Solvency and Financial Condition Report 2019

Lifetri Uitvaartverzekeringen N.V.

Final

Contents

Summary

This Solvency and Financial Condition Report (SFCR) provides public quantitative and qualitative disclosures for Lifetri Uitvaartverzekeringen N.V. (Lifetri Uitvaartverzekeringen) on Solvency II as required by the Solvency II legislation. Lifetri Uitvaartverzekeringen already discloses most of the information that is required to be included in the SFCR in its Annual Report. In order to ensure the most transparent and user-friendly approach, the information that is already included in the Annual Report is not duplicated in this SFCR. Therefore, this SFCR is prepared as a supplement to Lifetri Uitvaartverzekeringen's Annual Report. It includes all information required to be disclosed in the SFCR, either through a specific reference to the Annual Report or as additional information.

As required by the Delegated Regulation (EU) 2015/35/Annex XX 'Structure of the Solvency and Financial Condition Report and Regular Supervisory Report', this SFCR follows the required standard chapter layout. The subjects addressed are based on Directive 2009/138/EC/ and (amended) Directive 2014/51/EU section 3 – Public Disclosures (articles 51-56), Delegated Regulation (EU) 2015/35 and (amended) Delegated Regulation (EU) 2016/467 chapter XII Public Disclosures (articles 292-298). Furthermore, the figures presented in this report are in line with the supervisor's reported Quantitative Reporting Templates (QRT). Lifetri Uitvaartverzekeringen is required to submit the QRT to its supervisor Dutch Central Bank (DNB). A subset of these QRT, which are required to be publicly disclosed and which provide quantitative information in accordance with Solvency II are included in the appendix to this SFCR.

The amounts disclosed in this SFCR are, consistent with the amounts in the Annual Report, in thousands of euros unless stated otherwise.

Chapter A 'Business and performance' describes the overall business profile and structure of Lifetri Uitvaartverzekeringen. It also provides insight into the underwriting and investment performance of Lifetri Uitvaartverzekeringen. Chapter B 'Governance system' explains the organisational governance structure and looks into the role and execution of key Solvency II functions. Chapter C 'Risk profile' analyses Lifetri's exposure to financial and non-financial risks and explains the risk mitigation techniques in place. Chapter D 'Valuation for solvency purposes' elaborates on the differences in presentation and measurement of balance sheet elements between Solvency II and Dutch Generally Accepted Accounting Principles (DGAAP'). Chapter E 'Capital management' discusses the composition of available and Eligible Own Funds and the calculation of the Solvency Capital Requirement (SCR).

Eligible Own Funds

Solvency II requires to hold Eligible Own Funds for covering Solvency Capital Requirement. The Eligible Own Funds are classified in three tiering categories. The tiering classification is prescribed in the Solvency II Legislation, as not all own-fund items are considered to be able to fully absorb losses in the event of liquidation proceedings. Tier 1 own-fund items are the highest grade capital and Tier 3 items are the lowest grade capital.

Eligble Own Funds:

in thousands of euros	2019		2018	
Own funds		57,559		64,492
Tier 1	57,559		64,492	
Tier 2	0		0	
Tier 3	0		0	
Total available own funds		**57,559**		**64,492**
Eligible own funds		**57,559**		**64,492**

Solvency II distinguishes between three tiers of own funds (Tier I, II and II) and restricts the use (eligibility) of Tier 2 and Tier 3 capital in the determination of the solvency level. Lifetri Uitvaartverzekeringen holds no capital in Tier II and Tier III.

At the end of 2019 eligible own funds amounted to EUR 57.6 million.

Solvency Capital Requirement

in thousands of euros	2019		2018	
Solvency capital requirement				
Market risk	4,488		8,597	
Counterparty risk	2,724		1,328	
Life underwriting risk	36,297		36,505	
Diversification	-5,012		-6,491	
BSCR		38,497		39,940
Operational risk		762		778
LACDT		-7,156		-7,012
Total solvency capital requirement		**32,103**		**33,706**

Solvency II Capital ratio

in thousands of euros	2019	2018
Eligible own funds	57,559	64,492
Total solvency capital requirement	32,103	33,706
Minimum Capital requirement	8,026	8,426
Solvency II ratio	179%	191%
Minimum Capital required ratio	717%	765%

The target solvency ratio is determined by the results of the annual (market-)stress scenarios performed in the ORSA, and the economic reality in relation with Solvency II . The target solvency ratio is, among others, relevant for determining the dividend base.The target solvency level for Lifetri Uitvaartverzekeringen for 2019 was set at 160% of the SCR.

Lifetri Uitvaartverzekeringen was adequately capitalised at year-end 2019 with a Solvency II ratio of 180% based on the Standard Formula.

A. Business and performance

This chapter of the SFCR contains general information on Lifetri Uitvaartverzekeringen, a simplified group structure and Lifetri Uitvaartverzekeringen's financial performance.

A.1 Business

General
The supervisory authority responsible for financial supervision of Lifetri Uitvaartverzekeringen:

Dutch Central Bank
Westeinde 1
1017 ZN Amsterdam
The Netherlands

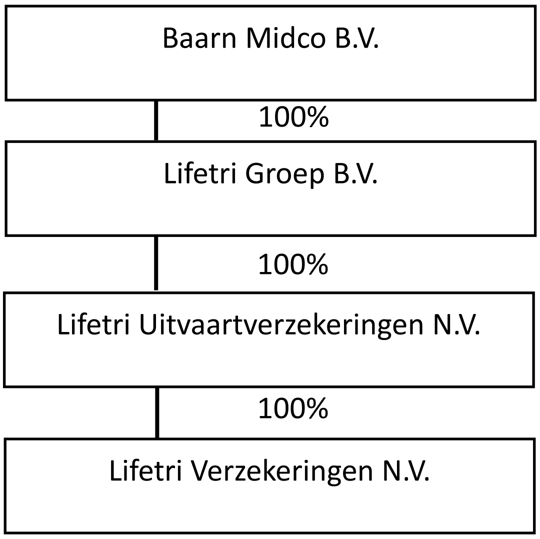
The contact details of Lifetri Uitvaartverzekeringen's external auditor are:

A.J.H. Reijns RA
KPMG Accountants N.V.
Papendorpseweg 83
3528 BJ Utrecht
The Netherlands

Qualifying holdings
A 'qualifying' holding is a direct or indirect holding in Lifetri Uitvaartverzekeringen which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

Lifetri Uitvaartverzekeringen is a fully owned subsidiary of Lifetri Groep B.V. Lifetri Groep B.V. is fully owned by Baarn Midco B.V.

Simplified group structure
The simplified group structure as at 31 December 2019 is as follows:



Business developments

The activities of Lifetri Uitvaartverzekeringen consist of selling in-kind funeral insurance policies to private consumers in the Netherlands and servicing the existing clients.

Lifetri Uitvaartverzekeringen is the full owner of Lifetri Verzekeringen N.V. (Lifetri Verzekeringen), a company with a small funeral portfolio.

Business strategy
Lifetri Groep's ambition is to become the best Life insurer service book by focusing primarily on giving excellent and relevant service to existing customers. We intend to grow this business through mergers and acquisitions, finding and providing relevance through digital means.
We believe that customers needs are not currently met by the industry. Customers want to be supported and helped to be able to make their own choices. The sale of a product or a service we provide is a logical consequence of information or data they have provided to us and on which we have based that specific offering to insure something or rather not insure it if that doesn't fit their need. This means not creating fear but rather focusing on what is important to them. Talking about their lives not money, taking about their interests not products.

During 2019 the main focus for Lifetri Groep was fourfold:
1. stabilizing and professionalizing the organisation, at the same time providing the best service possible to our clients,
2. finishing the setup and integration of the Nuvema acquisition,
3. actively looking for M&A opportunities resulting in a major transaction acquiring Klaverblad Leven N.V., a portfolio of capital based funeral insurance policies and term life insurance policies and
4. preparing the organisation for the closing of the transaction, designing and building the new Target Operating Model to be able to start servicing the Klaverblad Leven client base.

A.2 Underwriting performance

In 2019 the financial net result of Lifetri Uitvaartverzekeringen was EUR -33.8 million (2018: EUR –1.9 million), mainly due to the change in technical provions ad EUR -59.3 million (2018: EUR -2.4 million) as an effect of interest developments.

Gross premiums earned were EUR 19.0 million (2018: EUR 4.9 million).

Total operating expenses up to 31 December 2019 amounted to EUR 8.9 million (2018: EUR 4.6 million).

The available own funds on a Solvency II basis was EUR 57.6 million at the end of 2019; the corresponding solvency ratio was 179%.

A.3 Investment performance

Result investment activities: EUR 11.2 million.

The investment portfolio of Lifetri Uitvaartverzekeringen has been held in cash, government bonds, corporate bonds and mortgages in 2019.

The risk appetite of Lifetri is aimed at sound and controlled operations. Lifetri Uitvaartverzekeringen therefore has a defensive investment strategy.

A.4 Performance of other activities

There are no other activities.

A.5 Any other information

No other information needs to be reported.

B. System of Governance

This chapter of the SFCR contains information on the system of governance of Lifetri Uitvaartverzekeringen and includes a description of the main roles and responsibilities of committees and key functions within Lifetri Uitvaartverzekeringen.

B.1 General information on the system of governance

In 2019 a CEO and a CFRO were appointed on a permanent basis. This has given the MB of Lifetri Uitvaartverzekeringen a stable basis.MB meetings are held every week. Quarterly a Risk and Compliance Committee (RCC) will be held. This special MB meeting is dedicated to the 2nd line (financial and non financial) risk management and Compliance. The Asset Liability and Capital Committee (ALCCO) meets at least once a month. This committee advises the MB amongst others on investment topics.

B.1.1 The corporate governance structure

The corporate governance structure for Lifetri Uitvaartverzekeringen comprises of the various bodies with their different role/policy/meeting and composition/duties and rights/tasks and powers and reporting. The structure for Lifetri Uitvaartverzekeringen consists of three bodies: the Shareholders' Meeting (the highest body), the Management Board (hereafter MB) and the Supervisory Board (hereafter SB).

B.1.1.1 The Shareholders meeting

Lifetri Groep B.V. (hereafter Lifetri Groep) is the sole shareholder of Lifetri Uitvaartverzekeringen N.V. (hereafter Lifetri Uitvaartverzekeringen) and Lifetri Uitvaartverzekeringen is the sole shareholder of Lifetri Uitvaartverzekeringen N.V.

The role of the shareholder is laid down in the articles of association (in Dutch 'statuten'). The articles of association determine that the Shareholdersmeeting, which is the body of the company formed by shareholders or others entitled to vote, shall take place at least once a year. Other meetings shall be held as often as the MB or SB deem necessary. Under the articles of association, the shareholder has a number of rights. Examples thereof are nomination of the MB, nomination of the SB, adopting the annual accounts and decisions with regard to transfer of the company.

The MB of Lifetri Groep currently consists of the MB members of Lifetri Uitvaartverzekeringen and Lifetri Uitvaartverzekeringen.

B.1.1.2 The Management Board

The MB is responsible for deciding on as well as the implementation of the general policy of Lifetri Uitvaartverzekeringen. The MB consists of a Chief Executive Officer (CEO) and a Chief Financial & Risk Officer (CFRO), with the CEO being the chair of the Board.

At the 31st of December 2019 the Management Board consisted of:

- P.D.A. Wits, CEO and
- I.A.T. van den Bosch, CFRO.

At the 1st of February 2019 P.D.A. Wits became the new CEO of Lifetri Groep B.V., Lifetri Uitvaartverzekeringen N.V. and Lifetri Verzekeringen N.V. taking over from I. van Hoek who was CEO ad interim. At 1 April 2019 Mrs I.A.T. van den Bosch became the new CFRO of Lifetri Groep B.V., Lifetri Uitvaartverzekeringen N.V. and Lifetri Verzekeringen N.V., taking over from T. P. M. Stoop who was interim CFRO.

B.1.1.3 The Supervisory Board and committees

The SB supervises the MB and its key functions. The SB consists of four members nominated by the shareholder of which two with Dutch nationality and having no relationship with the shareholder and two either working for or regularly active for the shareholder. The Chairman is of Dutch nationality and has a casting vote. SB members additionally act as representatives of the Audit and Risk Committee (hereafter ARC) and the Nomination and Remuneration Committee (hereafter REMCO). The ARC is established for the purpose of advising and supporting the SB with regard to the business operations, financial reporting, investment and capital policy, internal and external accounting auditing, actuarial auditing, internal risk management, compliance and ICT infrastructure of the Company. The REMCO is established for the purpose of advising and supporting the SB with regard to the remuneration and other terms and conditions of employment of the Management Board and the remuneration policy.

The Supervisory Board of Lifetri Uitvaartverzekeringen N.V. currently consists of:

- J.H.D. van Hemsbergen (chairman of SB);
- P.K. Medendorp (chairman of ARC);
- R. Singhal;
- N. Albert (chairman of REMCO).

The SB had 14 meeting in 2019, of which four were regular meetings with the MB in person. The ARC met four times. The NoRemco met once.

B.1.1.4 Asset Liability and Capital Committee

The Asset Liability and Capital Committee (ALCCO) is a permanent committee to the MB. It is the advisory committee that advises the MB on investments and capital. In this function it prepares and advises for decision making by the MB.The MB approves on all investments, except where these investments are reserved for approval by the SB. The CFRO acts as technical chairman of this committee, the CEO has a standing invitation and the head actuary and portfolio manager are the two voting members. The investment risk manager is secretary to the ALCCO and has a formal role in reviewing investment proposals from a risk perspective before they are submitted as advise to the MB.

B.1.2 Three lines of defence

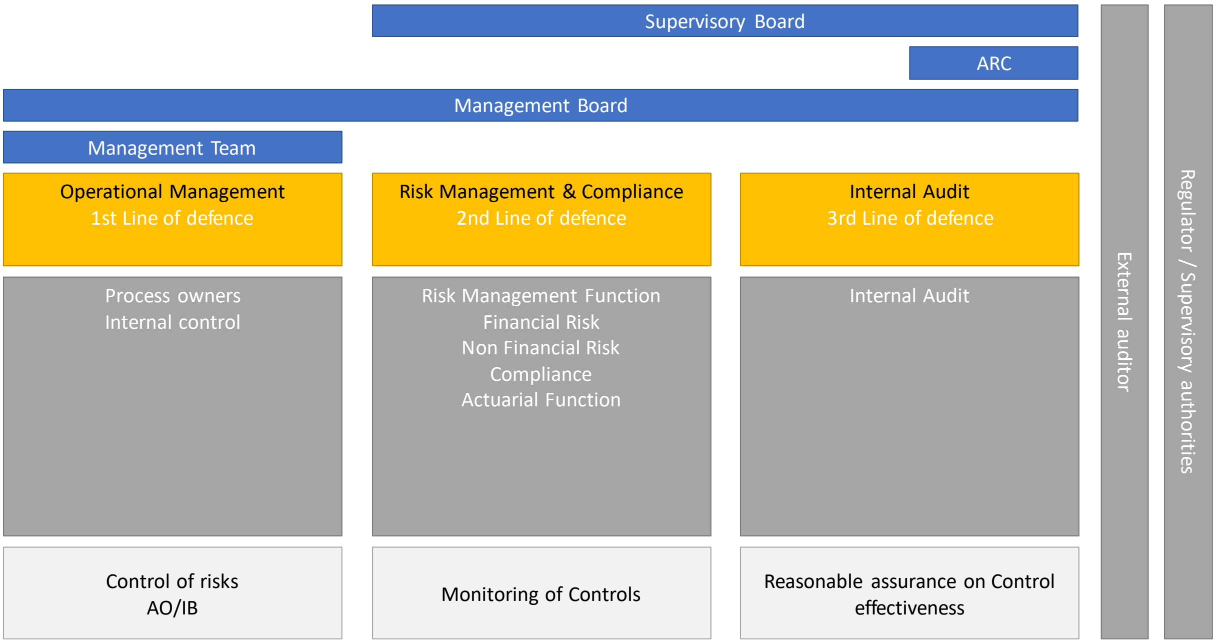
The governance structure within Lifetri Uitvaartverzekeringen is designed on the bases of the three lines of defence model.

The first line of defence is the business itself, which is responsible for its own internal control of all activities and underlying processes. It is of importance that in essential business processes measures of internal control have been implemented to manage risks. These measures of internal control are amongst others guidelines, committee structures, monitoring and division of roles (*functiescheiding*) and managing conflict of interests (*belangentegenstelling*).

The second line of defence has as its primary responsibility the identification, judging, monitoring of and reporting about the risks. The second line key governance functions have a special focus at whether the internal control measures are of a sufficient level to mitigate risks.

The third line of defence is the internal audit function, which gives additional assurance about the activities and assurance about the design, existence and operating effectiveness of the internal control system of the first and second lines of defence.

The key functions are independent, report directly to the MB and have direct access to the ARC/SB for escalations.



B.1.2.1 Solvency II key functions

During 2019 the Solvency II second and third line functions of Lifetri Uitvaartverzekeringen were filled in by the following people.

- Ilse van den Bosch is the key function holder for RMF:
  - Tom Veerman (Triple A) was hired for execution of specified work for financial risk management
  - Successively Marc Propper (T) and Peter van Herwaarden (T) performed the work for non financial risk management
- Ilse van den Bosch is the key function holder for AF:
  - Tom Veerman (Triple A) was hired for execution of specified work for AF
- Erik van Willigen was appointed as Compliance Officer
- Philippe Wits is the key function holder for IAF:
  - Jan Driessen (PwC) was hired for execution of specified work for IAF
- In the beginning of 2020 an in house Integral Risk Manager will start as the RMF and will focus on financial risk management. At the same time an in house Non Financial Risk Manager will start.

B.1.3 Remuneration policy
The remuneration policy of Lifetri Uitvaartverzekeringen is designed in 2018 and is implemented in 2019. Lifetri Uitvaartverzekeringen - as an insurance company - has established a remuneration policy that guarantees that the policy does not encourage the taking of more risks than is acceptable.

The following principles were applied when drawing up Lifetri Uitvaartverzekeringen's remuneration policy:

- The remuneration must be at least in line with the market and socially acceptable;
- The remuneration policy must be supportive of Lifetri Uitvaartverzekeringen's long-term strategy aimed at financial stability, continuity and sustainable growth with a moderate risk profile;
- The remuneration system must be transparent, simple and feasible;
- The remuneration system must comply with applicable laws and regulations (including self-regulation).

The pension policy of Lifetri Uitvaartverzekeringen is based on the pension scheme included in the Collective Labor Agreement (CAO). As from 1 January 2020, the accrual of new pension entitlements will be transferred to the PGB pension fund. Existing pension entitlements are lagging behind the old pension administrator, Conservatrix.

B.2 Fit and proper requirements

The legal fit and proper requirements apply to the persons who effectively run the business. To this end, the member of the Management Board and the Supervisory Committee are screened by the Regulator (DNB). The interal Screening Policy ("Regeling Screening") sets out the specific requirements on fit and proper.

The Integral risk manager is also the key function holder for the Solvency II Risk Management Function. DNB is notified of the appointment of this person.

B.2.1 Expertise and reliability
As part of the Improvementplan Lifetri Uitvaartverzekeringen designed a new education policy.

This policy enables employees to follow the training necessary for the performance of their respective positions. The company ensures that SB, MB and managers are suitable (knowledge, skills and professional conduct) for the performance of their duties and that all employees are competent. The objective is to guarantee the right level of training and experience (level of expertise) of Lifetri Uitvaartverzekeringen's employees.

In its education policy, Lifetri Uitvaartverzekeringen has determined which specific training requirements it sets at least for certain functions, how it enables the MB, management and employees to follow training courses and how it makes it possible to acquire sufficient knowledge, skills (expertise) and professional competence for the performance of their duties.

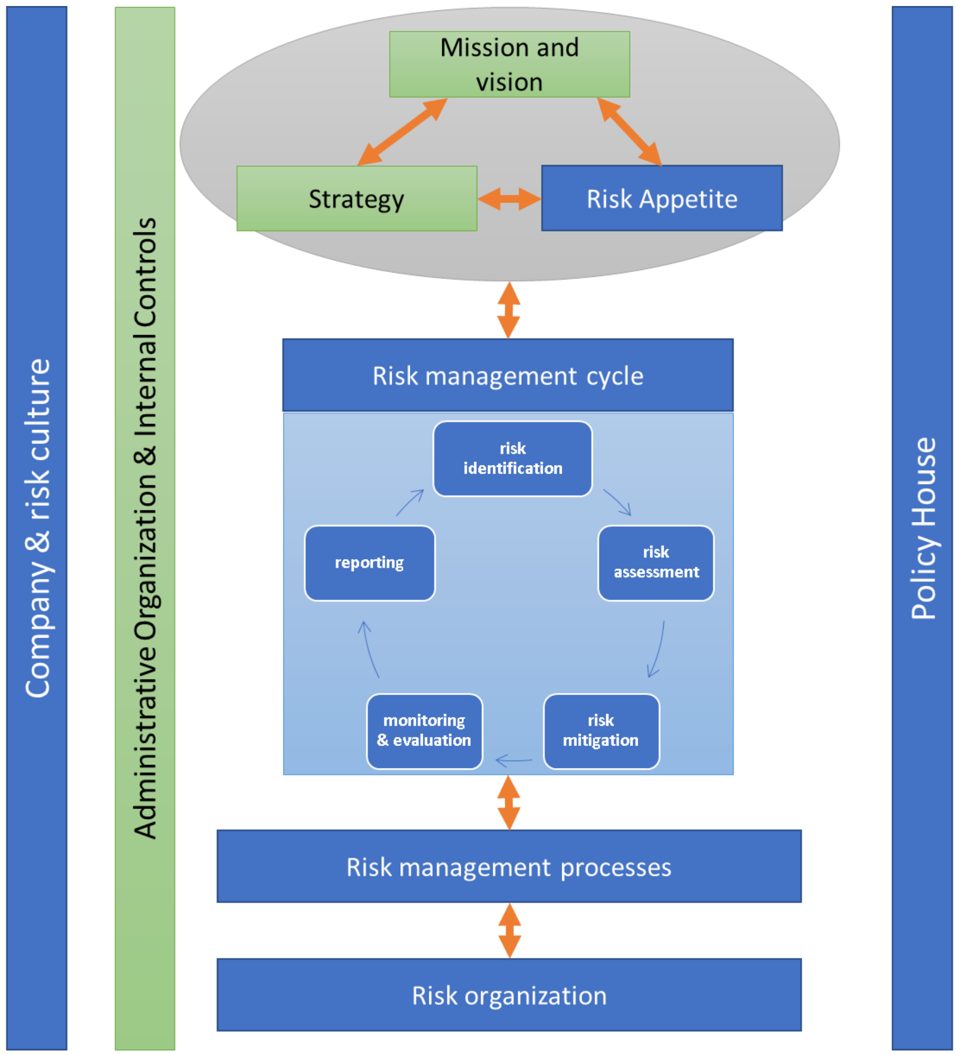
B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management framework
The risk management framework in the figure below represents the whole set of governance structure, risk appetite, risk policies, risk management processes and internal controls that Lifetri has in place to manage its risks, in relation to the strategy and business processes.

The top of the framework shows that on the one hand, a top-down approach is applied for Risk management with the mission, vision and strategy as a starting point. The business strategy and financial strategy are combined in the Business Plan. The Business Plan contains a multiyear projection of both capital and solvency requirements. The process of establishing risk appetite statements and tolerances is completed alongside the business and financial planning process.

Further down, the insurer's business processes are the basis for a periodic bottom-up risk management cycle. The frequency and timing are risk-based, depending on the level and type of inherent risks in each (group of) process(es). Each process owner also has the responsibility to maintain an adequate set of administrative organization and set of internal controls (AO/IC) (see ***Fout! Verwijzingsbron niet gevonden.***)

The risk organization represents the responsibilities for managing risks at various levels and key functions at Lifetri. The governance structure with 3LoD is the basis for risk management & compliance at Lifetri.



B.3.1.1 Risk appetite

During the annual strategic process the risk appetite is ascertained and if needed updated. Risk appetite is the aggregate level and types of risk Lifetri is willing to take within its capacity to achieve its strategic objectives and business plan. Risk appetite therefore reflects the willingness to optimally exploit our opportunities and minimize hazard to an acceptable level. Both risk strategy and risk appetite should be reviewed at least annually.

The risk appetite contains a number of qualitative and quantitative risk appetite statements and is defined for both financial and non-financial risks and compliance. The risk appetite statements are supported by risk tolerances for material risk types. This ensures plans and risk appetite are appropriately aligned.

The risk appetite statements are reviewed periodically to ensure their continuing relevance in providing guidance to the business. The risk appetite statements are established by the Management Board and approved by the Supervisory Board and completed alongside the business and financial planning process. Breaching a risk tolerance level serves as a red alert for management: the risk position must be reduced. For day-to-day operational monitoring purposes, the risk tolerances are translated into risk limits. Breaching a risk limit (if defined for the risk type), however, acts more like an early-warning signal. Action is required, unless there are good reasons to maintain the current risk level and the risk is accepted by the Management Board

The figure also contains the Risk management cycle. The Risk management cycle is aimed at identifying and mitigating the inherent risks of the insurer which are material, and as such increases the likelihood that Lifetri's strategy and objectives are achieved.

B.3.1.2 Risk identification

The Management Board, line management and process owners identify the inherent risks which could occur and subsequently determine the risk measures and/or controls to mitigate these risks. Risks can be identified or updated as a result from:

- a planned or triggered risk assessment or other risk management processes
- quarterly discussions with managers;
- key control monitoring results;
- observations;
- incident notifications.

Specifically for financial risks, the inherent risks can result from scenario analysis and or stress testing (e.g. for the ORSA). Identified risks are documented in Lifetri's risk & control framework.

B.3.1.3 Risk assessment and risk rating (net risks)

Identified risks need to be assessed by the 1st line considering existing risk measures and/or controls (net risks). Risk are assessed quantitively as much as possible. I.e. financial risks are quantified in line with Solvency II requirements unless otherwise specified in separate policy documents.

If this Is not possible or cumbersome i.e. for non-financial risks or compliance risks, the risks are scored through a qualitative method (likelihood x impact). The outcomes of this scoring are shown in a heatmap as illustrated below.

For non-financial risks the risk assessment criteria used to rate the non-financial risks. Financial risks, on the other hand, are rated according to their applicable risk appetite statements, tolerances, limits and the intervention ladder (as included in the Capital Policy).

For all risk categories, risk management and/or compliance supports and challenges the individual risk assessments and the aggregated risk profile. In case the residual risks in Lifetri's risk profile are not acceptable and/or exceed the established risk appetite limits, management determines improved risk measures or controls

B.3.1.4 Risk mitigation

To mitigate the impact of inherent risks and reduce the net risks within risk appetite limits management determines and implements risk measures and/or internal controls. Management ascertains periodically if risk measures and controls are sufficient in design to ensure that the net risks remain within risk appetite limits and or are accepted. This can be done by performing for example:

- a Strategic Risk Assessment (SRA);
- Risk Control Self-Assessments (RCSA);
- Financial scenario analysis and stress testing;
- Systematic Integrity Risk Analysis (SIRA)

For risk mitigation in general, there are four basic risk responses which a company can choose to manage risks:

- Avoid: risks are completely avoided by discontinuing or not starting activities that could incur the risk.
- Mitigate: risks are mitigated by taking measures to limit the risk (reduce or control). On the one hand, this can be done by implementing new (internal) controls or strengthening existing controls. Mitigating actions must be implemented by the first line and be specific, measurable, attainable, relevant, timely (SMART) and cost effective in relation to the risk. On the other hand, the severity or probability of risks can be reduced i.e. strategic risks can be reduced by diversifying through a mix of products, markets and or technology.
- Transfer: the financial consequences of risks can be transferred to third parties. The insurer takes out insurance programs or contracts when the exposure of possible losses or damages as a result of risk events is such that it would be inconvenient or prohibitive to ultimately charge these costs to the Profit and Loss Account. The transferring of risk does not eliminate the risk and reputational effects are not transferable.
- Accept: management may decide to accept a residual risk. For risks that are identified by governments and supervisors, the response cannot be to accept the risk. Risk acceptance needs to be adequately documented and approved in the RCC Management Board meeting.

While choosing one or more of the risk response strategies the following factors are considered:

- the nature and size of the business of Lifetri;
- the risk level and risk categories which the Management Board finds acceptable for Lifetri;
- the capacity of Lifetri, both financially and organizationally, to compensate the consequences of risks when they occur;
- the costs of implementing and executing additional risk measures and/or controls in relation to the likelihood and impact of risks;
- Lifetri's core values, reputation and generally accepted principles in Dutch society.

In case the existing risk measures and/or controls are not sufficient to maintain residual risks within acceptable risk appetite limits, management determines improved risk measures or controls. This is documented in the issue list.

B.3.1.5 Monitoring and evaluation

To ensure that risk measures and internal controls operate effectively throughout the year, periodic monitoring is necessary. Lifetri applies a risk-based approach for monitoring risk measures and internal controls. This means that risk measures and (key) controls for (very) high risks are monitored more frequently than for risks with a low score.

The key controls are periodically monitored and evaluated by the process owners to ascertain whether they work as intended and operate effectively. The outcomes are recorded in the risk & control framework (a.k.a. risk & control matrix) which are maintained by the process owners.

Key control evaluation can be done for example by:

- periodic key controls testing by the managers;
- ad hoc review of the effectiveness of key controls by the 2nd line key functions.

B.3.1.6 Reporting

Periodic reports are prepared for the various risk categories, which are discussed in the relevant governance bodies. The reporting calendar managed by Finance contains an overview of these reports and other key management information.

In general, each of the 3LoD have their own report(s) as follows:

- 1st line reporting: the managers of the departments issue various management reports which analyze and explain the performance of financial and non-financial indicators for responsibility area. Depending on the nature of the report the frequency is monthly or quarterly.
- 2nd line reporting: reports by the 2nd lines of defence, i.e. Risk management, Compliance and the Actuarial Function, and contain an independent 2nd line review on the 1st line. Compliance reports in a combined report of non-financial risk. Depending on the nature of the report the frequency is monthly or quarterly.
- 3rd line reporting: internal audit has its own reports which are discussed with the SB / ARC.

Depending on the nature of the report they are discussed in the Management Board, Management Board-RCC, ALCCO and/or SB/ARC. The Financial Risk Management report is specifically discussed in the Asset Liability Capital Committee (ALCCO) and Management Board. The outcomes and possible improved risk responses resulting from these discussions are recorded in the meeting minutes and action list of the respective governance bodies.

B.3.2 Risk organisation

We refer to the capter on governance for the general reporting lines and comittees with regard to risk management. The second line risk management activities are carried out by the risk management team and the compliance officer (see B.4.1). Their roles and responsibilities are briefly described below.

- Integral risk manager with focus on financial risk management and Risk Management Function holder (2nd line, RMF). The Integral risk manager oversees all risks, both financial and non-financial risks, but will have a specific focus on financial risk management. The main attention areas for quantitative financial risk management are:

- Underwriting risk and reserving;
- Asset Liability Management (ALM);
- Investment risk (securities and derivates);
- Liquidity- and concentration risk;
- Re-insurance and other de-risking methods;
- Financial risks resulting from working with intermediaries or other third parties.

As of 2020, the Integral risk manager is also the key function holder for the Solvency II Risk Management Function. DNB will be notified of the appointment of this person and he/she needs to be subject to a 'Fit and Proper' review.

- Non-Financial Risk Manager (2nd line, NFRM). The NFRM is responsible for the 2nd line non-financial risks i.e. operational risks, IT risks, outsourcing risks (incl. Cloud applications), legal risks. Where needed he/she advises and supports the Management Board on strategic risks, environment risks and governance risks.

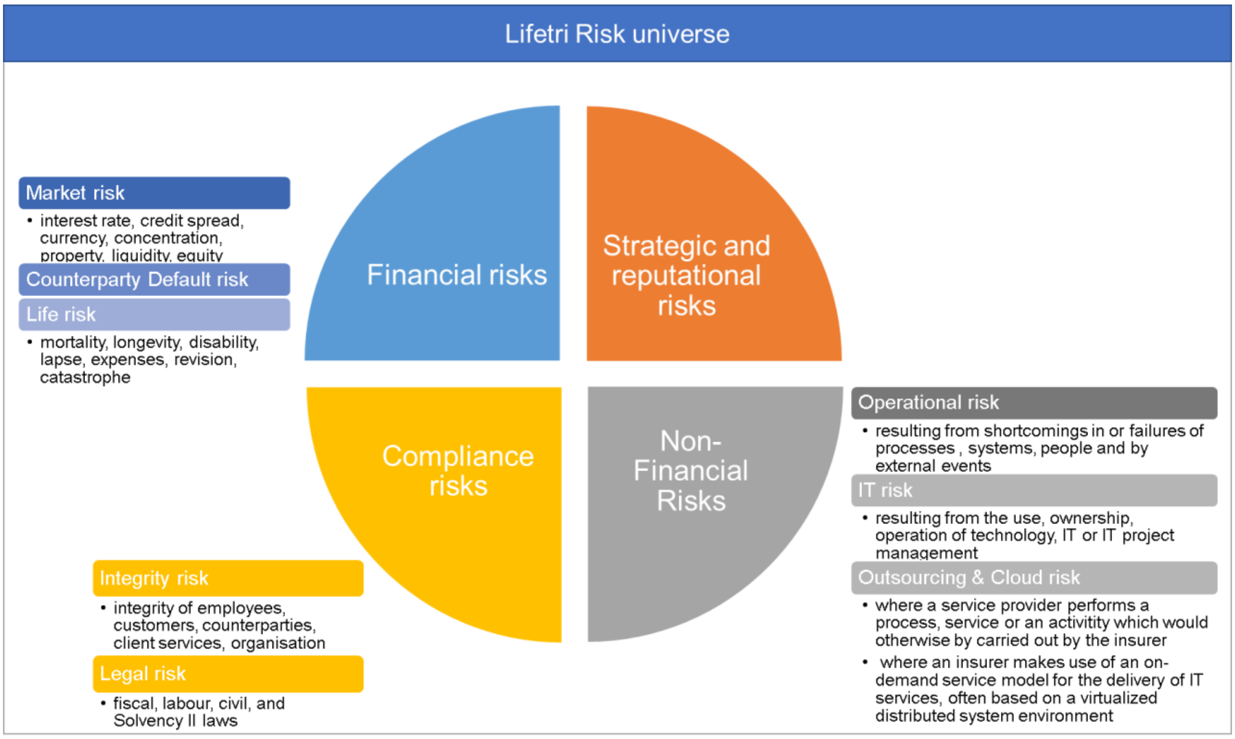
  For IT and information security risks the NFRM works closely with the (Chief) Information Security Officer ((C)ISO) and the Privacy officer, which entails that the NFRM does not need to be subject matter expert on information security and GDPR (AVG).

B.3.3. Risk universe and risk categories

Lifetri management, with the independent opinion of 2nd line Risk management and Compliance, determines the different risk types to which Lifetri is, or could be, exposed (hereafter Risk Universe).

This Risk Universe is based, among other things, on relevant laws and regulations (e.g. Solvency II) and on Lifetri's risk profile. Lifetri's Risk Universe is divided in four major risk categories: Strategic and reputational risks, Financial risks, Non-financial risks and Compliance risks.

The risk categories are divided in main risk types with detailed sub risks; see the figure below.



Lifetri Risk Universe

B.3.4 Own Risk and Solvency Assessment

Lifetri Uitvaartverzekeringen N.V. has a national Basic regime license, its subsidiary Lifetri Uitvaartverzekeringen N.V. has an EU Solvency II license. The ORSA is mandatory only for the latter. Given the relative size and the reinsurance of liabilities in Lifetri Uitvaartverzekeringen N.V., however, the ORSA projections focused on Lifetri Uitvaartverzekeringen N.V., with Lifetri Uitvaartverzekeringen N.V. treated as strategic equity position. The ORSA 2019 has as its starting point 30st of September 2019 and is looking forward for ten years.

The main goal of the ORSA is in showing the continuous compliance with the prescribed capital requirements. In particular it should show the validity of the target solvency level of 115% of the MCR and the internal minimum norm MCR plus 50% SCR. The outcomes of the Best Estimate scenario show the target solvency level is adequate and Lifetri Uitvaartverzekeringen is able to transfer its obligations at a relevant market rate. Also the internal minimum norm of MCR plus 50% SCR is set such that stress scenarios can be absorbed.

B.4 Internal control system

B.4.1 Compliance function

The main principle is that Compliance (2nd line) is responsible for signaling the introduction of new laws and regulations of governments and supervisory authorities. The 1st line is responsible for the implementation of new laws and regulations and being compliant to existing laws and regulations. Compliance can advise the 1st line about the interpretation of (new) laws and regulations, but cannot be held responsible for the adequate application thereof. Compliance has an independent monitoring

function (2nd line). In case Compliance is too much involved in the application of laws and regulations, Compliance cannot form a sufficiently independent opinion about the implementation.
There are two exceptions to the main principle that Compliance is responsible for signaling new laws and regulations. Firstly, for fiscal laws, labor laws and civil laws, Compliance has a shared responsibility together with the first line. The second exception to the aforementioned principle applies to Solvency II. Within Lifetri, only Actuariat and Finance & Control have specific knowledge on Solvency II (pillars 1 and 3). Actuariat and Finance & Control are therefore responsible for signaling changes in the SII framework. The Compliance Officer is the key function holder.

B.4.2 Internal control framework
To ensure that risk measures and internal controls operate effectively throughout the year, periodic monitoring is necessary. Lifetri applies a risk-based approach for monitoring risk measures and internal controls. This means that risk measures and (key) controls for (very) high risks are monitored more frequently than for risks with a low score.

The key controls are periodically monitored and evaluated by the process owners to ascertain whether they work as intended and operate effectively. The outcomes are recorded in the risk & control framework (a.k.a. risk & control matrix) which are maintained by the process owners.
Key control evaluation can be done for example by:

- periodic key controls testing by the managers;
- ad hoc review of the effectiveness of key controls by the 2nd line key functions.

B.4.3 External auditor
Ton Reijns, KPMG, is appointed as External Auditor.

B.5 Internal audit function

The Internal Audit Function (hereafter (IAF) provides opinions and recommendations on the quality of internal control and internal processes, and the effectiveness of risk management. The task of the IAF is to assess if the system of governance, risk management and internal control at Lifetri is effective in design and operation. In this manner the IAF contributes to a systematic evaluation of risk measures for the business activities of Lifetri.

The CEO is the key function holder of IAF, whereas PwC is hired to perform specific internal audit work.

B.6 Actuarial function

One of the key responsibilities of the Actuarial Function (hereafter AF) is to provide an objective, independent review and opinion on the calculation of technical provisions and sensitivity, the data quality, assumptions and IT systems used by the insurer for capital calculations, the best estimates, the Solvency II position, the underwriting policy (pricing and acceptance policy) and reinsurance arrangements. The Actuarial Function is also required to issue a formal actuarial report which documents all material tasks that have been undertaken by the actuarial functions, their results, clearly identifying any deficiencies and giving recommendations as to how such deficiencies could be remedied. The CFRO is the key function holder for the AF, whereas Lifetri hires Triple A for execution of specified work.

B.7 Outsourcing

An outsourcing policy has been designed during 2018 as part of the Improvementplan. Afterwards Contract management was introduced with a contract manager in place. In the beginning of 2020 a new outsourcing policy will be drawn up.

B.8 Any other information

B.8.1 DPO

Lifetri Uitvaartverzekeringen has a Data Protection Officer (DPO) to independently monitor the privacy of data.

The DPO shall be involved where business changes may have privacy consequences. To give substance to this, the DPO is involved in the formulation of policy, product development and changes involving personal data.

B.8.2 Important internal and external events

B.8.2.1 New office location/rebranding/new culture

A new office location in Hilversum was put into operation in September 2018. With a view to the acquisition of Klaverblad Levensverzekering and the desired later acquisitions, a more central location was sought. Lifetri Uitvaartverzekeringen will therefore move to Maarssen in the spring of 2020.

B.8.2.2 Management Information & Reporting continuous improvement

An Annual Activity Plan has been drawn up to gain a better insight into the reports to be delivered. The Annual Activity Plan is updated every quarter and is discussed in the RCC.

The data demerger with Conservatrix Leven and Conservatrix Group was finalised at the end of 2018 for structured data. In 2019 the last steps are made for the split of the unstructured data.

An information security self-assessment by Lifetri in 2018 revealed some gaps in the existence and effectiveness of controls. Lifetri is executing a multi-year plan to to improve information security

C. Risk Profile

This chapter of the SFCR contains information on the risk profile of Lifetri Uitvaartverzekeringen.

C.1 Underwriting risk

For Lifetri, underwriting risk consists of Life risk. Life risk of Lifetri Uitvaartverzekeringen includes all the Solvency II sub risks for lapse, mortality, expenses, and catastrophe. Lifetri uses the following definitions for these risks:

- Lapse: The risk of a loss as a result from unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment), surrenders or mass lapse event..
- Mortality. Risk of loss resulting from higher-than-expected mortality rates, which results in earlier death claims.
- Expenses: The risk of a loss as a result of higher-than-expected expenses and or inflation.
- Catastrophe: The risk of loss resulting from extreme or irregular events resulting in higher mortality rates which results in earlier death claims. Examples could be a pandemic event or a nuclear explosion.

The Solvency II required capital for the life underwriting risk is the highest of all risks. At the end of 2019, the SCR for life risk was EUR 36.3 million. Lapse risk and expense risk are the highest risks with the life risks.

C.2 Market risk

Market risk includes all the risks as a result of losses on financial investments caused by adverse price movements. The relevant market risks for Lifetri are the following:

- Interest risk. The risk that is introduced by the influence of interest rate changes on both the valuation and future cashflow from investments in relation to the valuation of the Lifetri liabilities.
- Credit spread risk: Risk of loss arising from the widening of market spreads due to actual, or perceived, increase in risk.
- Concentration risk: Risk of solvency position deterioration from default of a single counterparty to which Lifetri has a significant exposure.
- Equity risk: Equity Risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of equities. At the end of 2019, the SCR for market risk was EUR 4.5 million.

The general risk appetite for market risks is further specified by quantitative risk limits for different risk categories in the Investment policy. The investment policy also contains the investment beliefs.

- Interest rate risk is managed by limiting the economic hedge ratio and the Solvency II hedge ratio (incl. UFR) within separate, preset boundaries. In practice a third hedge ratio based on the volatility of own funds is monitored. The interest rate risk is also limited by a maximum tolerated impact on solvency of a 50bp change in interest rates. A higher impact is tolerated at higher solvency levels.

- Credit spread risk is managed by limiting the Solvency Capital Requirement (SCR) for spread risk,
- There is no risk appetite for concentration risk.
- Equity risk: Lifetri currently has no investments in equities as it has no appetite for equity risk. However, Lifetri Uitvaartverzekeringen's ownership of Lifetri Verzekeringen is treated as a strategic equity investment for SCR purposes.

Lifetri Uitvaartverzekeringen does not invest in affiliate funds, commodities, hedge funds and non-OECD countries. The use of derivatives is only allowed for hedging purposes (no use of derivatives in 2019). A more detailed set of criteria exists for the investment categories allowed.

C.3 Credit risk

Credit risk in the form of counterparty default risk is the risk of loss arising from default of a borrower or a transaction counterparty (note that credit spread risk is a market risk, see above). Counterpaty default risk may result from the likelihood or probability that one of those involved in a transaction might default on its contractual obligation. Counterparty risk can exist in credit, investment, and trading transactions including retail mortgages and reinsurance contracts.

The Solvency II required capital of counterparty default risk was EUR 2.7 million at the end of 2019.

Default risks for government bonds are limited by rating based limits per sovereign (BBB- or better rated), default risk for other instruments by relatively small issuer limits.

C.4 Liquidity risk

Liquidity risk is comprised of:

- Cashflow Liquidity: Risk of being unable to meet obligations to policyholders or other creditors arising from a lack of available liquidity. Strictly speaking this is an operational risk.
- Asset Liquidity: Risk of being unable to sell a given asset at short-notice

Liquidity risk is managed first by a minimum cash requirement for all predictable outgoing cash flows for a short term period of one month. Given the net inflow of premiums this is trivial in practice. Secondly a liquidity stress test is defined to make sure a significant part of the investment portfolio can be liquidated in a matter of days. To this end the policy describes liquidity factors to be used for different asset classes. In 2019 The balance sheet consisted mainly of highly liquid government bonds and cash.

C.5 Operational risk

Within operational risk, Lifetri has identified IT Risk and Outsourcing and Cloud risk as separate risks because of the extensive use of and dependence on IT. The following sub risks fall in this category:

- Operational risk: The risk of losses as a result of shortcomings in or failures of internal processes, systems and people, or from external events.

- IT risk: The risk that the continuity, integrity or availability (CIA) of the business processes and the information services is inadequately supported by IT systems, services and personnel. The IT risk relates to the following topics:
    - IT and Technology Strategy
    - Information security
    - Continuity, integrity and availability of information systems and processes
- Outsourcing and Cloud risk: Outsourcing may result in the risk that the continuity, integrity or quality is impaired of the activities outsourced to third parties, or of the systems or people provided by these third parties. Cloud technology is seen by supervisory authorities as a form of outsourcing. Cloud risks may result when an insurer makes use of an on-demand service model (e.g. SaaS-based) for the delivery of IT services (e.g. data storage, applications, e-mail, IT infrastructure), which are often based on virtualization and/or distributed computer environments.

The SCR operational risk at the end of 2019 was EUR 762k.

With regard to human resources management, a remuneration policy has been written as well as a policy for the education of staff. Also an improved review cycle was introduced. Topics of attention include policies, administration, key-person risks, outsourced second line functions and company culture.

Lifetri Uitvaartverzekeringen has no central trade system and uses the internal administration and KasWeb system (KasBank) for its investments. Much effort has been put in a controlled organization of the operational process of trade execution, i.e. after formal approval of investments by the MB. This includes segregation of duties and performing four eyes checks and implementation of key controls. The investment risk manager has a key role in monitoring the investment process. Risk manager and Board secretary are security officers ('administrators') for the KasWeb system. In addition, much effort has been dedicated to process management of payment processes for bills, policy claims and salaries, in particular the different (pre-) approval steps, segregation of duties and four eyes checks. The MB has final approval on all payments IT has focused on the management of the Microsoft Azure cloud platform to improve cost control, security and the business continuity. An information security self assessment revealed some gaps of existence and effectiveness of controls. A short term plan was written to improve key controls related to roles & responsibilities and access and protection of systems. A year plan was produced to cover the remaining controls. The development of the IT exit strategy of Microsoft Azure cloud platform is in progress.

C.6 Other material risks

Lifetri has identified two additional categories of risk, i.e. Strategic & reputational risks and Compliance risks. Solvency II does not require insurance companies tol hold capital for these risks.

C.6.1 Strategic risks

Strategic risk and reputational risk: In general, strategic and reputational risks are risks that jeopardize the achievement of the global strategic objectives of a company and/or have a negative impact on the reputation of the company. For the (life) insurance industry, key drivers for strategic risk can be the rapid pace through which business (profit) models change and may become obsolete.

The (lack of) mergers & acquisitions may influence economies of scale. Also the impact which the political and regulatory changes, imposed on the insurance (life) industry, may have on the strategic capabilities of an insurance undertaking.

Specifically, this category focuses on the long-term risks which may result from strategic choices, dependencies of stakeholders, changes in competition, markets, politics, the economy or the external environment in general.

C.6.2 Compliance risks

Compliance risk is the risk of legal or supervisory sanctions, material, financial or reputation loss which an organization may incur as a result from a failure to adhere to laws and regulations. Laws and regulations include internal policies, charters and codes of conduct.

Compliance risks consist of two categories: Integrity risk and Legal risk. The Compliance Universe shows for each law or regulation if it applies to integrity or not. Integrity related laws and regulations have a direct impact on the Integrity risk. Other laws and regulations fall under the Legal risk category.

- Integrity risk: The Integrity risk relates to the integrity of employees, customers, counter parties (including intermediaries), the financial services provided by Lifetri, and of the Lifetri organization.
  - Integrity of employees: The integrity of employees including temporary staff (contractors) deals with the question whether employees are fit and proper; and it focuses on competences, remuneration, conflicts of interest, integrity sensitive jobs, fraud prevention and other integrity related issues.
  - Integrity of clients: This topic deals with client acceptance, client due diligence, monitoring of unusual transactions and checks against sanction lists.
  - Integrity of third parties: This focuses on the integrity of third parties when entering into and exiting a business relationship, fraud prevention and other integrity related issues. Third parties consist of all parties with which Lifetri cooperates but excluding clients. Insurance intermediaries and reinsurers are included in this definition of third parties.
  - Integrity of financial services: This focuses on providing careful and diligent products or services to clients (duty of care towards and providing information to clients), complaints, PARP and Marketing.
  - Integrity of the organization: This deals with the internal governance of the organization, asset management, dealing with sensitive information of the company and financial markets, operating the proper license, reporting to supervisors, adherence with anti-trust laws, financial laws & regulations, privacy, information security and prevention of cybercrime.
- Legal risk: The Legal risk relates to (non-compliance with) laws and regulations which does not involve integrity. It relates to fiscal, labor, civil and Solvency II laws and regulations.

- Fiscal laws: This consists of all fiscal regulations applicable to the insurance undertaking (Value Added Tax, wage tax, corporate tax) for which non-compliance can directly result in a fine.
- Labor laws: This consists of the risk of non-compliance with labor laws (employment contract, CAO (collective employees agreement), working conditions) which may result in liabilities and claims for the employer.
- Civil law: Civil law is related to legal entities, annual financial statements, agreements and contracts, insurance, liability, tenancy law and copyright which may result in liabilities towards third parties or clients.
- Solvency II: Solvency II is a European directive which focuses on the organization and business operations of insurance undertakings in general. The Solvency II (SII) framework consists of three pillars. Pillar 1 focuses on quantifiable risks and capital requirements. Pillar 2 relates to, among other things, the required key Solvency II functions i.e. RMF, compliance and internal control, AF, Internal Audit Function. Pillar 3 consists of requirements for publishing information and reports to the supervisory authorities.

D. Valuation for Solvency Purposes

Introduction

This chapter of the SFCR contains information on the valuation for solvency purposes of assets, insurance liabilities and other liabilities of Lifetri Verzekering and explains the differences with their valuations in the 2019 Financial statements of Lifetri Verzekering.

The tables below provide a reconciliation between the local GAAP and Solvency II balance sheets.

Solvency II Balance sheet 2019

Solvency II Balance	12/31/2019	RECL	Val. Diff.	*Local GAAP*	*12/31/2019*
Cash and cash equivalents	52,445	*69*		Cash and cash equivalents	52,514
Bonds	195,002	*-972*		Bonds	194,030
Loans and mortgages	16,811			Loans and mortgages	16,811
Holdings in related undertakings, including pa	5,923			Holdings in related undertakings	5,923
Receivables (trade, not insurance)	948	*-948*			-
Insurance and intermediaries receivables	74	*-74*			-
Any other assets, not elsewhere shown	75	*-75*			-
		1,097		Short-term receivables	1,097
Property, plant & equipment held for own use	10			Equipment	10
Accrued interest Bonds		*972*		Accrued interest Bonds	972
Total Assets	**271,288**	*69*	-	*Total*	*271,357*

Solvency II Balance	12/31/2019	RECL	Val. Diff.	*Local GAAP*	*12/31/2019*
Technical provisions - Best Estimate	161,629	*-161,629*		Technical provisions - Best Estimate	-
Technical provisions - Risk margin	27,269	*-27,269*		Technical provisions - Risk margin	-
Insurance liabilities		*188,897*	*8,808*	Insurance liabilities	197,705
Provisions other than technical provisions	201			Provisions other than technical provisions	201
Deferred tax liabilities	9,779		*-1,911*	Deferred tax liabilities	7,868
Insurance & intermediaries payables	1,654	*-1,654*			-
Payables (trade, not insurance)	1,748	*-1,748*			-
Any other liabilities, not elsewhere shown	11,450	*-11,450*			-
Long-term liabilities		*11,310*		Long-term Liabilities	11,310
Short-term Liabilities		*3,611*		Short-term liabilities	3,611
					-
Excess of assets over liabilities	57,559		*-6,897*	Total shareholders funds	50,662
Total Liabilities	**271,288**	*69*	-	*Total*	*271,357*

D.1 Assets

Cash for local GAAP is directly available funds held in bank accounts. The carrying value of cash is regarded as a good approximation of the fair value, as these assets are of a short-term nature. Cash is measured against fair value Level 1.

SII accounts requires accrued interest to be presented as part of the interest baring funds held in bank accounts (‘dirty market value’) and not separately as other liablities.

Cash is recognized at market value, outstanding interest is therefore corrected on the funds held in bank accounts.

D.2 Information on the valuation of the Technical Provisions

The initial recognition of the acquired provision for insurance liabilities on local GAAP is calculated on basis of the fair value equal to the discounted value of the best estimate cash flows on basis of a market consistent discount rate excluding the ultimate forward rate (UFR). Due to the reinsurance the fair value was equal to the Solvency II provision.

The Solvency II provision for insurance liabilities is calculated based on the interest rate structure published by the regulatory authority, including volatility adjustment.

The Solvency II provision is the sum of:

- the expected value equal to the present value of the future annual payments plus the future costs of the insurances minus the gross premiums on the basis of best estimate assumptions;
- the required risk margin, given the calculated solvency capital requirement on the basis of the risks quantified for the company.

D.3 Information on the valuation of other liabilities

Other liabilities, under local GAAP, included the interest payable on cash held in bankaccounts.

Payables, trade not insurance, are valued at face value for SII purposes.

D.4 Alternative methods for valuation

Financial assets and other liabilities (not being technical provisions) are categorised into the following fair value hierarchy.

Quoted prices in an active market (unadjusted, market observable prices) are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Lifetri Uitvaartverzekeringen uses brokers' quotes.

Published prices in active markets (Level 1)
Fair value measured at Level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

Measurement method based on significant observable market inputs (Level 2)
Fair value measured at Level 2 uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a Level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);

- input variables arising mainly from, or confirmed by, observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at Level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields, on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

Measurement method not based on significant observable market inputs (Level 3)
Fair value measured at Level 3 significantly uses inputs for the asset or liability that are not based on significant observable market data. Unobservable inputs can be used if observable inputs are not available, so fair value can still be measured at the reporting date in situations where there is no or almost no active market for the asset or liability.

E. Capital Management

Introduction

This chapter of the SFCR contains information on the capital management of Lifetri Uitvaartverzekeringen, including the reconciliation of Dutch local GAAP (Local GAAP) equity to Solvency II Own Funds, Lifetri Uitvaartverzekeringen Minimum Capital Requirement ('MCR') and Solvency Capital Requirement ('SCR').

The Capital Management is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore Lifetri Uitvaartverzekeringen wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital (SCR). The target solvency level is set at 160% of SCR. At 31st of December 2019 the solvency level is 179%, reflecting that Lifetri Uitvaartverzekeringen is a well capitalized and solvent company.

E.1 Own funds

E.1.1 Headlines of the Capital Policy

The management of capital is governed by the Capital Policy. The measure for adequacy of the capital position is the regulatory Solvency II ratio, defined as the ratio of eligible Own Funds (OF) over the Solvency Capital Requirement (SCR). The Capital Policy is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore Lifetri Uitvaartverzekeringen wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital (SCR). The target solvency level is set at 160% of SCR. The target solvency ratio is determined as follows:

- An amount equal to the internal norm solvency of 135%;
- An additional buffer to be able to take market risk (as tested in the ORSA stress scenario's), and not fall below the internal norm solvency. The scenarios used in stress tests are reviewed periodically to ensure they remain relevant;
- After defining the additional buffer for market risk the suitability of the target solvency ratio is analysed against the expected strategic and market environment of Lifetri for the coming year. The outcome of this assessment can lead to a further increase of the target ratio capital requirement for the first coming year, if necessary.

The SCR ratio determines a detailed capital intervention ladder in the Capital Policy. Above the target solvency level no actions are needed, below the minimum solvency level measures will be taken and in between both levels actions are being considered and prepared. A short term measure to increase available capital is a capital injection; a short term measure to decrease the SCR is a de-risking of market risks from the investment portfolio. Other medium and long term measures like retaining profits (no dividend), cost reduction, pricing, outsourcing, reinsurance and strategic measures are listed in the capital policy. In practice, management intervention actions may further prevent risks.

E.1.2 The Solvency of Lifetri Uitvaartverzekeringen

in thousands of euros	2019		2018	
Own funds		**57,559**		**64,492**
Tier 1	57,559		64,492	
Tier 2	-		-	
Tier 3	-		-	
Total available own funds		**57,559**		**64,492**
Eligible own funds to meet the SCR		**57,559**		**64,492**
Solvency capital required				
Market risk	4,488		8,597	
Counterparty risk	2,724		1,328	
Life underwriting risk	36,297		36,505	
Diversification	-5,012		-6,490	
BSCR		**38,497**		**39,940**
Operational risk		**762**		**778**
LACDT		**-7,156**		**-7,012**
Total solvency capital required		**32,103**		**33,706**
Minimum Capital requirement		8,026		8,426
Solvency II ratio		179%		191%
Minimum Capital required ratio		717%		765%

Solvency II distinguishes between three tiers of own funds (Tier I, II and II) and restricts the use (eligibility) of Tier 2 and Tier 3 capital in the determination of the solvency level. The positive difference between assets and liabilities, when valued on a Solvency II basis, constitutes core capital. For Lifetri Uitvaartverzekeringen the part of core capital comprising deferred tax assets (DTA) is Tier III capital. Eligible own funds are smaller than available own funds due to the restrictions in place. The absolute minimum requirement for own funds is limiting in practice and no DTA is taken into account in the eligible own funds.

E.1.3 Solvency and risk appetite

The management of capital is governed by the capital policy. The measure for adequacy of the capital position is the regulatory Solvency II ratio, defined as the ratio of eligible own funds (OF) over the solvency capital requirement (SCR). The capital policy is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore Lifetri Uitvaartverzekeringen wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital.

At the end of 2019, eligible own funds amounted to EUR 57.6 million.

The SCR ratio determines a detailed capital intervention ladder in the Capital Policy. Above the target solvency level no measures are needed; below the minimum solvency level measures will be taken, and in between these levels actions are being considered and prepared.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement and Minimum Capital Requirement are given in paragraph E.1.2.

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

Lifetri Uitvaartverzekeringen is not invested in equities.

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

Lifetri Uitvaartverzekeringen does not apply an internal model.

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

There have been no instances of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement.

E.6 Any other information

There is no other material information regarding capital management.

Contact and legal information

Lifetri Uitvaartverzekeringen N.V.
Olympia 1
1213 NS Hilversum

Postbus 1020, 1200 BA Hilversum
The Netherlands
Telephnone: +31(0)35 5480807
Internet: lifetri.nl

Commercial Register number 70913625

Lifetri Uitvaartverzekeringen N.V. is part of Lifetri Groep B.V.