risk	*(3.9)*	*(1.4)*
Life Underwriting SCR	**18.7**	**10.7**
Interest Rate	18.3	8.5
Credit Spread	29.7	15.5
Concentration	4.0	3.3
Currency	0.0	0.1
Diversification within Market risk	*(16.9)*	*(9.4)*
Market SCR	**35.1**	**18.0**
Counterparty Default SCR	**3.0**	**1.6**
Diversification across all risk categories	*(12.1)*	*(6.6)*
Basic SCR	**44.7**	**23.7**
Operational Risk	**3.0**	**1.5**
Adjustment for deferred tax loss absorbency	**-**	**-**
SCR	**47.7**	**25.2**

The net of reinsurance risk exposure under the standard formula SCR is driven by market risk (primarily spread risk and interest rate risk) but with a material amount of life risks (almost entirely longevity risk and expense risk from annuities). The counterparty default risk is split between reinsurance and debtor risk.

C.1. Insurance Risk

Insurance risks are the risks that the costs of providing the insurance benefits exceed those expected (whether in pricing or in reserving).

C.1.1. Longevity risk

Omnilife's primary exposure to insurance risk is from annuity policyholders living longer than expected. Actuarial assumptions relating to the level and trend of mortality rates are required in reserving for these contracts. The Company is exposed to the risk that actual experience of mortality rates is lower than these assumptions.

Actuarial assumptions are determined using recent experience combined with industry standard mortality tables and mortality improvement models. An experience analysis investigation is carried out annually to confirm the appropriateness of the mortality assumptions.

The Company has entered into a number of reinsurance treaties which materially reduce the longevity risk.

The Company still has some residual longevity risk from the retained elements as well as the impact of increased longevity on the costs of managing policies.

Longevity risk has increased due to the transfer in of the ex-HLAC business.

The exposure to longevity risk is tracked by the Executive Finance Committee and Board Risk Committee through the capital and liquidity report. Risk comment on this risk in risk reporting and run stresses and scenarios as part of the ORSA process.

C.1.2. Expense risk

The Company is exposed to the risk that the costs of administering the in-force portfolio are higher than expected or increase faster than expected. Actuarial assumptions relating to the amount of expenses and future inflation of expenses are required for reserving the annuity contracts. Expense risks are not mitigated by any of the reinsurance treaties.

An experience analysis investigation is carried out annually to confirm the appropriateness of the expense assumptions including any expense overrun provision. The exposure to expense risk is tracked by the Executive Finance Committee and the Board Risk Committee through the capital and liquidity report. Current year expenses are compared against expected within the valuation report. Risk comment on this risk in risk reporting and stresses and scenarios on expense risk are considered as part of the ORSA process.

C.2. Market Risk

The Company is exposed to market risk through its holdings of debt securities and lifetime mortgages. It is also exposed to interest rate risk via the valuation interest rate of annuities.

Climate change effects have the potential to also lead to market risks crystalising in several of the subcategories below as well as in other areas such as counterparty default or insurance risks.

Omnilife’s investment assets, principally bonds and cash, are managed for Omnilife by RGA Capital Limited and RGA Enterprise Services. The Board has approved investment guidelines that define the appetites and tolerances within which these investment managers must operate which include considerations of the liabilities backed by these assets.

C.2.1. Spread Risk

The Company’s largest market risk exposure is to credit spread risk from its portfolio of corporate bonds. The credit spread is the additional yield on corporate bonds relative to risk-free rates and represents the compensation for the risk of default together with an illiquidity premium. The credit spread element of the SCR reflects the risk of a corporate bond downgrading to a lower rating (and reducing in value) or defaulting. The risks associated with the lifetime mortgages which include property risks, the risk of early repayment and the mortality and morbidity risks are captured within the spread risk module within the standard formula.

The spread risk has increased during 2023 due to the transfer of corporate bonds and lifetime mortgages associated with the ex-HLAC business.

C.2.2. Interest Rate Risk

Interest rate risk arises through any mismatch in the amount and timing of cash flows on assets and liabilities held by the Company. Surplus assets may also be at risk of losing value from changes in interest rates. The investment guidelines set a limit on the maximum acceptable duration difference between the assets and target specified which helps control this risk, although in practice assets backing liabilities are closely matched.

Interest rate risk exposure increased during 2023 due to the transfer of assets and liabilities associated with the ex-HLAC business and the significant increase in surplus assets.

C.2.3. Other Market Risks

The Company is exposed to property risk through lifetime mortgages. Falls in property prices will increase the likelihood of incurring losses as a result of the presence of the NNEG. This risk is captured in the spread risk module of the Standard Formula.

The Company may be exposed to concentration risk as a result of large individual exposures within its investment portfolios. Omnilife have a small exposure to foreign exchange risk from the overseas assets and liabilities from the legacy book. The company It is not directly exposed to equity risks.

C.2.4. Assessment and Management of Market Risks

The Omnilife Investment Policy is approved by the Board and provides details of how it identifies, measures, monitors and controls market risk with related roles and responsibilities.

RGA Capital Limited and RGA Enterprise Services provide regular investment reports to the Board.

Adherence to the investment guidelines and investment risk appetite is monitored by the Risk Function and reported regularly. In addition, the matching position of assets against liabilities, are monitored and reported quarterly.

Sensitivity analysis is produced and included within the ORSA to improve the understanding of key market risks on the solvency position of Omnilife.

Significant deviation or underperformance against the business plan is escalated to the Board by the Board Risk Committee.

C.3. Counterparty Credit Risk

Counterparty credit risk is defined as the risk of loss due to counterparty default or failure to fulfil their obligations. This is the risk of loss or of adverse change in Omnilife's financial position, resulting from reinsurance counterparties and any debtors to which Omnilife is exposed to defaulting. The main sources of counterparty risk relate to its exposure to reinsurers.

However, as the reinsurers are extremely well capitalised, the failure of any of its main reinsurers is well outside a 1 in 200 event leading to a relatively low SII capital requirement primarily from the risk from default in cash holdings.

However, as the impact such an event would be highly material, Omnilife has a detailed Recovery and Resolution Plan that sets out the steps the Company would take were a reinsurer or outsourcer to fail to fulfil their obligations.

C.3.1. Assessment and Management of Counterparty Credit Risk

The Reinsurance Policy and Outsourcing Policy are approved by the Board and include details of identifying and monitoring permitted counterparties.

The recovery and resolution plan considers the extreme event of the RGA group, our main reinsurers, failing completely. The impact of such an event is mitigated by the use of collateral including letters of credit.

In this extremely unlikely event Omnilife would recapture collateral assets, move some of the bond portfolio to higher rated assets, draw on available Letters of Credit. The Company may also seek alternative external reinsurance (e.g. longevity swaps).

The exposure to reinsurance counterparties is monitored regularly, with the capital requirement, collateral position, and an assessment of the security of the firm included in regular reporting to the Board Risk Committee.

The counterparty credit risk as assessed under SII and the exposure to reinsurance failure of Omnilife have both broadly doubled over the year due to the transfer of the ex-HLAC business.

C.4. Liquidity Risk

Liquidity risk is defined as the risk that sufficient liquid resources are not available to meet policyholder commitments and other liabilities as they fall due.

C.4.1. Assessment and Management of Liquidity Risk

Omnilife's has a separate Liquidity Management Policy approved by the Board. It details how liquidity risk is identified, measured, monitored and controlled, with related roles and responsibilities.

Liquidity monitoring is carried out by the Senior Capital Management Actuary and issues are escalated to the CFO, CRO and CEO, as required. A quarterly liquidity report is presented to the Executive Finance Committee and the Board Risk Committee.

C.5. Operational Risk

C.5.1. Definition of Operational Risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events impacting Omnilife's ability to operate. This risk encompasses all functions rendered in the course of conducting business. This includes legal and regulatory risk, but excludes risks arising from strategic and reputational risk.

C.5.2. Assessment and Management for Operational Risk

Omnilife has formally documented policies and procedures for all aspects of the business that define the end-to-end business processes, provide guidelines, put in place appropriate governance structures and include control activities to ensure the robustness of the business operations. As such the identification, management and monitoring of operational risk is the responsibility of all Omnilife staff.

For this purpose, Omnilife has defined control activities in respect of all risk categories and wider business operations. These control activities are included in the Omnilife Risk Register with designated Risk and Control Owners responsible for ensuring that they remain appropriate on an ongoing basis.

C.5.3. Operational Risk Reporting

All issues related to operational risk are reported to the Risk Management Function and reviewed by the BRC, which agrees detailed management actions to be implemented to address the issue. Omnilife monitors its status against its operational risk appetite and this is reported to the BRC on a quarterly basis by the Risk Management Function.

Omnilife makes use of significant outsourcing, in particular using specialist services within the RGA Group together with external companies, such as EQ (previously known as Equiniti) which provides administration services in respect of both annuity portfolios.

To ensure the standard and reliability of services provided, the Board have approved an Outsourcing & Related Party Transactions Policy and a Vendor Risk Management Policy. These policies set out how outsourcing providers are selected and monitored. The Recovery and Resolution Plan describes steps that would be taken by Omnilife if a provider failed to fulfil its obligations.

C.6. Strategic Risk

C.6.1. Definition of Strategic Risk

Strategic risk is defined as the risk to earnings or capital arising from adverse business decisions or improper implementation of those decisions. This risk is a function of the compatibility between Omnilife's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, the quality of implementation and the appropriateness of responses to changing business conditions. This includes group and reputational risk as a by-product of inappropriate/inadequate management and the mitigation of other risk categories.

C.6.2. Mitigation and Management for Strategic Risk

Strategic risk is primarily mitigated through review and approval of the Business Strategy and Business Plan by the Board. The Omnilife Business Strategy and Business Plan are regularly appraised in light of internal and external developments by the Board and its sub-committees. Performance against the Business Plan is subject to ongoing management review and is used to initiate actions to manage strategic risks as well as other risks.

Stress and scenario testing is also used at the strategic and business planning stages and within the ORSA to identify possible events and future changes in economic conditions that could have unfavourable effects on the Business Strategy and/or Business Plan and the Company's financial standing. This includes consideration and assessment of stresses that will threaten the viability of the Business Plan and Business Strategy (i.e. reverse stress testing).

C.7. Other Risk

C.7.1. Reputational Risk

Omnilife recognises reputational risk as a by-product of inappropriate/inadequate management and mitigation of all other risk categories. As such, the identification of reputational risk is the combined responsibility of all Risk Owners. Identified reputational risks are addressed through the management and/or mitigation of strategic risk which is owned by the CEO.

C.7.2. Conduct Risk

Conduct risk has the potential to arise if the Company's behaviours result in poor customer outcomes; it is inherent in any operation that provides products or services to customers. Delivering good customer outcomes is a key driver in building a valuable, sustainable business and the Company is only willing to tolerate negligible levels of conduct risk.

Regular conduct risk training is completed for all staff members, with more in-depth training for certified individuals. Additionally, a number of processes are in place and executed by first line management to manage and monitor conduct risk exposures across the end-to-end customer journey. This includes a product governance framework including annual product risk reviews. Conduct risk processes are subject to review and oversight provided by the Risk and Compliance functions.

C.7.3. Climate Risks

The Chief Risk Officer is responsible for ensuring climate-related risks are identified, measured, monitored and managed through the Company's risk management framework and in line with its risk appetite and the requirements of policy statement PS11/19 and Supervisory Statement SS3/19, for managing the financial risks relating to climate change.

For key risks in the risk register we consider if the risk has the potential to be affected by physical risks from climate change or from the transition effects associated with adjustment towards a low-carbon economy.

Climate change is considered within ORSA scenarios and stress tests.

The investment team consider potential climate change effects, along with broader environmental, social and governance assessments, in the decision-making process for selecting new bonds and reviewing current holdings.

As part of the RGA group, Omnilife forms part of group wide targets most recently reported to the market in the RGA sustainability report 2023. These are subject to monitoring and action to deliver against those targets.

The Board oversees the management of the climate-related risks and opportunities.

C.8. Sensitivities

The Solvency II balance sheet at 31 December 2023 has been recalculated to show the sensitivity of results to changes in assumptions. Sensitivity analysis helps the Company understand the impact of a range of risk events on the Solvency II balance sheet. The SCR coverage ratio at 31 December 2023 was 365%.

The tables below set out the sensitivity of results to changes in assumptions as at 31 December 2023.

Sensitivities 31 December 2023	Impact on Own Funds (£ million)	Impact on SCR (£ million)	Impact on Excess Surplus (£ million)	Impact on SCR coverage ratio (%)
1% increase in interest rates	(11.8)	(2.2)	(9.6)	(8)
1% increase in credit spreads	(20.6)	(5.2)	(15.4)	(5)
5% decrease in mortality	(2.9)	(0.2)	(2.7)	(5)

Although the movement in own funds is material for the market risks, the movement in the SCR coverage is more modest and should be viewed in the context of the base SCR coverage ratio of 364%. Omnilife remains well capitalised following each of these sensitivities.

Assumptions

1% increase in interest rates: this sensitivity increases the discount rate used for assets and liabilities by 1%. Asset and liability values reduce in an interest rate up stress. The impact on asset and liability values offset each other to some extent, however the impact on assets is larger due to the surplus assets. The reduction in asset and liability values results in a smaller impact of some of the stresses in the SCR, although the interest rate SCR increases.

1% increase in credit spreads: This is a 1% increase in spreads for the corporate bonds and a 1% increase in the illiquidity premium for the lifetime mortgages. This stress results in a fall in asset value leading to a reduction in own funds. No change is assumed for the discount rate used for liabilities although in practice we might expect some increase in the volatility adjustment which would provide some offset to the fall in asset values. The lower value of assets results in a smaller impact of the stresses in the SCR.

5% decrease in mortality: this sensitivity allows for a 5% decrease in base mortality rates. Liability values increase while asset values remain unchanged leading to a reduction in own funds. The increased value of liabilities results in a larger impact of certain stresses in the SCR.

No future management actions are modelled. For each of the sensitivities, all of the other assumptions remain unchanged.

D. Valuation for Solvency Purposes

D.1. Assets

D.1.1. Financial Assets

The following table sets out the value, valuation approach and assumptions for each of Omnilife's main financial asset classes as at 31 December 2023.

Asset Class	2023		2022		Valuation Methodology
	Value £m	% Assets	Value £m	% Assets	
Government Bonds	18.8	3.2%	8.1	2.5%	Average of quoted market price
Corporate Bonds	408.8	70.5%	280.2	87.8%	Average of quoted market price
Lifetime Mortgages	109.0	18.8%	0.0	0.0%	Mark to model price
Cash, Deposits*	28.0	4.8%	20.7	6.5%	Account value / balance held
Other Assets	15.0	2.6%	10.3	3.2%	
Total**	579.6	100.0%	319.2	100.0%	

* All of the cash and short-term deposits are in institutions with a credit standing of A or above.
** Excluding reinsurance recoverables and reinsurer's share of outstanding claims of £265.7 million as at 31 December 2023 (£109.1 million as at 31 December 2022).

There is no active market in lifetime mortgages and the value is determined using am actuarial model that requires significant inputs which are not based on observable markets. The fair value of lifetime mortgages is calculated by discounting the value of future expected cash flows.

The principal assumptions underlying the calculation of lifetime mortgages include the following:

No-negative equity guarantee ("NNEG"): The NNEG is a feature of lifetime mortgages where the borrower will not owe more than the value of their house. The fair value of lifetime mortgages takes into account an explicit provision in respect of the NNEG. The key assumptions used to derive the value of the NNEG include current property price, property growth and property volatility.

Mortality or entry into long term care: This is based on the combined expectation of death or entry into long term care of the borrower or the last remaining borrower in relation to a joint life contract.

Voluntary early redemptions: Due to limited market information, these assumptions have been derived from the Company's own experience on this product.

Expenses: Assumptions for future expenses levels are based on the costs incurred.

Discount rate: The discount rate applied to the lifetime mortgage cash flows comprises two parts: the PRA risk-free curve and an allowance for illiquidity based on current market rates for new business at different loan-to-value points.

D.1.2. Comparison of Solvency II Assets with Annual Report and Accounts

There are no differences between the bases, methods or assumptions used for the Solvency II Pillar 1 valuation of Omnilife's main asset classes and those used in the asset valuation for the Annual Report and Accounts.

D.1.3. Reinsurance Asset

As at 31 December 2023, the value of Omnilife's reinsurance recoverable was £265.1 million with the reinsurers' share of outstanding claims of £0.5 million.

The Company treats the value of the reinsurance arrangements as an asset. The value of the Reinsurance Asset is determined in a manner consistent with that used to calculate the Best Estimate Liabilities, using the same model, and includes an adjustment for reinsurer counterparty default risk.

D.1.4. Intangible Assets

As at 31 December 2023, Omnilife did not attach any value to goodwill or any other intangible assets.

D.1.5. Other Assets

The other assets as at 31 December 2023 break down as follows:

Other Assets Value £million	2023	2022
Debtors (excluding reinsurance operations)	8.2	7.1
Policyholder Loans	0.1	0.1
Deferred Tax Asset	6.8	3.1
Total	**15.0**	**10.3**

Debtors (excluding reinsurance operations)

Debtors (excluding reinsurance operations) amount to £8.2 million. This relates largely amounts due from group companies in respect of tax recoverable plus premiums due on direct insurance business. They have been calculated at face value as they are expected to be settled in the short-term, i.e. less than 24 months, after the valuation date.

Policy Loans

Policy loans amount to £0.1 million. These are secured on Individual Deposit Administration policies and are valued at face value as they can be repaid to Omnilife at any time.

Deferred Tax Asset

The deferred tax asset is £6.8 million.

D.2. Technical Provisions

The Technical Provisions are equal to the sum of the Best Estimate Liabilities and the Risk Margin.

D.2.1. Material Lines of Business

The annuities are the most material line of business with the legacy business representing less than 0.5% of the total Best Estimate Liabilities (“BEL”). No products span more than one line of business, so no unbundling of contracts is necessary in the calculation of Technical Provisions.

D.2.2. Technical Provisions as at 31 December 2023

The table below sets out the Technical Provisions as at 31 December 2023 for each of Omnilife’s main lines of business.

Technical Provisions £million	2023	2022
Best Estimate Liabilities		
UK Annuities	675.8	342.0
Overseas Individual Savings	1.6	1.6
Other pre 2020 business	0.4	0.6
Total Best Estimate Liabilities	**677.8**	**344.2**
Risk Margin	4.0	6.5
TMTP	(20.0)	0.0
Technical Provisions	**661.8**	**350.7**

The increase in the technical provisions over the year is largely due to the transfer in of the ex-HLAC business.

D.2.3. Valuation Basis

Best Estimate Liabilities

The assumptions used in the calculation of the Best Estimate Liabilities as at 31 December 2023 are set out in Section D.2.4 below.

Risk Margin

The assumptions used to in the calculation of the Risk Margin as at 31 December 2023 are set out in Section D.2.4 below.

Transitional Measure on Technical Provisions ("TMTP")

The TMTP is described in Section D.2.7 below.

D.2.4. Valuation Methodology

The BEL, for all lines of business, have been valued either at a scheme or policy level (as appropriate), except for the BEL in respect of overhead expenses which is calculated at the Company level.

Under Solvency II requirements, the BEL should typically be derived by discounting future expected liability cash-flows that are calculated using realistic, best estimate assumptions. For the majority of Omnilife's in-force business, a full cash-flow projection has been adopted. The approach adopted for each line of business is described in the following sub-sections.

Individual Annuities

The BEL for individual annuity business (both in payment and deferred) is determined by discounting the expected future cash flows using the PRA risk free curve appropriate for the currency of the benefit. For the ex-Generali sterling annuity business, a volatility adjustment is used to increase the discount rate. The expected cash flows allow for the expectation of future deaths of policyholders with the mortality assumptions derived from experience analysis together with allowance for future mortality improvements.

Group Risk Business - excluding claims in payment

For Group Risk business the best estimate liability is calculated as the sum of the unearned premium reserve and the incurred but not reported ("IBNR") reserve to allow for delays in reporting claims. In addition, there is an additional reserve, expressed as a multiple of annual premium, in respect of extra premiums on sub-standard lives.

Group Risk Business - claims in payment

For current group income protection claims (UK and overseas), the BEL is calculated using a cashflow approach, whereby the projected, monthly benefit payments are discounted to the valuation date. Allowances are made for escalating benefit amounts, where relevant, expenses and claims terminating.

The discount rates used to calculate the BEL are the PRA risk-free curve appropriate to the currency of the benefit.

Individual Savings Business

For the individual savings business, the BEL is calculated as the sum of the following:

- the amount of the investment account, ignoring any surrender penalties;

- an unearned premium reserve, equal to the amount of the risk premium deducted at the time of the last premium payment prior to the valuation date that will cover the period between the last premium due date and the payment date of the next premium, reduced for the 'earned' period between the last premium due date and the valuation date; and
- a reserve for the guarantee that underpins the maturity benefit.[2]

The reserve for the guarantee is a deterministic reserve calculated by rolling forward, at a risk-free interest rate specified by the PRA, the current investment accounts and future premiums, allowing for future mortality, disability and expense deductions. Any shortfall between the maturity value so calculated and the guaranteed maturity value is then discounted to the valuation date at the risk-free interest rate.

The method assumes a constant lapse rate for all durations, irrespective of the interest rate scenario.

Individual Term Assurance Business

A best estimate cash-flow projection model is used to value these policies. The Reinsurance Asset is then calculated by pro-rating in line with the reinsured amount (at a policy level).

The method assumes a constant lapse rate for all durations.

Expense Provisions

The expense provision is calculated by looking at the shortfall between:

- The expense loadings projected on the existing business, consistent with the valuations of each line of business; and
- The forecast maintenance expenses.

The overrun has been capitalised over a four year period.

Risk Margin

Omnilife assumes that all market risks are hedgeable, and therefore excludes market risk capital from the Risk Margin calculation. Whilst the asset default risk is deemed to be hedgeable, the reinsurer's default risk is included in the Risk Margin calculations as at 31 December 2023.

D.2.5. Uncertainty in the Technical Provisions

Data

For the annuity business the administration is largely outsourced to Equiniti and Omnilife is reliant upon the accuracy and completeness of the data provided.

For overseas Group Risk business reinsured in from Medgulf, Omnilife does not perform any data administration and so is reliant upon the accuracy and completeness of the data provided by Medgulf.

For group income protection claims in payment, the administration and management of these claims falls to resources external to Omnilife and so Omnilife is reliant upon the accuracy and completeness of the data it is provided with.

Assumptions

Best estimate assumptions have been set using information and analysis available as at 31 December 2023. For example:

- Economic assumptions are derived using market data as at the valuation date;

[2] Given that the business is in run-off, on the grounds of proportionality and materiality a simplified approach (as in previous years) has been adopted as at 31 December 2023.

- IBNR assumptions for overseas group life business have been determined based on historic internal experience analyses;
- Overhead expenses are set using the forecast level of expenses; and
- Profit margins are determined based on high-level experience analyses.

These assumptions are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, legislation, and economic conditions.

Any items of experience where it is expected that the actual emergence of experience may vary, perhaps materially, from the best estimate assumption (set out in Appendix 1) are discussed in further detail below.

It is worth noting that the aim of the assumption setting process is to derive true best estimates, with no bias towards conservatism or optimism. Whilst subject to an inevitable degree of uncertainty, these assumptions are expected to reflect future emerging experience without bias.

Mortality – individual annuity business

The mortality assumption and the allowance for future improvements have been set with reference to experience and expert judgement, however there will inevitably be some uncertainty relating to these assumptions.

Modelling

The simplifications adopted in calculating the BEL, as discussed in Section D.2.4 above and in particular using an alternative method to full cash-flow projection for the less material lines of business, will necessarily lead to some uncertainty in the Technical Provisions. However, the Company does not believe that the simplifications adopted lead to materially different Technical Provisions than would result from implementing the full calculations.

D.2.6. Comparison of Solvency II Technical Provisions with Annual Report and Accounts

The Technical Provisions shown in the Annual Report and Accounts at 31 December 2023 include the same Risk Margin and Best Estimate Liabilities that make up the Solvency II Technical Provisions.

D.2.7. Regulatory Approvals

Matching Adjustment

Omnilife has not sought permission from the PRA to make use of the Matching Adjustment. Therefore, no Matching Adjustment is used when determining Omnilife’s Technical Provisions.

Volatility Adjustment

Omnilife has applied the volatility adjustment to the discount rate used for the ex-Generali sterling denominated annuity business. As at 31 December 2023 the volatility adjustment was 0.31% and reduces the gross technical provisions by £7.7 million.

31 December 2023 £million	As Published	Without Volatility Adjustment	Impact of removing the Volatility Adjustment
Technical Provisions	661.8	669.5	7.7
Reinsurance Recoverables	265.1	271.5	6.4
Deferred Tax	6.8	7.1	0.3
Own Funds	173.9	172.9	(1.0)
Solvency Capital Requirement	47.7	47.7	0.0
SCR Coverage Ratio	364%	362%	(2%)
Minimum Capital Requirement	11.9	11.9	0.0
MCR Coverage Ratio	1401%	1390%	(11%)

Without the volatility adjustment, own funds would be expected to reduce by £1.0 million to £172.9 million. The loss of own funds is smaller than the increase in technical provisions as the reinsurance provides protection.

Without the volatility adjustment the SCR change is limited whilst the SCR coverage reduces by 2%.

Transitional Measures

Transitional Measure on Technical Provisions

Omnilife has applied the TMTP in the valuation of technical provisions. As at 31 December 2023 the value of the TMTP was £20.0 million.

The TMTP applies to the pre-2016 ex-HLAC business transferred in to Omnilife and was approved by the PRA on 10 March 2023 and took effect on 30 April 2023.

The TMTP has been used by the Company to phase in the impact of moving from the valuation principles under INSPRU to the Solvency II regime. The move to Solvency II has increased the value of technical provisions for the Company in two areas:

- The concept of the matching adjustment is an additional requirement under Solvency II. Under INSPRU the risk adjusted yield on assets was used to discount the value of annuity liabilities. Under Solvency II the Company does not use the matching adjustment and must therefore discount annuity liabilities at the risk-free rate.
- The concept of the Risk Margin is an additional requirement under Solvency II.

The PRA requires firms to carry out a TMTP recalculation at the end of every 24 months following the commencement of the transitional measure on 1 January 2016 or if there has been a material change in risk profile. The last recalculation was performed as at 31 December 2023.

The TMTP represents a material balance for the Company given that it is used to cover the impact of not using the matching adjustment and phasing in the Risk Margin for business written before 1 January 2016. Therefore, not applying the TMTP would result in a material change to the solvency position of the Company.

The table below shows the solvency position of the Company with and without the TMTP.

31 December 2023 £million	As Published	Without TMTP	Impact of removing the TMTP
Technical Provisions	661.8	681.8	20.0
Reinsurance Recoverables	265.1	278.7	13.6
Deferred tax	6.8	8.4	1.6
Own Funds	173.9	169.1	(4.8)
Eligible Own Funds to meet SCR	173.9	167.8	(6.1)
Solvency Capital Requirement	47.7	47.1	(0.6)
SCR Coverage Ratio	364%	356%	(8%)
Eligible Own Funds to meet MCR	167.2	160.8	(6.4)
Minimum Capital Requirement	11.9	11.8	(0.1)
MCR Coverage Ratio	1401%	1364%	(37%)

Without the TMTP, basic own funds would be expected to reduce by £4.8m to £169.1m. The loss of own funds is smaller than the TMTP at the valuation date due to the reinsurance protection.

A stop loss reinsurance treaty provides protection for a proportion of the assets and technical provisions underlying the TMTP. If the TMTP were removed, the stop loss would absorb a proportion of the solvency loss.

We have assumed that a deferred tax asset could be set up against the residual loss of own funds.

The Company would have enough own funds to meet the SCR without applying the TMTP.

D.3. Other Liabilities

The other liabilities as at 31 December 2023 break down as follows:

Other Liabilities £million	31 Dec 2023	31 Dec 2022
Claims outstanding	0.5	0.4
Creditors arising out of insurance and reinsurance (excl related parties)	2.3	1.4
Accruals and provisions	0.3	0.5
Amounts Due to related parties	0.5	3.3
Taxation	5.9	0.0
Total	9.5	5.6

D.3.1. Comparison of Solvency II Other Liabilities with the Annual Report and Accounts

There are no material differences between the valuation bases, methods and assumptions used for the Solvency II Pillar 1 valuation of Omnilife's other liabilities and those used in the Annual Report and Accounts.

D.4. Alternative Methods for Valuation

Omnilife does not use any alternative methods for valuation other than the mark to model valuation for the lifetime mortgages described in D.1.1.

E. Capital Management

E.1. Own Funds

E.1.1. Objectives, Policies and Processes Employed for Managing Own Funds

The Company's risk management system incorporates a Risk Appetite Statement relating to Own Funds. The Risk Appetite Statement ensures that there are sufficient own funds to cover the SCR, with an appropriate buffer.

The Company's Business Plan and Business Strategy are subject to an annual review process and approval by the Board. This annual review incorporates a projection of expected SCR coverage over the planning horizon, which also forms a key part of the ORSA process and the ORSA Report. The Company also produces a recovery and resolution plan on an annual basis to demonstrate that the Company has sufficient funds to recover following an extreme scenario, involving a default of a reinsurer, or run-off the business in an orderly manner. The Company aims to remain within its risk appetite for solvency over the length of the business planning horizon.

As at 31 December 2023 the ratio of eligible Own Funds to SCR was 364%, compared to 283% at the previous year-end.

E.1.2. Description of Own Funds

Omnilife's Own Funds are allocated to the following tiers set out in the Solvency II regulations:

- Ordinary share capital and the related share premium account (Tier 1);
- Reconciliation reserve (Tier 1); and
- Deferred Tax Asset (Tier 3)

Omnilife currently has no Ancillary Own Funds items.

Ordinary Share Capital and the related Share Premium Account

The ordinary share capital is fully paid up and therefore is classified as Tier 1 capital.

Reconciliation Reserve

The reconciliation reserve is a balancing item which ensures that the total Own Funds equal the excess of assets, which are available to absorb unexpected losses, over liabilities. For Omnilife, it is comprised solely of retained earnings, however the deferred Tax assets has been excluded as this is Tier 3 capital.

Restrictions

The deferred tax asset is classed as Tier 3 capital as this is less than 15% of the SCR there is no restriction for SCR purposes. For MCR purposes no Tier 3 capital is eligible.

Below is the table which sets out the value of Own Funds, split by categories, as at 31 December 2023:

Components of Own Funds £ million	31 Dec 2023	31 Dec 2022
Ordinary Share Capital plus the Share Premium Account (Tier 1)	155.6	155.6
Reconciliation Reserve (Tier 1)	11.6	(87.2)
Deferred tax asset (Tier 3)	6.8	3.1
Own Funds	**173.9**	**71.5**

Own Funds increased by £102.5 million over the year, with £79.1 million being the result of the capital contribution from the Part VII transfer of the HLAC business and the remaining £23.4 million from retained profit (net of tax) over the year. Further details of the profit for the year are provided in section A.2.1.

E.1.3. Comparison of Solvency II Own Funds with the Annual Report and Accounts

The equity in the Annual Report and Accounts is the same as basic Own Funds under Solvency II at 31 December 2023.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR as at 31 December 2023 amount to £47.7 million and £11.9 million respectively.

The amount of the SCR split by individual risk is shown in Section C above. The SCR split by risk category is shown in Section E.2.1 below.

E.2.1. SCR split by Risk Module

Solvency Capital Requirement £million	31 Dec 2023	31 Dec 2022
Market Risk	35.1	18.0
Life Underwriting Risk	18.7	10.7
Counterparty default Risk	3.0	1.6
Diversification benefit	*(12.1)*	*(6.6)*
Basic Solvency Capital Requirement	**44.7**	**23.7**
Operational Risk Capital	3.0	1.5
loss absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	**47.7**	**25.2**

Omnilife uses the Standard Formula approach to determine its SCR and does not make use of any undertaking specific parameters. The Standard Formula approach involves applying a series of prescribed stress tests and factor-based calculations.

The PRA did not require Omnilife to apply a capital add-on as at 31 December 2023.

The SCR at 31 December 2023 is higher than the previous year-end, mainly due to the transfer in of the ex-HLAC business.

The MCR at 31 December 2023 is £11.9 million and has increased in line with the SCR. At the last year-end the MCR was at £6.3 million.

E.2.2. Simplifications Adopted for the SCR Calculation

No material simplifications are used.

E.3. Duration-Based Equity Risk Sub-Module

Omnilife does not make use of the duration-based equity risk sub-module in the calculation of the SCR.

E.4. Internal Model Information

Omnilife does not use an internal model for determining its SCR.

E.5. Non-Compliance with the MCR or SCR

Omnilife has had no incidences of non-compliance with either the MCR or the SCR.

Appendix 1 – Quantitative Reporting Templates (QRTs)

The following pages contain QRTs for Omnilife as at 31 December 2023.

All figures are presented in £000's with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided to the regulators privately.

The following Solo QRTs are provided:

- S.02.01, balance sheet information
- S.05.01, information on premiums, claims and expenses, using the valuation and recognition principles used in the financial statements
- S.05.02, information on premiums, claims and expenses by country
- S.12.01, information on the technical provisions relating to life insurance and health insurance
- S.22.01, information on the impact of long term guarantee measures and transitionals
- S.23.01, information on Own Funds, including basic Own Funds
- S.25.01, information on the SCR, calculated using the standard formula
- S.28.01, specifying the MCR for insurance

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	6,766
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	427,574
R0080	*Property (other than for own use)*	
R0090	*Holdings in related undertakings, including participations*	
R0100	*Equities*	
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	427,574
R0140	*Government Bonds*	18,768
R0150	*Corporate Bonds*	408,806
R0160	*Structured notes*	
R0170	*Collateralised securities*	
R0180	*Collective Investments Undertakings*	
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	
R0210	*Other investments*	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	109,114
R0240	*Loans on policies*	77
R0250	*Loans and mortgages to individuals*	109,037
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	265,114
R0280	*Non-life and health similar to non-life*	
R0290	*Non-life excluding health*	
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	265,114
R0320	*Health similar to life*	218
R0330	*Life excluding health and index-linked and unit-linked*	264,896
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	948
R0370	Reinsurance receivables	390
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	28,011
R0420	Any other assets, not elsewhere shown	7,383
R0500	**Total assets**	845,299

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	
R0550	*Risk margin*	
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	661,828
R0610	*Technical provisions - health (similar to life)*	322
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	322
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	661,506
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	658,648
R0680	*Risk margin*	2,859
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	535
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	5,948
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	2,177
R0830	Reinsurance payables	73
R0840	Payables (trade, not insurance)	816
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	671,377
R1000	**Excess of assets over liabilities**	173,922

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations			Life reinsurance obligations		Total
		Health insurance	Index-linked and unit-linked insurance	Other life insurance	Health reinsurance	Life reinsurance	
		C0210	C0230	C0240	C0270	C0280	C0300
	Premiums written						
R1410	*Gross*			52		-1	51
R1420	*Reinsurers' share*			5,334		-1	5,333
R1500	*Net*			-5,282		0	-5,282
	Premiums earned						
R1510	*Gross*			64		273	336
R1520	*Reinsurers' share*			5,340		183	5,522
R1600	*Net*			-5,276		90	-5,186
	Claims incurred						
R1610	*Gross*	21		54,005		46	54,073
R1620	*Reinsurers' share*	14		16,532		27	16,573
R1700	*Net*	7		37,473		20	37,499
	Changes in other technical provisions						
R1710	*Gross*						
R1720	*Reinsurers' share*						
R1800	*Net*						
R1900	**Expenses incurred**	-18		608			590
R2500	**Other expenses**						5,927
R2600	**Total expenses**						6,517

S.05.02.01

Premiums, claims and expenses by country

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	Life	**Home Country**	**Top 5 countries (by amount of gross premiums written) - life obligations**					**Total Top 5 and home country**
R1400			LB	BH				
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	*Gross*	52	-1					51
R1420	*Reinsurers' share*	5,334	-1					5,333
R1500	*Net*	-5,282	0					-5,282
	Premiums earned							
R1510	*Gross*	64	273					336
R1520	*Reinsurers' share*	5,340	183					5,522
R1600	*Net*	-5,276	90					-5,186
	Claims incurred							
R1610	*Gross*	54,026	51	-5				54,073
R1620	*Reinsurers' share*	16,547	30	-3				16,573
R1700	*Net*	37,480	22	-2				37,499
	Changes in other technical provisions							
R1710	*Gross*							
R1720	*Reinsurers' share*							
R1800	*Net*							
R1900	**Expenses incurred**	590						590
R2500	**Other expenses**							5,927
R2600	**Total expenses**							6,517

S.12.01.02
Life and Health SLT Technical Provisions

		Index-linked and unit-linked insurance			Other life insurance			Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees				Contracts without options and guarantees	Contracts with options or guarantees	
		C0030	C0040	C0050	C0060	C0070	C0080	C0100	C0150	C0160	C0170	C0180	C0210
R0010	**Technical provisions calculated as a whole**								0				0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole								0				0
	Technical provisions calculated as a sum of BE and RM												
	Best estimate												
R0030	**Gross Best Estimate**					675,910	1,499	26	677,434		322		322
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					264,882		13	264,896		218		218
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re					411,027	1,499	13	412,538		103		103
R0100	**Risk margin**				4,045			205	4,045	0			0
R0110	Technical Provisions calculated as a whole												
R0120	Best estimate					-18,786			-18,786				
R0130	Risk margin				-1,187				-1,187				
R0200	**Technical provisions - total**				661,480			26	661,506	322			322

S.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals				
		Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
Technical provisions	661,828	19,954		7,695	
Basic own funds	173,922	-4,793		-998	
Eligible own funds to meet Solvency Capital Requirement	173,922	-6,078		-1,326	
Solvency Capital Requirement	47,722	-532		35	
Eligible own funds to meet Minimum Capital Requirement	167,156	-6,391		-1,331	
Minimum Capital Requirement	11,930	-133		9	

S.23.01.01
Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	**Total**	**Tier 1 unrestricted**	**Tier 1 restricted**	**Tier 2**	**Tier 3**
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	20,000	20,000			
R0030	Share premium account related to ordinary share capital	135,553	135,553			
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings					
R0050	Subordinated mutual member accounts					
R0070	Surplus funds					
R0090	Preference shares					
R0110	Share premium account related to preference shares					
R0130	Reconciliation reserve	11,602	11,602			
R0140	Subordinated liabilities					
R0160	An amount equal to the value of net deferred tax assets	6,766				6,766
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above					
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in financial and credit institutions**					
R0290	**Total basic own funds after deductions**	173,922	167,156			6,766
	Ancillary own funds					
R0400	**Total ancillary own funds**					0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	173,922	167,156			6,766
R0510	Total available own funds to meet the MCR	167,156	167,156			
R0540	Total eligible own funds to meet the SCR	173,922	167,156			6,766
R0550	Total eligible own funds to meet the MCR	167,156	167,156			
R0580	**SCR**	47,722				
R0600	**MCR**	11,930				
R0620	**Ratio of Eligible own funds to SCR**	364%				
R0640	**Ratio of Eligible own funds to MCR**	1401%				

	Reconciliation reserve	
R0700	Excess of assets over liabilities	173,922
R0710	Own shares (held directly and indirectly)	
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	162,319
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	11,602
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0120
R0010	Market risk	35,110		
R0020	Counterparty default risk	3,047		
R0030	Life underwriting risk	18,719		
R0040	Health underwriting risk	5		
R0050	Non-life underwriting risk			
R0060	Diversification	-12,124		
R0070	Intangible asset risk			
R0100	**Basic Solvency Capital Requirement**	44,756		

	Calculation of Solvency Capital Requirement	
R0120	Adjustment due to RFF/MAP nSCR aggregation	
R0130	Operational risk	2,965
R0140	Loss-absorbing capacity of technical provisions	
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency Capital Requirement excluding capital add-on**	47,722
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	47,722
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

S.28.01.01

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

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	8,334

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	396,714	
R0250	Total capital at risk for all life (re)insurance obligations		3,764

	Overall MCR calculation	C0070
R0300	Linear MCR	8,334
R0310	SCR	47,722
R0320	MCR cap	21,475
R0330	MCR floor	11,930
R0340	Combined MCR	11,930
R0350	Absolute floor of the MCR	3,495
R0400	**Minimum Capital Requirement**	11,930