



# Solvency & Financial Condition Report 2025

**Assurant Europe Life Insurance N.V.**



**ASSURANT®**

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## Executive Summary

Assurant Europe Life Insurance N.V. (further referred to as AEL or the Company), is a life insurance company, incorporated in the Netherlands as a Public Limited Liability Company (*Naamloze Vennootschap*) on 29 October 2018. It received its license to operate on 9 June 2020. AEL is supervised by De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM).

This report has been prepared to comply with the reporting requirements of the EU-wide regulatory framework for insurance companies, Solvency II, which came into force as of 1 January 2016.

### Business and performance

AEL manages portfolios in the following segments of insurance:

- Creditor Life - comprising life insurance; and
- Creditor Health - comprising disability insurance, connected to life policies.

These segments went into run-off in 2018 and no new policies were written since. The life and health policies were usually sold together and in combination with a consumer lending arrangement, issued by one of AEL's business partners (banks and similar institutions).

The Company assumed two EU-insurance portfolios of two Assurant group companies domiciled in the United Kingdom, on 2 November 2020.

AEL closed the year 2025 with a statutory loss after tax of € 314,001.

Section A provides an overview of business performance in the year under review.

### System of governance

AEL is governed by a two-tier board structure consisting of the Management Board and the Supervisory Board. AEL implemented the governance requirements of the Solvency II regime and has four key functions: actuarial, compliance, risk management and internal audit.

Refer to section B for further details.

### Risk profile

As a provider of life and health insurance, the Company is exposed to a number of risks, the main ones being Underwriting risk and Market risk. The Company invests in short-term fixed income instruments and is exposed to market volatility and default risk, for both of which appropriate capital is set aside.

Section C demonstrates in further detail to which risks the Company is exposed and how these risks are mitigated.

### Valuation for solvency and statutory purposes

This Solvency and Financial Condition Report (SFCR) provides insight in the Company's balance sheet and available capital prepared in accordance with Solvency II guidelines. These guidelines strive for a market consistent valuation. AEL has opted to prepare its statutory financial statements in accordance with the Solvency II principles. Consequently, this document does not show valuation differences between the two standards but only some classification differences.

Chapter D explains the Solvency II (and statutory) valuation in more detail.

## Capital management

The Company's capital management focuses on ensuring the orderly run-off of the in-force portfolio. Due to the limited size of the portfolio, the Company's solvency position is determined by the Absolute Minimum Capital Requirement (AMCR). The year-end solvency position is as follows.

	2025	2024
€'000		
Eligible Own Funds	5,728	6,042
SCR	569	553
AMCR	4,000	4,000
<b>Solvency Ratio %</b>	<b>143%</b>	<b>151%</b>

Further detail is provided in Section E.

## Outlook

The outlook for the year 2026 appears relatively stable. Whilst in general macro-economic indicators remain uncertain, the Company is mainly exposed to movements in the capital markets and expects a relatively stable interest rate environment, despite heightened geopolitical risks. Inflation may in the short term remain above the long term desired 2%, but the Company is less exposed to inflation due to its portfolio consisting of fixed benefit policies.

# A Business and performance

## A.1 Business

### A.1.1 Name and legal form

AEL is a life insurance company based in Amsterdam, the Netherlands. The Company was incorporated on 29 October 2018 and received its license to operate as a life insurer on 9 June 2020. It is a Public Limited Liability Company (*Naamloze Vennootschap*).

### A.1.2 Name and contact details of the responsible supervisory authorities

Prudential supervision of AEL is the responsibility of De Nederlandsche Bank (DNB), Westeinde 1, 1000 AB, Amsterdam, the Netherlands.

Financial conduct is supervised by the Autoriteit Financiële Markten (AFM), Vijzelgracht 50, 1017 HS, Amsterdam, the Netherlands.

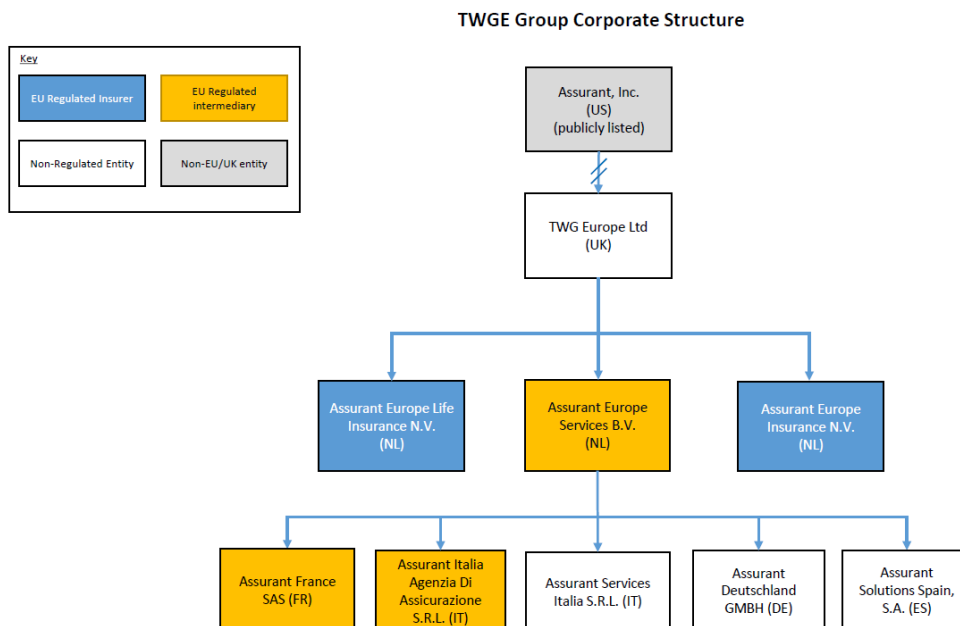
### A.1.3 Name and contact details of external auditor

AEL’s external auditor is Deloitte Accountants B.V., Gustav Mahlerlaan 2970, 1081 LA, Amsterdam, the Netherlands.

### A.1.4 Shareholders and position within the group

AEL’s shares are held by TWG Europe Ltd., one of the holding companies ultimately owned by Assurant, Inc., a public company listed on the New York Stock Exchange (ticker: AIZ), registered in Delaware, United States of America.

A simplified version of the group’s corporate structure is shown below.



- Notes:**
1. TWGE Group refers to TWG Europe Limited and its subsidiaries (direct and indirect).
  2. All depicted entities are 100% owned by their immediate shareholder (shown by blue connecting lines) except for Assurant, Inc. which is publicly listed.
  3. This chart does not show intermediary holding companies above TWGE.

AEL has issued 5,440,000 shares. The nominal value per share is € 1.00, therefore the issued share capital is € 5,440,000.00. All shares are owned by TWG Europe Ltd.

#### A.1.5 Material lines of business and material geographical areas where business is carried out

AEL's principal activity is the maintenance of a small life & health portfolio with risks in the European Union.

AEL distinguishes the following segments:

- Creditor Life (mortality cover)
- Creditor Health (disability, accident).

Its Solvency II lines of business are:

- Life
- Health SLT.

These lines of business are illustrated in the table below, using financial information for the year ended 31 December 2025.

€'000	Technical provisions (excl. risk margin)			Premiums earned		
	Gross	Ceded	Net	Gross	Ceded	Net
Life	2,143	-	2,143	-202	-	-202
Health SLT	-	-	-	-	-	-
<b>Total</b>	<b>2,143</b>	<b>-</b>	<b>2,143</b>	<b>-202</b>	<b>-</b>	<b>-202</b>

The territories of operation are the Netherlands and Belgium.

The portfolio does not hold policies with discretionary benefits or embedded guarantees.

The portfolio's remaining duration is such that the UFR does not impact technical provisions.

#### A.1.6 Significant business or other events that have occurred during the reporting period

There were no events of significance that impacted the Company.

#### A.1.7 Business performance

The table below shows the performance of the Company's operations by Solvency II section (which for AEL is also applied for statutory reporting purposes).

€'000		2025	2024
Underwriting performance	Section A.2	-602	-61
Investment performance	Section A.3	214	290
Performance of other activities	Section A.4	-	-
<b>Profit/loss before tax in statutory financial statements</b>		<b>-388</b>	<b>228</b>

## A.2 Underwriting Performance

Underwriting performance per Solvency II line of business is summarised in below table.

	Line of Business for: <b>life insurance obligations</b>		<b>Total</b>
	Health insurance	Other life insurance	
	C0210	C0240	C0300
<b>Premiums written</b>			
Gross	0	265,910	265,910
Reinsurers' share	0	0	0
Net	0	265,910	265,910
<b>Premiums earned</b>			
Gross	9	-201,534	-201,525
Reinsurers' share	0	0	0
Net	9	-201,534	-201,525
<b>Claims incurred</b>			
Gross	0	3,185	3,185
Reinsurers' share	-29	-36,183	-36,212
Net	29	39,368	39,397
<b>Changes in other technical provisions</b>			
Gross	0	0	0
Reinsurers' share	0	0	0
Net	0	0	0
<b>Expenses incurred</b>			
<b>Administrative expenses</b>			
Gross	0	172,935	172,935
Reinsurers' share	0	0	0
Net	0	172,935	172,935
<b>Investment management expenses</b>			
Gross	0	0	0
Reinsurers' share	0	0	0
Net	0	0	0
<b>Claims management expenses</b>			
Gross	0	0	0
Reinsurers' share	0	0	0
Net	0	0	0
<b>Acquisition expenses</b>			
Gross	0	187,684	187,684
Reinsurers' share	0	0	0
Net	0	187,684	187,684
<b>Overhead expenses</b>			
Gross	0	0	0
Reinsurers' share	0	0	0
Net	0	0	0
<b>Other expenses</b>			0
<b>Total expenses</b>			360,619
<b>Total amount of surrenders</b>	0	0	0
<b>Interest income</b>			221,177
<b>Unrealised gains on investments</b>			-7,292
<b>Realised gains on investments</b>			0
<b>Technical result on life insurance operations</b>			-387,656

### Premiums earned (net)

This represents the sum of premiums earned during the year, net of premiums attributable to reinsurers. Premiums earned follow the risk emergence pattern of the different types of policies. The negative amount of premiums earned in the year results from an increase in the provision the Company has set aside to cover expenses during the run-off of the portfolio. The expenses have increased compared to 2024 due to higher audit charges because of a revised reallocation.

### Claims incurred (net)

This comprises the sum of the claims paid and the change in the provision for claims outstanding during the financial year, net of reinsurance.

### Changes in other technical provisions

Not applicable.

### Expenses incurred

This represents all technical expenses incurred by the Company in relation to its insurance operations.

### Other expenses

All expenses incurred relate to the insurance operations.

### Underwriting result

Following the update of all assumptions to most recent experience, the underwriting result measured in accordance with Solvency II valuation principles was negative in the year under review. This was mainly driven by the one-off increase in the provision to cover future expenses, which is deemed adequate. More generally, AEL incurs usually very few deaths claims each year. However, the number of deaths claims can vary per year and as such create volatility. This may lead to a negative result in the future when the number of claims is higher than average.

Despite the increase in the run-off provision, the expense result was positive, as the cost structure that AEL implemented proved more efficient than that of the companies that AEL assumed the portfolios from during the transfer in November 2020.

### Geographical areas

All business managed is in the EU. The territories of operation are the Netherlands and Belgium.

## A.3 Investment Performance

### A.3.1 Investment holdings

The Company's investment portfolio as per 31 December of the current period and the investment income generated in the period under review is as follows.

	Position as at end of period		Income for the period	
	€'000	%	€'000	%
Government bonds (ETFs)	785	10%	18	8%
Corporate bonds (ETFs)	3,685	47%	116	54%
Cash and deposits (incl. MMFs)	3,434	43%	80	38%
<b>Total</b>	<b>7,905</b>	<b>100%</b>	<b>214</b>	<b>100%</b>

Investment performance was positive mainly thanks to the coupons paid by corporate bonds, while in a context of lower interest rates money market funds were offering more modest returns than in prior years.

#### **A.4 Performance of other activities**

The Company's only activity is that of life insurance business.

#### **A.5 Any other disclosures**

There is no other information required to be disclosed regarding the performance of the business.

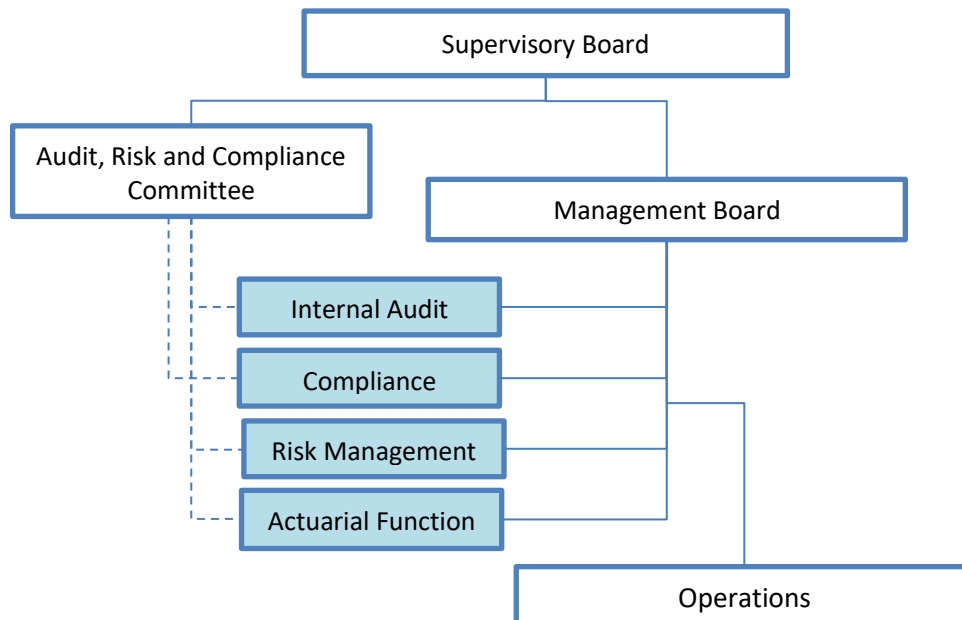
## B System of governance

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

#### B.1.1 Governance structure

AEL’s system of governance is embedded within the overarching system of governance of the Assurant group. The design and effectiveness of system of governance is the responsibility of the Management Board. The Management Board is supervised by an independent Supervisory Board. The Management Board delegates responsibilities for certain functions to Key Function Holders (in blue in below table). The Company maintains a governance map which documents the detailed implementation of the system of governance. This includes the terms of reference of the Management Board, the Supervisory Board and the Audit, Risk and Compliance Committee, and detailed roles and responsibilities for the key function holders in their respective key function holder charters.

The governance structure is summarised in the picture below.



#### B.1.1.1 Supervisory Board

The primary objective of the Supervisory Board is to supervise the Management Board and the general course of business including the Company’s objectives, strategy and policies.

The Supervisory Board has established a permanent Audit, Risk and Compliance Committee (ARCC). The ARCC is the preparatory and advisory committee of the Supervisory Board.

#### B.1.1.2 Management Board

The Management Board comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and the Head of Risk.

The Management Board sets the strategy and business plan within the context of Assurant group's plans and ensures that the necessary financial means and human resources are in place to meet the organisation's objectives.

#### **B.1.1.3 Key function holders**

The undertaking has established an effective system of governance in accordance with Solvency II requirements. The Management Board retains ultimate responsibility for the system of governance.

As part of the system of governance, the following key functions are in place and provide independent oversight and challenge:

- Risk management
- Internal audit
- Actuarial function
- Compliance.

The key functions are performed in accordance with applicable regulatory requirements and supervisory guidance.

The roles and responsibilities of the key functions are defined in internal governance documentation and their respective charters approved by the Management Board.

#### **B.1.2 Material changes in the system of governance**

In the reporting period, no material changes were made to the system of governance.

#### **B.1.3 Information on the Remuneration Policy**

The Management Board and other employees of AEL are employed by Assurant Europe Services B.V. (AES). AEL and AES are under common management and AES applies the same practices that would be applied if management and employees were employed by AEL directly.

The Management Board and other employees are remunerated in accordance with the Assurant Group remuneration principles, to the extent these comply with relevant legislation applicable to AEL. The Remuneration Policy for the Management Board is set by the Annual General Meeting of shareholders. The Supervisory Board will review the Remuneration Policy periodically as to its adherence with said policy.

The Management Board and other employees are remunerated as follows:

- Fixed remuneration, based on a (group wide) benchmark / role content basis.
- Variable remuneration, based on personal and an Assurant group financial performance, such within the local legal limits applying (performance related variable remuneration up to 20% of fixed/guaranteed income).

Variable remuneration is not deferred.

Supervisory Board Members receive a fixed fee.

#### **B.1.4 Transactions with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.**

In the year under review, the Company paid no dividends to its shareholder.

#### **B.1.5 Assessment of the adequacy of the system of governance**

The system of governance is set up in accordance with Solvency II guidelines, and the design is re-assessed periodically.

The system of governance is periodically reviewed by the Management Board to ensure that it is effective, and it provides for sound and prudent management of the business. Such reviews consider the nature, scale and complexity of the business. The scope, findings and conclusions of such reviews are documented and reported to the Supervisory Board with suitable feedback loops in place to ensure that any follow-up actions are undertaken and recorded.

Based upon the most recent internal review conducted, the Management Board and Supervisory Board have assessed the system of governance to be adequate and appropriate to the nature, scale and complexity of the risks inherent in the business.

Key Function Holders and the External Auditor have direct access to the ARCC and the Supervisory Board to share any concerns they may have about the governance framework.

## **B.2 Fit and Proper requirements**

The charters of Key Function Holders address that appropriate resources are in place to deliver effective and efficient management of the business. The Company takes appropriate steps to ensure that (senior) managers, individuals responsible for key functions and those working in key functions are fit and proper to carry out their responsibilities. The requirements are proportionate to the role and responsibilities of a position. Checks are made on initial appointment and are re-assessed when deemed required. The results of all assessments are reported to the Management Board. For new employees, these tests include some or all of the following:

- Criminal record checks.
- Credit referencing.
- Curriculum Vitae detailing skills, qualifications and experience.
- Continuous professional development / performance management framework.
- Membership of professional institutes.
- The recruitment and selection process in place at the time of appointment.

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

### **B.3.1.1 Risk Management System**

AEL has established a risk management system which comprises a strategy, risk management and internal control policies, risk management processes as further set out in the Risk Management Charter, Risk Management Policy and Risk Appetite Framework approved by the Management Board and the Supervisory Board.

In addition, it includes a risk management system review; reporting and disclosure; independent assurance and regulatory compliance monitoring.

The risk management system applies to all categories of risk, and, unless stated otherwise, the following information applies for each separate risk category.

### **B.3.1.2 Risk management strategy**

AEL's risk management strategy is designed to embed a structured, tiered risk appetite framework into decision-making, monitoring and escalation. This framework distinguishes between minimum risk appetite, risk appetite, tolerance levels, maximum limits and overall risk capacity, and applies to all material financial and non-financial risks.

Risks are assessed, identified, and managed using both qualitative and quantitative methods, including scenario-based risk assessment where exposure data is limited or uncertainty is high, and are approached in one of the following four ways, depending on the nature of the risk and related circumstances: risk acceptance, risk reduction or minimisation, risk transfer, or risk avoidance.

Material deviations from approved risk appetite or tolerance levels are escalated in accordance with established governance arrangements, enabling timely management action, risk mitigation or, where appropriate, informed decision-making by the Management Board. Risk appetite and material risk exposures are monitored and reported on a regular and ad hoc basis as part of AEL’s overall risk reporting framework.

### B.3.1.3 Process

AEL applies the three lines of defence model and enforces the requirement for first line management of risk, with oversight and challenge from the second line risk and compliance functions and third line internal audit function independent assurance, as follows:

Oversight	Supervisory Board	<ul style="list-style-type: none"> <li>Supervisory Board - independent oversight of Management Board</li> </ul>
Responsibility	Management Board	<ul style="list-style-type: none"> <li>Establishes risk appetite and risk strategy, and is responsible for the effective functioning of the first and second lines of defence.</li> </ul>
3rd Line of Defence	Internal Advisory Services (Internal Audit)	<ul style="list-style-type: none"> <li>Provides independent assurance on the design and operating effectiveness of the risk management system, internal controls and governance arrangements.</li> </ul>
2nd Line of Defence	Risk Management Function Compliance Function Actuarial Function	<ul style="list-style-type: none"> <li>Designs, interprets and maintains the overall risk management framework</li> <li>Maintains oversight of AEL risk registers</li> <li>Provides independent challenge on risk mitigation and risk acceptance within approved risk appetite</li> <li>Reports on risk exposures, issues, mitigations and resolutions to the Management Board and, where relevant, the Supervisory Board</li> </ul>
1st Line of Defence	Business / Functions	<ul style="list-style-type: none"> <li>Executive risk owners</li> <li>Owner of risks and responsible for managing risks within approved risk appetite</li> <li>Identifies, manages, and mitigates risks</li> <li>Identifies, manages, and reports on issues</li> </ul>

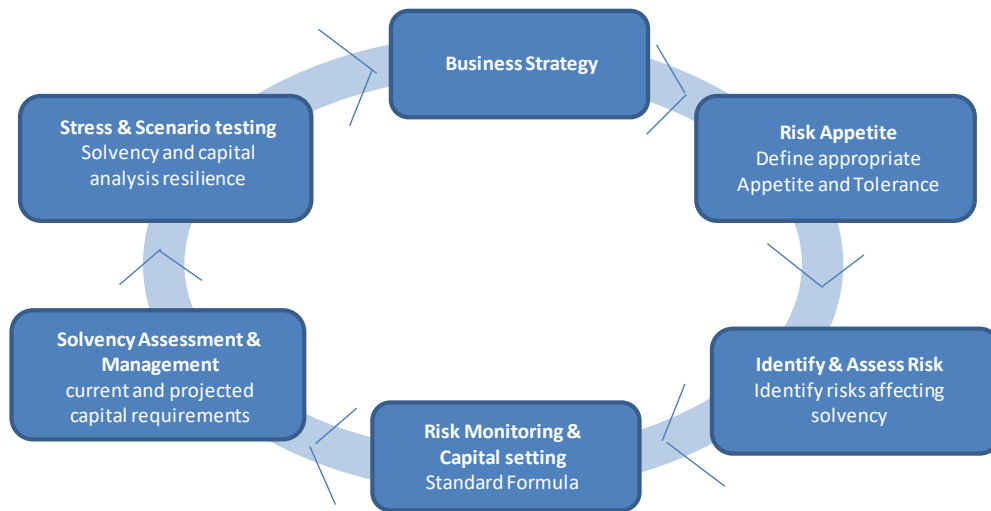
The three lines of defence model ensures clear accountability for risk ownership, independent oversight and effective escalation, in line with Solvency II governance requirements and AEL’s two-tier board structure.

### B.3.2 Own Risk and Solvency Assessment

AEL conducts an Own Risk and Solvency Assessment (ORSA). This assessment considers the Company’s strategy, its operating environment and the risks to which it is exposed, including material financial and non-financial risks, and results in a forward-looking assessment of the potential risks and capital impacts which the Company uses to assess its current and future capital needs.

## ORSA Process

The table below show the steps in the ORSA process.



## B.4 Internal control system

### B.4.1 Description of system of internal control

AEL has established an internal control system designed to provide reasonable assurance over the effectiveness and efficiency of operations, the reliability of reporting and compliance with applicable laws and regulations.

The internal control system is embedded in the undertaking's governance framework and is based on a structured in-control cycle, comprising risk identification, risk assessment, risk response, control activities and reporting.

AEL applies the three lines of defence model, proportionate to the nature, scale and complexity of the business. The Management Board is responsible for the effectiveness of the internal control system. The first line owns and operates controls, the second line provides oversight and independent challenge, and the third line provides independent assurance on the design and operating effectiveness of the system.

### B.4.2 Implementation of the compliance function

The Compliance Function of AEL operates as a Second Line function and is responsible for oversight and monitoring of compliance risk management and related control systems. It supports the Management Board in managing compliance risks and embedding a culture of integrity within the organisation.

The Compliance Function develops the compliance strategy, as well as the structure and processes to ensure adherence to applicable ethical standards, laws, regulations and internal policies. It supports implementation of the Compliance Program and establishes and maintains effective compliance management and control systems, including monitoring and reporting activities.

The Compliance Function is independent of first-line operational activities and provides an objective view on AEL's business operations. It provides timely advice to the Management Board and, where applicable, the Supervisory Board on compliance-related matters.

When potentially significant misconduct related to AEL's business is detected, the Compliance Function ensures that reasonable steps are taken to respond to and resolve such misconduct. It oversees effective whistleblowing reporting channels and conducts or coordinates internal investigations of compliance violations. The Compliance Function also develops and updates compliance policies and procedures, delivers education and training, and monitors regulatory and industry developments.

At least annually, the Compliance Function prepares the Compliance Plan, describing the monitoring and advisory activities to be performed, based on a risk-based approach reflecting risk assessments, supervisory priorities and audit outcomes. The Compliance Function executes these activities in line with the approved plan.

## **B.5 Internal audit function**

### **B.5.1 Description of how the internal audit function is implemented**

AEL's Head of Internal Audit (HoIA) is responsible for internal audit activities, in coordination with Assurant Inc.'s group Internal Audit and Advisory Services (IAAS) function. The HoIA has a functional reporting line to the ARCC of the Supervisory Board, and a hierarchical reporting line to AEL's Chief Executive Officer.

The HoIA is responsible for providing independent, risk-based assurance on the effectiveness and adequacy of AEL's governance, risk management and the internal controls processes, and reports the results of these activities to the Management Board and the ARCC of the Supervisory Board.

Internal audit activities are coordinated with IAAS as to ensure coordination of audit plans, coordination of resource planning, alignment on audit process, reporting and follow-up monitoring.

The HoIA prepares a risk-based annual internal audit plan and submits it to the Management Board and the ARCC of the Supervisory Board for review and approval. Upon approval, the HoIA communicates the plan to business leaders and executes it during the audit plan period. In addition, the HoIA may perform ad-hoc or unplanned audits at its discretion or at the request of the ARCC of the Supervisory Board or Management Board.

The annual internal audit plan is developed based on a comprehensive risk assessment that considers the full AEL risk universe, aligned with AEL Risk Register and informed by strategic objectives, regulatory priorities, emerging risks, and stakeholder input. Audit coverage is prioritised toward areas assessed as higher risk and greater potential impact, while selected lower-risk processes are included on a cyclical basis to ensure balanced and comprehensive coverage over time. The audit plan is maintained as a rolling plan and may be updated to reflect changes in the risk profile, regulatory expectations, or business developments.

## B.5.2 Description of how the internal audit function maintains independence and objectivity

The mandate, authority, and responsibilities of the Internal Audit function are documented in the Internal Audit Charter<sup>1</sup>, which defines the framework for Internal Audit activities and is approved by the ARCC and the Management Board. The Charter establishes the independence of the Internal Audit function from the activities audited and grants full, free, and unrestricted access to all operations, records, information, physical property, and personnel necessary to perform its duties. It further provides the authority to allocate resources, determine audit frequency, select audit subjects, define the scope of work, and apply appropriate audit techniques to achieve audit objectives. The Head of Internal Audit annually confirms the organizational independence of the Internal Audit function to the Management Board and ARCC and discloses any actual or perceived impairments to independence, together with related safeguards, where applicable.

## B.6 Actuarial Function

The Management Board appoints the Actuarial Function Holder (AFH). The AFH needs to meet the fit and proper requirements and hold an appropriate practicing certificate from the Dutch Actuarial Society (*Actuarieel Genootschap*) or an equivalent foreign qualification.

The AFH reports to the Head of Risk for management purposes and has a line of escalation to the Supervisory Board, when required.

The responsibilities of the AFH are defined in the Actuarial Charter. As part of verifying whether 1<sup>st</sup> line actuarial tasks are carried out in a correct, effective and efficient manner, the Actuarial Function communicates directly with the members of the 1<sup>st</sup> line actuarial team.

The AFH coordinates the calculation of technical provisions, provides opinions on the underwriting policy (adequacy of premiums) and reinsurance arrangements<sup>2</sup>, and contributes to the effectiveness of the risk management system.

The Actuarial Function reviews the process of calculating the Technical Provisions, the calculation of the SCR and the MCR, as well as calculations on behalf of the ORSA. In addition, the Actuarial Function is responsible for reviewing the appropriateness of applied methodologies and contributing to the governance committees, capital initiatives and regulatory returns where appropriate.

The AFH provides quarterly updates and an Actuarial Function Report (AFR) to the Management Board and the ARCC, detailing the methodology, assumptions, and results of his work.

## B.7 Outsourcing

AEL operates as part of the Assurant group and is closely integrated with the European, and partially U.S., operations. While AEL does not employ operational staff directly, the Management Board retains full responsibility for the sound and prudent management of the undertaking in accordance with Solvency II requirements.

AEL makes use of services provided by group entities through shared services centres and centres of excellence, governed by intragroup service agreements. AEL retains ultimate responsibility for these activities and ensures appropriate oversight through defined governance arrangements and service level agreements.

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<sup>1</sup> Full name: Internal Audit and Advisory Services Jurisdictional Audit Charter Covering the Netherlands Regulated Legal Entities.

<sup>2</sup> This is mentioned in general, but since AEL is in run-off and reinsurance does not apply to AEL, in practice, regarding AEL, the AFH does not provide opinions on the underwriting policy and reinsurance arrangements.

In the Netherlands, operational staff are employed by Assurant Europe Services B.V. (AES), a group company under the same management as AEL. Where AEL retains functional responsibility and exercises effective oversight, the use of AES resources is not considered outsourcing within the meaning of Solvency II.

In line with Solvency II and EIOPA guidance, AEL distinguishes between the following categories of arrangements:

- **Use of intragroup resources (no outsourcing of responsibility)**

Arrangements where AEL retains full responsibility, accountability and decision-making authority under Solvency II, while the execution of certain tasks is performed using personnel, systems or infrastructure provided by other group entities. These arrangements are governed to a standard equivalent to internal activities and do not constitute outsourcing within the meaning of Solvency II.

- **Outsourcing of activities or functions (including critical or important outsourcing)**

Arrangements where the execution of activities or functions is delegated to external or intragroup service providers, including those classified as critical or important under Solvency II. In all cases, AEL retains full responsibility and accountability for the outsourced activities and ensures appropriate oversight, governance and supervisory access in accordance with Article 49 of Solvency II.

AEL’s Outsourcing policy sets out the criteria for identifying, assessing and classifying outsourcing arrangements, including the determination of criticality or importance. The policy defines the requirements for the selection, contracting and ongoing oversight of both intragroup and external service providers, ensuring adequate governance, risk management and supervisory transparency.

Critical or important outsourced functions are:

Outsourced Function	Outsourced to
IT & infrastructure management	Assurant group companies (US)

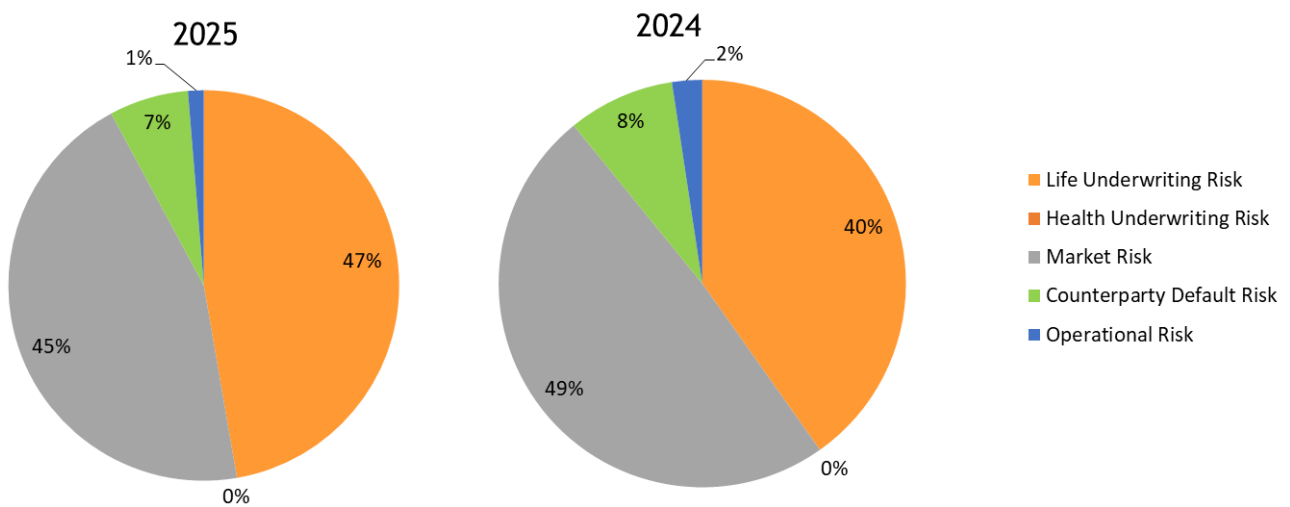
## B.8 Any other disclosures

None.

## C Risk management

The sections below provide a qualitative and quantitative summary of the risk profile for each category of risk. Where information is specific to each risk category, it has been set out under the relevant heading. Where the information is common across all risk categories, it has been included in Section C.7.

AEL is, more or less, equally exposed to life underwriting risk, which is consistent with the nature of its business, and market risk. This is a consequence of having a very small insurance portfolio against which funds are held for the volume of the AMCR and a buffer. As AEL invests in government and corporate bonds, it is exposed to interest rate risk and spread risk. As of 2025, most of the Company’s liquidities are deposited in money market funds and therefore no longer attracting counterparty default risk. The chart below shows the distribution of the gross SCR by risk module (excluding the diversification effects between the risk modules) as per year-end.



Compared to 2024, life underwriting risk’s relative share compared to market risk has increased as a consequence of the increase in AEL’s technical provisions, driven by the somewhat larger expense base included in the additional provision to cover the run-off of the portfolio, which brings expense risk up proportionally.

A further breakdown of market and non-market risk capital requirements is provided in the following sections.

### C.1 Underwriting Risk

#### C.1.1 Qualitative review of risk profile

##### Underwriting Risk - Life

AEL is exposed to the risk of having to pay more mortality claims or incur higher than expected average costs per claim (mix of sums insured) than foreseen when pricing its insurance products.

##### Underwriting Risk - Disability-morbidity

AEL is exposed to disability-morbidity risk; the probability of having to pay out more benefits due to increased disability-morbidity.

In case of annuities, disability-morbidity risk carries the possibility of recovery, meaning insureds can recover from their illness and benefits can cease to be paid at that point.

AEL did not write policies on a standalone basis, but as wrappers to consumer borrowing arrangements, like mortgage loans or consumer credits, meaning they were less exposed to disability-morbidity risk compared to insureds that had a health driven incentive to buy protection.

### Underwriting Risk - Expense

AEL is exposed to expense risk. This arises if future expenses turn out to be higher than expected or higher than that provisions are carried for. Cost increases have different causes, such as non-recurring regulatory change costs, or recurring inflation increases. This risk can be mitigated only partially.

### Underwriting Risk - Revision

Revision risk applies to annuity insurances where the benefits ‘could increase because of changes in inflation, the legal environment or the state of health of the person insured.’ AEL’s insurances do not provide such benefits; therefore, this risk is not applicable.

### Underwriting Risk - Lapse

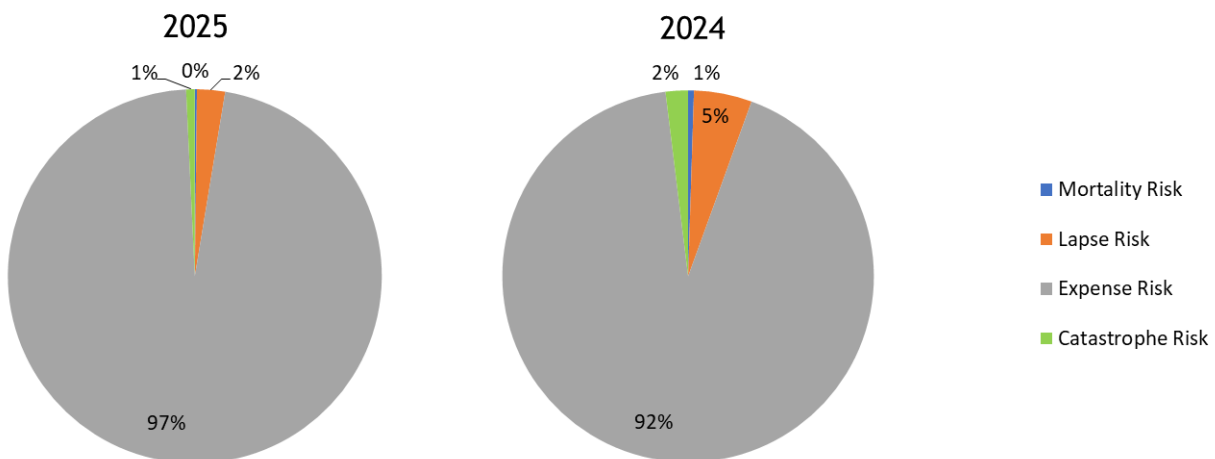
Lapse risk arises mainly due to the loss of future income if lapses are higher than expected. Lapse risk can be driven by external events such as an economic recession or by internal factors such as poor customer service delivery.

### Underwriting Risk - Catastrophe

In some territories AEL is exposed to this risk, for example due to mass accidents. This risk is considered remote.

## C.1. Quantitative review of risk profile

The graphs below show the Underwriting Risk profile of the Company using the risk capital requirements calculated by the standard formula as at 31 December of the current and prior year.



Life underwriting risk SCR is almost entirely made up by expense risk. This is because the small insurance portfolio needs to carry the cost to operate the legal entity. Since AEL is in run-off, it carries a provision for all costs associated with that run-off. Stressing that provision has a relatively large impact. Given the decrease of the insurance portfolio, the relative share of the run-off expense provision increases every year. In addition, as already mentioned, in 2025 there has been a one-off increase in the expense base included in the provision.

The second largest contributor is lapse risk. This is the risk related to losing profitable business: cancelling policies for which future premiums exceed future expected claims and single premium policies being cancelled early, requiring those single premiums being partly refunded (and those refund values exceed the future expected claims). Given the further run-off of the portfolio, all the risks other than expense risk were immaterial at the end of the year under review.

### C.1.3 Risk mitigation Techniques

The below table sets out the techniques used for mitigating (material) risks and the processes used for monitoring their continued effectiveness.

As AEL is a business in run-off, it can make no changes to its risk profile by adjusting underwriting. Instead, AEL will periodically consider whether to manage risk in-house (at own cost and own capital strain) versus placing such risks externally, for example via reinsurance.

Risk Category	Key Controls and Risk Mitigation Techniques
Underwriting risk - Life reserve risk (mortality)	<ul style="list-style-type: none"> <li>▪ Regular experience investigations and monthly review of programs avoid insufficient technical provisions.</li> <li>▪ Emerging risk reviews focus on market developments that may prove a program under-reserved.</li> <li>▪ If deemed required, concluding a stop loss reinsurance agreement.</li> </ul>
Underwriting risk - Disability & Morbidity risk (SLT Health)	<ul style="list-style-type: none"> <li>▪ Regular experience investigations, and industry analysis, to support best estimate assumptions and identify trends.</li> <li>▪ Emerging risk reviews focus on market developments that may prove a program under-reserved.</li> <li>▪ If deemed required, concluding a stop loss reinsurance agreement.</li> </ul>
Expense Risk	<ul style="list-style-type: none"> <li>▪ Stringent regime of budgetary control, monitored as part of the annual planning and quarterly reporting cycles.</li> <li>▪ Outsourcing strategy keeps costs variable.</li> </ul>
Lapse Risk	<ul style="list-style-type: none"> <li>▪ Regular experience investigations to support best estimate assumptions and identify trends.</li> <li>▪ Stringent management of customer service delivery and adherence to treating customers fairly (TCF) principles.</li> </ul>
Catastrophe Risk	<ul style="list-style-type: none"> <li>▪ Given the low actual exposure to this risk (as the population of insured persons is spread across the countries), no specific mitigation measures are in place.</li> </ul>

## C.2 Market Risk

### C.2.1 Qualitative review of risk profile

Market risk emerges in different ways. It arises directly, because of interest rate and spread movements or exchange rate movements but also due to a loss of funds if a debtor is not able to repay its debt. This indirect risk is credit risk and is treated in section C.3.

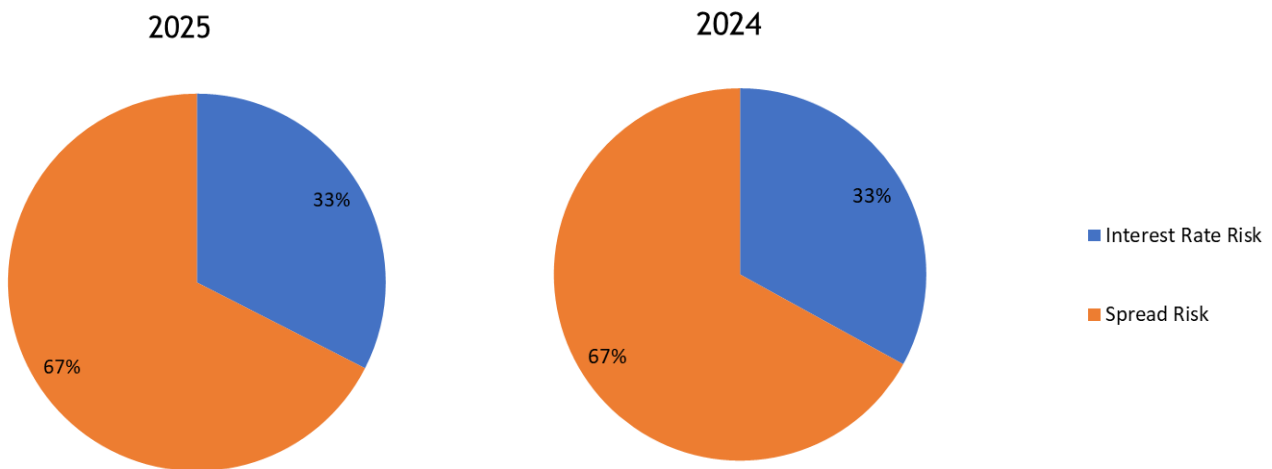
AEL does not seek market risk to increase revenue or profit but rather incurs it as a consequence of having to invest funds to cover policyholder liabilities and hold capital for regulatory purposes.

Included within market risk are:

Risk category	Description
Interest Rate Risk	Interest risk is inherently present. Given that a major part of AEL's assets are bonds, interest fluctuations will impact these assets' values. Fluctuations in interest rates also affect liabilities' values. The overall impact of interest risk is therefore depending on how well the assets and liabilities are matched.
Spread Risk	AEL invests in corporate bonds through ETFs and is therefore exposed to spread risk.
Currency Risk	Currency risk emerges when currencies lose value compared to the Euro, the Company's reporting currency. AEL only operates in the European Union, and therefore its exposure to currency risk is limited.
Concentration Risk	The Company's investment in ETFs may hold positions that exceed the standard model limits for concentration.
Equity risk	AEL had no exposure to equity risk as at 31 December 2025.
Property Risk	AEL had no exposure to property risk as at 31 December 2025.

### C.2.2 Quantitative review of risk profile

The graphs below show the market risk profile of the Company using the risk capital requirements calculated by the standard formula as at 31 December of the current and prior year. Since there has been no movement in AEL's ETF holdings in the year, the two graphs are not visibly different.



At year-end 2025, the net interest position is positive. In the current positive interest-rate environment, this results in an exposure to increasing interest rates. This was also the case at previous year-end.

Given the diversification in the portfolio, concentration risk does not apply. Currency risk is ignorable as AEL only operates in Euro-countries and invests in Euro-denominated bonds.

### C.2.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

<b>Risk Category</b>	<b>Key Controls and Risk Mitigation Techniques</b>
Interest Risk	Matching of assets and liabilities to reduce the impact of adverse interest rate movements.
Spread risk	Bond portfolio with high average credit rating. Only investment grade securities allowed.
Concentration Risk	Investment in ETFs without investment that breach a concentration limit.
Currency Risk	Not applicable.

The Company does not use derivatives or other specific risk mitigation instruments to manage its market risk exposure.

### C.2.5 Assets invested in accordance with the Prudent person principle.

#### C.2.5.1 Prudent Person Principle

The Company holds assets to back its various liabilities and its shareholder funds. Through pro-active investment management the Company can achieve an appropriate level of investment return. Achieving an appropriate level of investment return is not the sole aim though, as the Company needs to keep the risks within its risk tolerance limits, which are set with the aim to achieve pay outs in line with policyholders’ reasonable expectations.

The Company has a limited risk appetite to incur losses on investments that are held to cover policyholder liabilities. These investments are held to match the best estimate cash outflows and returns on funds are of lower priority (since the liabilities do not hold guarantees and are discounted against the EIOPA curve).

The Company has a higher risk appetite for invested shareholder funds. For these, return on investment has a higher priority and with that comes a more positive risk appetite towards credit and spread risk.

Finally, the Company has a limited risk appetite for liquidity risk and concentration risk. Subsequently, when setting the asset mix and determining suitable investments it is important to maintain a minimum level of cash holdings and to ensure that the Company does not invest too much with a single counterparty, for which strict limits exist.

#### C.2.5.2 Investment management

The Management Board is responsible for ensuring that the controls for investment management are appropriate and effective. As such the board is responsible for the approval of the Investment policy and oversight of its operation. This includes signing off major changes in the approach used for investment management. At AEL, also the Supervisory Board approves the Investment policy.

## C.3 Credit Risk

### C.3.1 Qualitative review of risk profile

Two types of exposures are distinguished.

#### Type 1

The Company holds some amounts of funds with banks in the Netherlands. Counterparty default risk would emerge if one or more of these banks (which are Globally Systemic Important Banks) would not be able to repay the balances held.

At current year end, the Company has no residual reinsurance positions as all reinsured programs have completed their run-off.

#### Type 2

The Company has small amounts due from intermediaries.

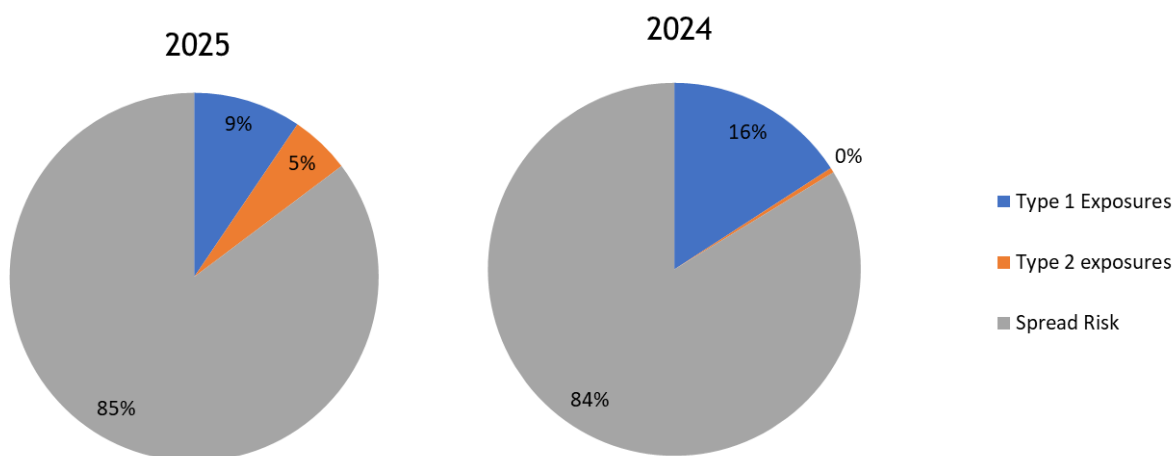
Spread risk, reflecting credit risk on the corporate bond portfolio, is treated in section C.2.

### C.3.2 Quantitative review of risk profile

The graphs below show the credit risk profile of the Company using the risk capital requirements calculated by the standard formula as at 31 December of the current and prior year.

The capital is held mostly for Spread risk, as most of AEL’s funds are invested in bonds (through exchange traded funds) or money markets. Type 1 exposure is kept low by reducing the amounts of cash at bank and investing excess liquidity in money market funds.

Type 2 exposure is also small as the portfolio is in run-off. The relatively larger exposure at the end of 2025 is driven by the tax losses carried forward resulting from the negative result of the year.



### C.3.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Credit and counterparty default	<ul style="list-style-type: none"> <li>▪ Operation of controls which limit the level of exposure to any single counterparty and impose limits on exposure by credit rating.</li> <li>▪ Bank accounts held with GSIBs.</li> </ul>
Spread	<ul style="list-style-type: none"> <li>▪ Bond portfolio with high average credit rating. Only investment grade securities allowed.</li> </ul>

## C.4 Liquidity Risk

Liquidity risk is defined as the risk that the Company will have insufficient liquid assets available to meet liabilities as they become due.

### C.4.1 Qualitative review of risk profile

Liquidity risk arises when cash outflows to policyholders or pay-out patterns deviate from expectations, or when cash outflows are not properly matched by cash inflows. The Company holds all its invested assets in liquid instruments (cash at bank, money market funds and exchange traded bonds) which are directly or almost directly available, therefore liquidity risk is not considered a major residual risk.

Other liquidity issues could arise from counterparty default risk (see section C.3).

### C.4.2 Quantitative review of risk profile

Given the very large excess of liquid investments over policyholder liabilities, no further details are provided.

### C.4.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Liquidity	<ul style="list-style-type: none"> <li>▪ Funds held at GSIB banks with limits per institution.</li> <li>▪ Investment policy prescribes investment in liquid assets.</li> <li>▪ Quarterly cash flow forecasts to anticipate funding requirements over the following three months and considering wider funding requirements from the business planning and/or group dividend payments.</li> <li>▪ Weekly / monthly / quarterly treasury reporting showing the liquid assets held and how these compare to the minimum threshold set in the Investment policy.</li> </ul>

### C.4.5 Expected Profit in Future Premiums

As required by Article 260(2) of the S2 Directive, the Company calculated the amount of expected profit in future premiums included in the best estimate technical provisions which is nil, due to no premium of significance being received post 31 December.

## C.5 Operational Risk

### C.5.1 Qualitative review of risk profile

The Company typically carries the same operational risks as most insurers. Operational risks manifest themselves in a wide variety of forms. The Company is considered to be most exposed to IT-related risks (continuity of processing, data security, data privacy), regulation related risks (changes in regulation that increase the cost base or changes in regulations that are applied retro-actively and for which no means of compensation exists).

Operational risks are assessed periodically and captured in a risk register.

### C.5.2 Quantitative review of risk profile

In the first section of this chapter C, a graph shows the distribution of the four main risk groups that are part of the BSCR in addition to operational risk, calculated by the standard formula as at 31 December of the current period. This graph shows that operational risk is, from a quantitative perspective, relatively insignificant in the total risk profile of the Company. Whilst the Company is exposed to many operational risks and has quantified the (external) cost of these scenarios, these costs do not exceed the capital charges for the other risk categories defined in the standard model.

### C.5.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Operational risk	<ul style="list-style-type: none"> <li>▪ Close oversight of the performance and risk management of (IT-) service providers.</li> <li>▪ SOX review of major IT applications.</li> <li>▪ Ongoing monitoring and testing of business continuity plans.</li> <li>▪ (Preventive) health and safety measures are in place.</li> <li>▪ Remote work facilities.</li> </ul>

## C.6 Other material risks

### C.4.1 Qualitative Review of Risk Profile

#### Conduct Risk

As the Company is closed to new business, it is generally not exposed to the conduct risks associated with the design, sales and marketing of new products. Conduct risk, however, arises in respect of in-force business if the Company fails to follow regulatory standards and guidance, breaches internal standards of achieving good customer outcomes, or does not treat customers fairly. Conduct risk may also arise due a change in regulatory standards, particularly if this is applied retrospectively to policies that were set up a number of years ago.

### C.6.2 Quantitative Review of Risk Profile

Conduct risk comprises a wide variety of possible events that cannot be quantified individually. From a quantitative perspective, AEL groups this with operational risk, reflecting the non-financial and event-driven nature of conduct risk.

The assessment as per year-end is that monetary damage attributable to an operational event, including conduct, would not exceed the impact levels considered in the operational risk scenarios described in paragraph C.5.2. Conduct risk is therefore assessed quantitatively through these operational risk scenarios and qualitatively through governance, controls and oversight, including as part of the ORSA.

### C.6.3 Risk Mitigation Techniques and Monitoring

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Conduct risk	<ul style="list-style-type: none"> <li>▪ The Compliance Function maintains a Compliance Plan which includes a comprehensive compliance monitoring program.</li> </ul>

## C.7 Any other disclosures

### C.7.1 Risk mitigation techniques and monitoring

#### Risk assessment

Section B.3.1 sets out the Risk management framework of the Company and section B.3.2 explains how the Company carries out its Own Risk and Solvency Assessment (ORSA). This provides the framework by which individual risks are identified, assessed, monitored and managed. As part of this framework, the Company quantifies the capital impact of different risks by:

- Determining the risk capital requirements using the standard formula as part of the quarterly financial reporting cycle.
- Performing additional stress and scenario testing to support the ORSA.

An assessment is carried out on an annual basis to confirm that the standard formula remains appropriate for establishing the regulatory capital requirements for the Company. This assessment is approved by the Management Board.

### C.7.2 Stress testing and sensitivity analysis

#### C.7.2.1 Overview

The Company uses the standard formula to determine its regulatory capital requirements, and these are calculated and reported on a quarterly basis. As part of the Own Risk and Solvency Assessment (ORSA) the Company performs a forward-looking assessment of its ability to meet the regulatory capital requirements under a range of stresses and scenarios.

Full details of the stresses and scenarios, the methodologies used and the results are included in the ORSA report that is submitted to DNB.

#### C.7.2.2 Methodology

The stress and scenario tests have been carried out with a base date of 31 December 2025, forecasted from 30 June 2025.

In quantifying the financial impact of each stress, it is assumed that each stress occurs immediately after the year-end, i.e., as at 1 January 2026.

After applying the stress, risk capital is recalculated in accordance with the standard formula in order to re-establish the regulatory capital requirements.

### C.7.2.3 Outcomes from the stress and scenario testing

Each stress and scenario test was performed using the methodology described above, and the Solvency ratio was compared to the base financial position. The analysis concluded that the amount of available capital as at 31 December 2025 is sufficient to withstand the stresses and scenarios adopted by the Management Board.

## D Valuation for Solvency purposes

This section of the Solvency and Financial Condition Report shows how the assets and liabilities of the Company have been valued, both for solvency and statutory reporting purposes. The below table summarises the Own funds (as measured on a solvency basis) and net assets (as measured in the statutory financial statements) and provides a reference where further information is provided.

		Solvency II	Statutory
€'000			
Assets	Section D.1	8,793	8,793
Technical provisions	Section D.2	-2,269	-2,269
Other liabilities	Section D.3	-796	-796
<b>Own funds / net assets</b>		<b>5,728</b>	<b>5,728</b>

### D.1 Assets

The table below shows each class of asset with Solvency II value and the statutory account value.

	Section	Solvency II value	Statutory accounts value
		C0010	C0020
<b>Assets</b>			
R0010 Goodwill		-	-
R0020 Deferred acquisition costs		-	-
R0030 Intangible assets		-	-
R0040 Deferred tax assets		-	-
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)		7,904,637	7,904,637
R0080 Property (other than for own use)		-	-
R0090 Holdings in related undertakings, including participations		-	-
R0100 Equities		-	-
R0130 Bonds		-	-
R0140 Government Bonds		-	-
R0150 Corporate Bonds		-	-
R0160 Structured notes		-	-
R0170 Collateralised securities		-	-
R0180 Collective Investments Undertakings	<b>D.1.1</b>	7,904,637	7,904,637
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		-	-
R0240 Loans on policies		-	-
R0250 Loans and mortgages to individuals		-	-
R0260 Other loans and mortgages		-	-
R0270 Reinsurance recoverables from:		-	-
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 health and index-linked and unit-linked	<b>D.2</b>	-	-
R0320 Health similar to life		-	-
R0330 Life excluding health and index-linked and unit-linked		-	-
R0340 Life index-linked and unit-linked		-	-
R0350 Deposits to cedants		-	-
R0360 Insurance and intermediaries receivables	<b>D.1.2</b>	4,700	4,700
R0370 Reinsurance receivables		-	-
R0380 Receivables (trade, not insurance)	<b>D.1.3</b>	122,286	122,286
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	<b>D.1.4</b>	761,682	761,682
R0420 Any other assets, not elsewhere shown		-	-
R0500 <b>Total assets</b>		<b>8,793,305</b>	<b>8,793,305</b>

### D.1.1 Collective Investments Undertakings

Collective Investments Undertakings (of which AEL invests in exchange traded funds and money market funds) are measured at market value.

### D.1.2 Insurance and Intermediaries receivables

Insurance and intermediary receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

### D.1.3 Receivables trade (not insurance)

Trade receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

### D.1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and are measured at fair value. Highly liquid is defined as having a short maturity of three months or less at acquisition.

## D.2 Technical provisions

The following table shows the net technical provisions under Solvency II and the statutory financial statements. In the latter, the net technical provisions are presented as a provision for unearned premiums of € 2,053,726 and a provision for claims outstanding of € 215,329, adding up to € 2,269,056.

### D.2.1 Bases, methods, and main assumptions

Under Solvency II, liabilities are valued at the amount for which they could be transferred between two knowledgeable parties.

	Solvency II value	Statutory accounts value
<b>Liabilities</b>		
Technical provisions - life (excluding index-linked and unit-linked)	2,269,056	2,269,056
Technical provisions - health (similar to life)	-	-
Technical provisions calculated as a whole	-	-
Best Estimate	-	-
Risk margin	-	-
Technical provisions - life (excluding health and index-linked and unit-linked)	2,269,056	2,269,056
Technical provisions calculated as a whole	-	-
Best Estimate	-	-
Risk margin	125,619	-
<b>Assets</b>		
Reinsurance recoverables from:	-	-
Life and health similar to life, excluding health and index-linked and unit-linked	-	-
Health similar to life	-	-
Life excluding health and index-linked and unit-linked	-	-
<b>Net provisions</b>	2,269,056	2,269,056

Technical Provisions are defined as the sum of a best estimate and a risk margin. The best estimate is the probability weighted mean average of all future cash-flows and the risk margin represents the cost of providing the solvency capital required to support these best estimate liabilities.

The following principles were applied for compiling the Solvency II technical provisions:

- The liabilities valued in the technical provisions are those associated with existing contracts at the valuation date.

- The provisions are computed using policy by policy life valuation models for the premium provision.
- The expected cash-flow are projected for each policy for each future month until all existing contracts have expired.
- Expenses are projected similar to claim cash flows.
- The claims provisions mainly represent claims in course of payment (plus an allowance for claims which have been incurred but which have not yet been reported to AEL). These claims provisions include an allowance for unallocated loss adjustment expenses.
- Gross cash-flows are calculated separately from reinsurance cash flows, to recognize that there could be significant differences in the timing of these cash flows.
- A separate run-off provision is maintained to allow for the orderly run-off of the portfolio.
- The EIOPA yield curve is used to discount future cash flows (no VA or MA applied).

### D.2.2 Level of uncertainty

There are several areas of uncertainty in the calculation of the technical provisions. Reserving is carried out by using actuarial methods of projecting the paid (or known) claims to estimate the reserve required to pay claims in course of payment (plus an adjustment for claims incurred but not yet reported to AEL). These methods are generally based on the assumption that claim durations and reporting delays can be predicted based on historic experience. There is uncertainty in this due to changes in handling processes and mortality trends for older demographics within the policy set.

The main uncertainties concern:

- Expense developments. Higher than expected inflation or industry specific costs, such as those of regulation, could negatively impact the Company's future financial position.
- Lapse patterns. Early surrenders lead to premium reimbursements and loss of income.

### D.2.3 Differences between Solvency II and the statutory financial statements

There are no differences between Solvency II and the statutory financial statements.

#### D.2.3.1 Premium and claim provision

The Premium and claim provisions are based on the probability weighted average of future cash flows related to the policies, within contract boundaries.

#### D.2.3.2 Risk Margin

Under Solvency II a risk margin is determined using a cost of capital approach which involves calculating the cost of holding the SCR per Standard formula calculation at each future time period until the technical provisions at the reporting date have run off. The amounts are then discounted back to the current time period. The calculation excludes new business and market risk. AEL determines its risk margin by projecting the SCR in line with the run-off of best estimate liabilities (method 2).

#### D.2.3.3 Discounting

The best estimate technical provisions are discounted against the EIOPA provided curve (no VA and no MA).

### D.2.4 Use of Long-term guarantee package

- AEL has not applied the matching adjustment referred to in Article 77b of Directive 2009/138/EC.
- AEL has not used the volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- AEL has not applied the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC.
- AEL has not applied the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

### D.2.5 Reinsurance

Reinsurance recoverables represent the net discounted cash flow expected to be received from AEL's reinsurers. Until recently, AEL used facultative reinsurances, primarily quota share, to cede risk on particular programs, all of which have now completed their run-off. As a consequence, the ceded share of AEL's technical provision is nil at the reporting date.

### D.2.6 Material changes in the relevant assumptions made in the calculation of technical provisions

No material changes were made compared to the prior period.

## D.3 Other liabilities

The table below shows the other liabilities as at 31 December:

€'000		Solvency II	Statutory
Insurance & Intermediary payables	Section D.3.1	669	669
Reinsurance payables		-	-
Payables (trade)	Section D.3.2	126	126
<b>Other Liabilities</b>		<b>796</b>	<b>796</b>

### D.3.1 Insurance and Intermediaries payables

Insurance and intermediary payables are measured at the undiscounted amount of the cash or other consideration expected to be paid.

### D.3.2 Payables (trade, not insurance)

Payables are measured at the undiscounted amount of the cash or other consideration expected to be paid.

## D.4 Alternative methods for valuation

No alternative methods of valuation were used.

## D.5 Any other disclosures

None.

## E Capital management

### E.1 Own funds

#### E.1.1 Capital Management Policy

AEL's Capital Management policy, which is approved by the Management Board and the Supervisory Board, describes the Company's capital requirements. Besides the aim to always fulfil regulatory capital requirements, the Company has also determined internal buffers on top of that regulatory capital.

#### E.1.2 Analysis of Own Funds

The table below provides an overview of movements in and composition of Own Funds.

	31-Dec-24	Mvmt in year	Transfers	31-Dec-25
€'000				
<b>Tier 1:</b>				
Share capital	5,440	-	-	5,440
Share premium reserve	-	-	-	-
Total ordinary share capital	5,440	-	-	5,440
Reconciliation reserve before deductions	602	-314	-	288
Dividends	-	-	-	-
Restricted own funds (ring fenced funds)	-	-	-	-
Total reconciliation reserve	602	-314	-	288
Deductions for participations in financial institutions	-	-	-	-
<b>Total tier 1 own funds after deductions</b>	<b>6,042</b>	<b>-314</b>	<b>-</b>	<b>5,728</b>
<b>Eligible own funds to cover SCR:</b>				
Tier 1	6,042	-314	-	5,728
Tier 2	-	-	-	-
Tier 3	-	-	-	-
	<b>6,042</b>	<b>-314</b>	<b>-</b>	<b>5,728</b>
SCR	553	16		569
AMCR	4,000	-		4,000
<b>Solvency ratio</b>	<b>151%</b>	<b>-8%</b>		<b>143%</b>

In the year under review, the Company paid no dividends to its shareholder.

#### E.1.3 Differences between equity in the statutory financial statements and excess of assets over liabilities as calculated for solvency purposes

There are no differences between Solvency II and the statutory financial statements.

### E.1.3 Items deducted from Own Funds

No items require deduction of Own funds.

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

The SCR as at 31 December amounts to:

	2025	2024
€'000		
Market Risk	334	355
Counterparty Default Risk	49	62
Non-Life Underwriting Risk	-	-
Life Underwriting Risk	352	292
Health Underwriting Risk	-	0
Sum of risk modules	<b>734</b>	<b>708</b>
Diversification between risk modules	-175	-173
Basic SCR	<b>559</b>	<b>535</b>
Operational Risk	10	17
Loss-absorbing capacity of deferred taxes	-	-
<b>SCR</b>	<b>569</b>	<b>553</b>

No undertaking specific parameters or simplifications are applied. No capital add-ons have been imposed by the DNB.

The MCR has been calculated using the linear calculation as set out in the Solvency II Directive.

	Row	2025	2024
€'000			
Linear MCR	R0300	50	44
SCR	R0310	569	553
MCR cap	R0320	256	249
MCR floor	R0330	142	138
Combined MCR	R0340	142	138
Absolute floor of the MCR	R0350	4,000	4,000
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>4,000</b>	<b>4,000</b>

Given the above, AEL applies the AMCR of € 4.0 million.

Details of the SCR and MCR calculations, including the MCR inputs and floor, are provided in the appended S.25.01 and S.28.01.

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

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

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

The Company does not use an internal model.

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

The Company has met its SCR and MCR at all times during the year.

### **E.6 Any other disclosures**

There is no other information regarding the capital management of the Company that is deemed material to report.

## F Quantitative Reporting Templates

### P.02.01.02 - Balance sheet

		<b>Solvency II value</b>
		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	7,905
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	7,905
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	0
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	0
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	122
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	762
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>8,793</b>

		<b>Solvency II value</b>
		C0010
R0510	<b>Liabilities</b> Technical provisions – non-life	0
R0520	Technical provisions – non-life (excluding health)	0
R0530	TP calculated as a whole	0
R0540	Best Estimate	0
R0550	Risk margin	0
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	2,269
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	2,269
R0660	TP calculated as a whole	0
R0670	Best Estimate	2,143
R0680	Risk margin	126
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	669
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	126
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	<b>3,065</b>
R1000	<b>Excess of assets over liabilities</b>	<b>5,728</b>

**P.04.05.21 - Premiums, claims and expenses by country**

R1010

R1020 Gross Written Premium  
R1030 Gross Earned Premium  
R1040 Claims incurred  
R1050 Gross Expenses Incurred

Home Country	Top 5 countries (by amount of gross premiums written) - life obligations				
	C0002.01	C0002.02	C0002.03	C0002.04	C0002.05
	BE				
	C0030	C0040.01	C0040.02	C0040.03	C0040.04
	59	206	0	0	0
	-45	-156	0	0	0
	-1	4	0	0	0
	206	155	0	0	0

**P.05.01.02.02 - Premiums, claims and expenses by line of business**
**Premiums written**

R1410 Gross  
R1420 Reinsurers' share  
R1500 Net

**Premiums earned**

R1510 Gross  
R1520 Reinsurers' share  
R1600 Net

**Claims incurred**

R1610 Gross  
R1620 Reinsurers' share  
R1700 Net

**Expenses incurred**

R2510 **Balance - other technical expenses/income**  
R2600 **Total expenses**  
R2700 **Total amount of surrenders**

Line of Business for: <b>life insurance obligations</b>		Total
Health insurance	Other life insurance	
C0210	C0240	C0300
0	266	266
0	0	0
0	266	266
0	-202	-202
0	0	0
0	-202	-202
0	3	3
0	-36	-36
0	39	39
0	361	361
		0
		361
0	0	0

**P.12.01.02 - Life and Health SLT Technical Provisions**

R0010 **Technical provisions calculated as a whole**  
**Total Recoverables from reinsurance/SPV and Finite Re**  
 after the adjustment for expected losses due to counterparty  
 default associated to TP as a whole

R0020 **Technical provisions calculated as a sum of BE and RM**  
**Best Estimate**

R0030 **Gross Best Estimate**

R0080 Total Recoverables from reinsurance/SPV and Finite Re after the  
 adjustment for expected losses due to counterparty default

R0090 Best estimate minus recoverables from reinsurance/SPV and  
 Finite Re - total

R0100 **Risk Margin**

R0200 **Technical provisions - total**

	Other life insurance		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			
	C0060	C0070	C0080	C0150	C0160	C0170	C0180	C0210
	0			0	0			0
	0			0	0			0
		2,143	0	2,143		0	0	0
		0	0	0		0	0	0
		2,143	0	2,143		0	0	0
	126			126	0			0
	2,269			2,269	0			0





**Reconciliation reserve**  
 R0700 Excess of assets over liabilities  
 R0710 Own shares (held directly and indirectly)  
 R0720 Foreseeable dividends, distributions and charges  
 R0730 Other basic own fund items  
 R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds  
**Reconciliation reserve**  
**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)**

C0060				
5,728	-			
0	-			
0	-			
5,440	-			
0	-			
288	-			
-	-			
0	-			
0	-			
0	-			

**P.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula**

		<b>Gross solvency capital requirement</b>
		C0110
R0010	Market risk	334
R0020	Counterparty default risk	49
R0030	Life underwriting risk	352
R0040	Health underwriting risk	-
R0050	Non-life underwriting risk	-
R0060	Diversification	-175
R0070	Intangible asset risk	-
R0100	<b>Basic Solvency Capital Requirement</b>	559
		C0100
R0130	Operational risk	10
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	<b>Solvency capital requirement excluding capital add-on</b>	569
R0210	Capital add-on already set	-
R0211	of which, capital add-ons already set - Article 37 (1) Type a	-
R0212	of which, capital add-ons already set - Article 37 (1) Type b	-
R0213	of which, capital add-ons already set - Article 37 (1) Type c	-
R0214	of which, capital add-ons already set - Article 37 (1) Type d	-
R0220	<b>Solvency capital requirement</b>	569
<b>Other information on SCR</b>		-
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-
		<b>Yes/No</b>
		C0109
R0590	Approach based on average tax rate	-
<b>Calculation of loss absorbing capacity of deferred taxes</b>		
		<b>LAC DT</b>
		C0130
R0600	DTA	-
R0610	DTA carry forward	-
R0620	DTA due to deductible temporary differences	-
R0630	DTL	-
R0640	LAC DT	-
R0650	LAC DT justified by reversion of deferred tax liabilities	-
R0660	LAC DT justified by reference to probable future taxable economic profit	-
R0670	LAC DT justified by carry back, current year	-
R0680	LAC DT justified by carry back, future years	-
R0690	Maximum LAC DT	-

**P.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**

R0200	MCRL Result	C0040 50		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
R0240	Other life (re)insurance and health (re)insurance obligations		C0050 2,143	C0060
R0250	Total capital at risk for all life (re)insurance obligations			7,348
	<b>Overall MCR calculation</b>			
R0300	Linear MCR	C0070 50		
R0310	SCR	569		
R0320	MCR cap	256		
R0330	MCR floor	142		
R0340	Combined MCR	142		
R0350	Absolute floor of the MCR	4,000		
R0400	<b>Minimum Capital Requirement</b>	C0070 4,000		