SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR)

Year-ending: December 2019

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CONTENTS

INTRODUCTION

This report covers the Cigna Europe Group of Cigna Myrtle Holdings Ltd (Myrtle), parent of Cigna Elmwood Holdings SPRL (Elmwood) and all underlying subsidiaries, including the two insurance companies of Cigna Life Insurance Company of Europe S.A./N.V. (CLICE) and Cigna Europe Insurance Company S.A./N.V. (CEIC). The document contains the narrative in respect of the Solvency and Financial condition report (SCFR) required by article 290-303 and 359-371 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 [the "Delegated Acts"] supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II). The National Bank of Belgium (NBB) confirmed on 16 May 2017 that Cigna Europe Group was authorised to use a single SFCR report for all the insurance entities within the Cigna Europe Group in accordance with article 256 of Directive 2009/138/EC.

This report refers to "the Company" as Cigna Europe Group of Cigna Myrtle Holdings Ltd (Myrtle) unless otherwise stated.

SUMMARY

Myrtle is the parent of Cigna Elmwood Holdings SPRL and all underlying subsidiaries, including the two insurance companies of Cigna Life Insurance Company of Europe S.A./N.V. (CLICE) and Cigna Europe Insurance Company S.A./N.V. (CEIC). The ultimate parent of Myrtle is Cigna Corporation.

Cigna's mission is to improve the health, well-being and peace of mind of the people we serve. Our strategic focus is centred on delivering high quality, affordable, and personalized products and solutions to our customers and clients by leveraging our insights, brand, talent and localized approach. We continue to solve for market needs that are ever evolving, including those of our customers and employers, as well as the government and healthcare providers.

OUR FRAMEWORK FOR CREATING SHAREHOLDER VALUE:

1. Leveraging existing capabilities across our core businesses.
2. Driving strong margins and significant free cash flow.
3. Pursuing additional growth opportunities via new distribution marketplaces, geographies, and service expansion.

Cigna is a global company — our 75,000 people represent different cultures, beliefs and values. We take an active, affirmative approach to making sure every one of our people develops an appreciation for individual and collective experiences, different ways of thinking and diverse communication styles. This approach is also more than a cultural diversity program; it's part of who we are.

BUSINESS AND PERFORMANCE

The financial results presented in the table below are derived from the BEGAAP Financial Statements for the year ended December 31, 2019 for CLICE and CEIC.

(EUR'000)	CLICE		CEIC		Myrtle(1)	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Income Statement Data						
Gross Premium	797,876	716,150	195,565	207,890	993,441	924,040
Result of financial year	14,482	23,660	9,225	4,986	19,003	19,803[1]
Balance Sheet Data						
Total assets	732,744	711,525	245,445	261,179	1,187,913	1,119,602
Shareholders' equity	160,603	146,122	110,358	116,134	346,913	324,208

Summary of financial performance

(1) Unaudited Consolidated figures

SYSTEM OF GOVERNANCE

The Company is committed to ensuring strong corporate governance practices on behalf of its shareholders. Cigna Corporation's Practices, together with the charters of its Audit, Corporate Governance, Finance, People Resources and Executive Committees, establish a framework of policies and practices for Cigna's effective governance.

Over the past few years, the respective Boards in the Company have implemented significant measures to strengthen the corporate governance framework, including the risk management function, in readiness for Solvency II which was effective from 1 January 2016.

The principles of Cigna Corporation's Practices, which are available at www.cigna.com/about-us/corporate-governance, are followed within Europe as articulated in the Regulatory Supervisory Report of the Company and the numerous supporting policies. These address Board of Directors structure and leadership, director qualifications, director independence, and committee structure and roles. The governance policies and practices of the Company are regularly reviewed in light of developments in corporate governance and the Regulatory Supervisory Report and charters of the Board of Directors (sub) committees are updated when deemed appropriate for the Company.

The primary role of the Board of Directors is the oversight of the management of the Company's business affairs and assets (including at group level for responsibilities delegated from Myrtle and Elmwood). To fulfil their responsibilities, Cigna's European Boards, both directly and through their

[1] The difference in results of the 2018 financial year shown in the YE18 SFCR and the YE19 SFCR lies in the transfer to the legal reserve being deducted from the results in the YE18 SFCR. The YE19 SFCR shows a full picture of financial results.

specialised committees, regularly engage with management, ensure management accountability and review the most critical issues that face Cigna. Among other things, the Boards review the Company's strategy and mission, its execution on financial and strategic plans, and succession planning.
The Board also oversees risk management and approves executive compensation. All directors play an active role in overseeing the Company's business strategy at the Board and committee levels.
The primary objective of the Risk Management System (RMS) is to identify, measure, monitor, manage and report the risks that the Company is exposed to on at least annual level. The Risk Management System comprises the strategies, processes and reporting procedures to meet this objective. The Company has identified five key material risk exposures which form the basis of the Risk Profile: Insurance, Investment, Credit, Business and Operational risk. Each of these key risks is defined within the Risk Universe and includes all sub risk components. The Risk Universe also discloses the primary method adopted to internally identify, assess and measure each material risk.

Emerging in 2016 and largely mitigated since then, a significant business risk the Company faces is the Business risk exposure related to the UK leaving the European Union (BREXIT). The impacts of this include financial market volatility and decreasing power of GBP which directly impacted the UK market in terms of underwriting performance and also retained earnings for European business. Cigna is dedicated to ensuring minimal impact to customers and clients as the UK withdraws from the European Union (EU). Cigna can confirm that it has begun a formal process, in accordance with UK regulators' guidelines, to apply for re-authorisation of its existing structures. Throughout this process, with engagement with both the European and UK regulatory authorities, Cigna is implementing actions designed to maintain a long-term, sustainable solution to enable it to continue serving its existing customer and client base, while also ensuring cross-border regulatory compliance by the time that incoming EEA firms need re-authorisation.

Life and Health Insurance risks are those which emerge from the Company's core business functions. The Company has a low exposure to Investment Risk as it has a limited investment portfolio which is based upon high quality, medium maturity and low volatility bonds with strong concentration thresholds. The Company is exposed to credit risk due to the possible failure of one or several internal/external counterparties.

RISK PROFILE

The Company Risk Universe provides the basis for all risk assessments conducted by the management of each business unit and control function. By utilising the risk universe as a benchmark, it ensures that management considers all material risks within the scope of business operations in a consistent manner. Management can then prioritise the key risk exposures from the Risk Universe and identify and assess the risks relative and most prominent to their specific business model and operations. Risk exposure is classified into five broad categories: insurance risk, Investment risk, credit risk, operational risk, and business risk. For each of these risks, the exposure, the concentration, the mitigation techniques and the sensitivity to stress tests scenarios is analysed in this section.

The development of sophisticated quantitative and qualitative risk assessment tools has been primarily driven through the risk-based European regulatory requirements of the Solvency II Directive. In order to meet Solvency II requirements, the Company developed a Partial Internal Model (PIM) for the two insurance companies, CLICE and CEIC which received regulatory approval in 2015. This includes an internally developed risk module for key exposures where the Standard Formula is deemed insufficiently accurate to reflect Cigna's specific risk exposures. This PIM was also approved for use and deployed at the holding company level in 2017.

As outlined in the Solvency II Directive, the risk measure is the Value at Risk (VaR) of the basic own funds (BOF) of the Company subject to a confidence level of 99.5% over a one-year period.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
SCR	**107,762**	**95,002**	**50,750**	**50,896**	**185,752**	**167,562**
Market Risk	17.5%	17.4%	34.4%	32.7%	37.2%	37.4%
Credit risk	21.0%	18.9%	6.2%	7.3%	20.9%	18.3%
Life Underwriting risk	1.7%	1.7%	0%	0%	1.0%	0.9%
Health Underwriting risk	38.9%	41.0%	47.6%	42.5%	25.4%	24.3%
Non-Life Underwriting risk	0%	0%	0.4%	5.7%	0.2%	3.5
Operational Risk	20.8%	21.0%	11.4%	11.9%	15.3%	15.7%

Cigna Europe's Risk profile

VALUATION

The Solvency II balance sheet is prepared in compliance with the Solvency II requirements. Assets and liabilities are valued on a 'fair value' basis assuming that the company will pursue its business as a going concern.

Economic adjustments have been made where the valuation methodology on a statutory basis differs to the valuation methodology requirements under Solvency II.

CAPITAL MANAGEMENT

The table below illustrates the Own Funds and the Solvency Capital Requirements for year end 2019 compared with 2018.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Own Funds and SCR/MCR Data						
Own Funds	185,593	170,704	101,134	104,686	353,029	334,769
Solvency Capital Requirement (SCR)	107,762	95,002	50,750	50,896	185,752	167,562
Minimum Capital Requirement (MCR)	33,054	28,642	12,688	12,724	45,742	40,631
Ratio of Eligible own funds to SCR	172%	180%	199%	206%	190%	200%
Ratio of Eligible own funds to MCR	561%	596%	797%	823%	772%	824%

Own Funds and Solvency Capital Requirements for year end 2018 and 2019

The Company continues to hold a strong capital base under Solvency II driven by our continuous willingness to sustain business growth and reinforce value, strength and security brought to all stakeholders.

The Company continues to seek opportunities which offer a good return on solvency capital. The company will continue with the strategy to grow the business geographically across Europe within Employer and Individual market segments. Key to this will be the focus on developing solutions which meet customer needs whilst aiming to provide a superior customer experience. The development of new distribution and digital capabilities will be key in enabling us to grow the Group and Individual business across the European market. The Company will also continue to leverage the distribution capabilities of other Cigna Europe Group companies to enhance the capability to grow in the market.

COVID-19 UPDATE

This document highlights the solvency and financial condition of the CLICE, CEIC and Myrtle as at the 31/12/2019.
However, the Covid-19 pandemic outbreak that emerged after the year end is to be considered as a major development as described in article 54 of the Solvency II directive. This section therefore intends to disclose information on the effect of this pandemic on the Company, following the same structure as the SFCR document itself.

A. Business and Performance

From an underwriting performance perspective, Cigna tracks the number and amount of Covid-19 related claims declared on a weekly basis. To date, these have not been significant but are expected to increase. On the other hand, as most European countries have gone into lockdown conditions and discontinued elective treatment to ensure sufficient hospitalisation capacity is available to treat Covid-19, we have also seen a reduction in benefits exenses related to these treatment categories.

As many governments are predicting that the pandemic and responses to it will have significant impacts on economies around the world, the Company does expect challenges in continuing the growth of our business until economies recover.

From an investments performance perspective, the fluctuations in financial markets have had an impact on the Company's investments, particularly at the end of March as a consequence of volatility in bond spreads. Since then, the Company's investment portfolio value has increased significantly as a result of recovering markets and targeted portfolio management.

B. System of Governance

The Covid-19 outbreak has demonstrated the effectiveness of the governance structure and processes in place. The Company has been able to react promptly to ensure the safety of its employees while continuing to serve its customers.

Furthermore, the Pandemic scenario annually performed in the context of the Company's ORSA has been crucial in different respects:

- Mitigation measures were already implemented;
- Management actions in case of materialization had been identified in advance;
- Financial implications of Covid-19 were quickly forecasted by leveraging the existing scenario.

Finally, the Company will adopt a prudent approach with respect to variable remunerations and ensure all actions in this respect are in line with a prudent capital planning approach.

C. Risk Profile

Underwriting risk: the Company has leveraged its Pandemic Internal Model as well as Pandemic ORSA scenario in order to forecast the potential ultimate loss of the Covid-19 pandemic. These forecasts have proven that even under extreme circumstances, the solvency position of the Company would remain within our risk appetite and well above the regulatory minimum.

Market risk: given the ongoing economic impact from the virus, the Company expects further credit deterioration and rating downgrades across various sectors, with a magnitude depending on the duration of the crisis. The impact is however expected to be limited seen Cigna's high quality and short duration investments.

Credit risk: our overall client base is considered to be financially solid with limited exposure to corporate sectors suffering from the Covid-19 crisis. Whilst we have received client requests for payment holidays, we do not anticipate significant revenue collection risk at this point in time.

Liquidity risk: since the start of the Covid-19 outbreak, the liquidity of the Company has remained at adequate levels. The Company does not expect any liquidity concerns in the near future.

Operational risk: as countries across Europe have put their populations into lockdown in response to the pandemic, Cigna has implemented Business Continuity Plan procedures, closed its European offices and moved staff to working from home. At the time this document is written, Cigna is preparing for the aniticipated ease of lockdowns and planning on how our teams will return to our offices.

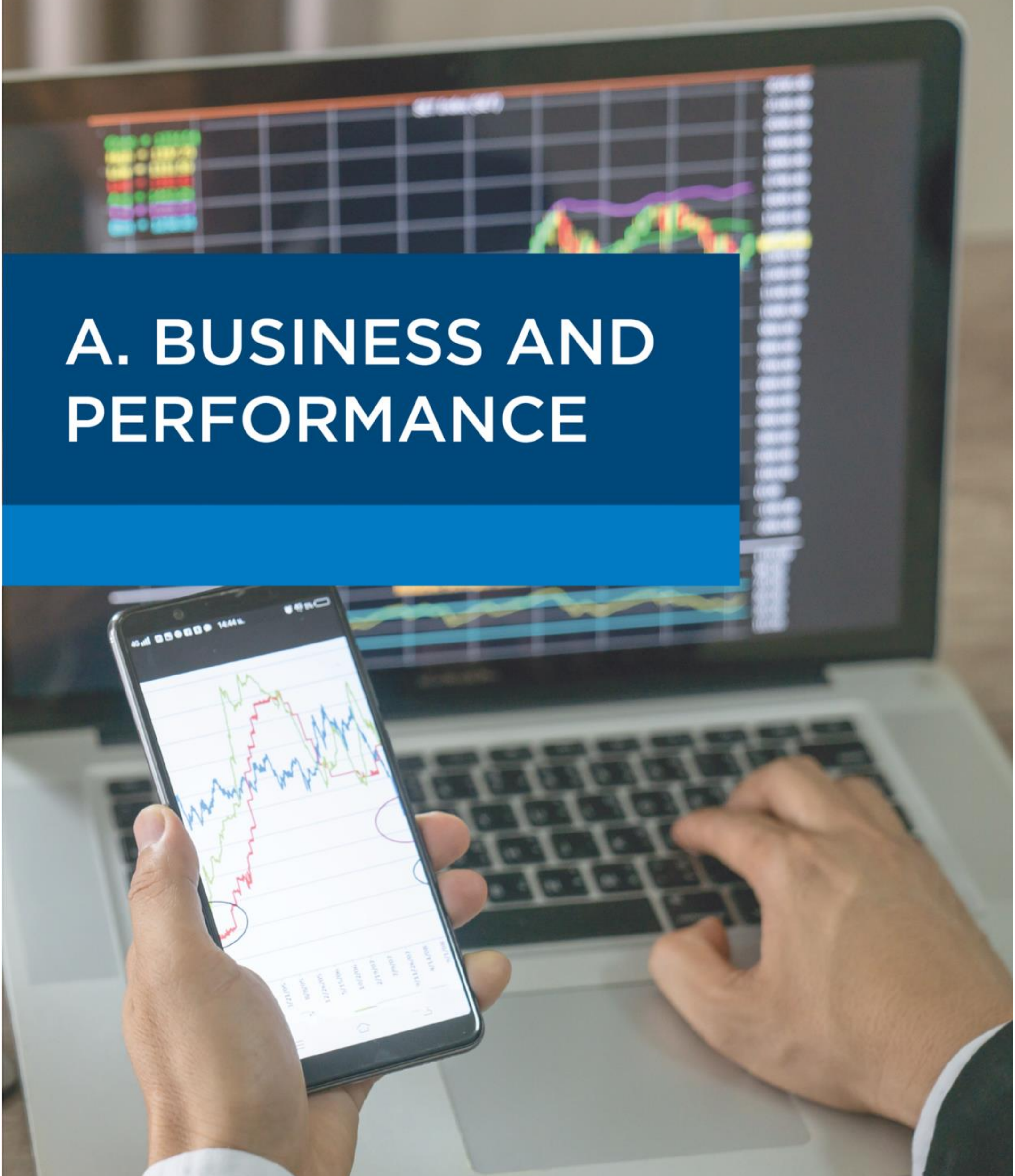
D. Valuation for Solvency Purposes

The technical provisions have not been significantly impacted by Covid-19. The Company expects Claim Provisions to decrease in the short term as a result of lockdown conditions and discontinued elective treatment. As for Premium Provisions, these are based on longer term expectations of Loss Ratios and are therefore not impacted by temporary variations of the Loss Ratios due to changing claims patterns from Covid-19. The Company monitors the impact of Covid-19 on a monthly basis and will adjust technical provision assumptions to allow for unusual claim patterns if required.

E. Capital Management

The Solvency positions of CLICE, CEIC and Myrtle at 31/12/2019 were well above the regulatory minimum (respectively of 172%, 199% and 190%). No dividends were distributed since then, and the Company, in line with the EIOPA and NBB directives, will not consider any dividend distribution until there is more clarity on the financial and economic impact of the COVID-19.

A. BUSINESS AND PERFORMANCE



A. BUSINESS AND PERFORMANCE

A.1. Business

A.1.1. Legal Group Structure

In the context of the implementation of Solvency II, Cigna changed its governance structure in Europe starting in 2013 in order to be compliant with the new regime both at the local Belgium level and at group European level.

Two European holding companies were set up for the purposes of holding the shares in Cigna Life Insurance Company of Europe (CLICE) and Cigna Europe Insurance Company (CEIC) and the other European Cigna entities:

- Cigna Myrtle Holdings, Ltd (Myrtle), a Maltese company, is the European holding company of the Cigna Europe entities; and
- Cigna Elmwood Holdings SPRL-BVBA (Elmwood, ref. 0543.609.378), a Belgian company, is the Belgian holding company of the 'Cigna Europe' entities.

Myrtle is the parent of Cigna Elmwood Holdings SPRL and all underlying subsidiaries, including:

- The insurers CLICE and CEIC;
- Cigna European Services (UK) Ltd (CESL ref. 00199739) which is a service company to support the Company on a pan-European basis;
- The two intermediaries who also provide products and services to the Group, i.e. Cigna Insurance Services (Europe) Limited (CISEL ref. 04617110) and Cigna International Health Services BVBA (CIHS ref. 0414.783.183).

In addition, CLICE is the Responsible Entity for Cigna Europe with most key matters for group supervision delegated to CLICE through a cascade of delegation from Myrtle to Elmwood and Elmwood to CLICE. Cigna Corporation is the ultimate parent company and is listed on the New York stock exchange under symbol CI.

Cigna Europe has grown organically, and also through the acquisitions of Vanbreda International SA-NV in 2010 (subsequently renamed Cigna International Health Services BVBA and which is registered in Belgium) and FirstAssist Ltd in 2011 (which has been renamed Cigna Oak Holdings Ltd and which is registered in the United Kingdom). These two companies are intermediaries providing insurance products and services and are incorporated into the wider governance structure referred to below. In addition to this, the European Group also includes Cigna Wellbeing (ref. 3976059) which provides health guidance to the insured (owned 70% by Connecticut General Corporation and 30% by CESL).

CLICE has active branches in Spain, UK, Italy and France and CEIC has branches in Switzerland, UK, Singapore and Bahrain. Next to these active branches, CLICE Germany has been dormant since it was created and CLICE Switzerland was closed.

The current Group governance structure has been in place since January 1, 2015 and enables Solvency II related responsibilities to be allocated between the companies (Pillar II Elmwood and Pillar III Myrtle) while the life (CLICE) and non-life (CEIC) insurance companies are the risk carriers by which business written and strategic and growth objectives are met through the established global branch structures.

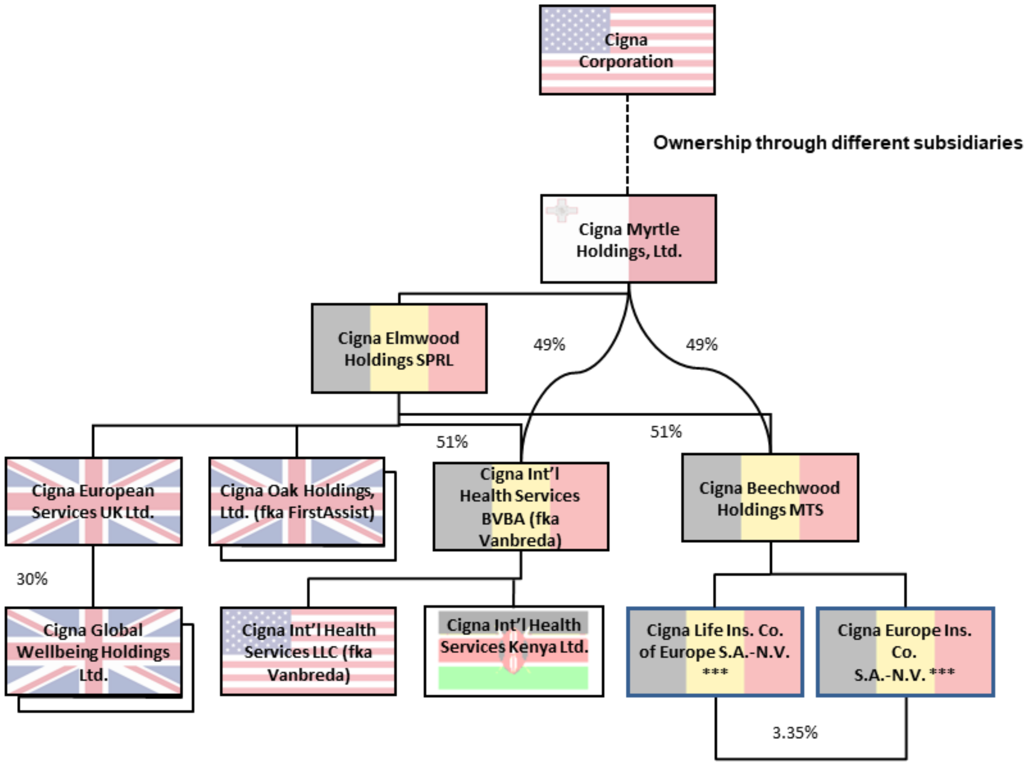


Exhibit A.1: Simplified Group Structure of Cigna Europe at YE 2019

CLICE was incorporated on 18 February 1981 while CEIC was founded on 29 March 2001. Their registered office is located at 1000 Brussels, avenue de Cortenbergh 52. Both are registered with the Crossroad Bank for Enterprises under numbers 0421.437.284 and 0474.624.562 respectively. The subscribed capital of CLICE at Year End (YE) 2019 amounts to €107,460,897 and for CEIC €94,401,460.

The shareholders of the insurance entities CLICE and CEIC are:

Shareholder	CLICE	CEIC
Cigna Beechwood Holdings “Maatschap” / “Société de droit commun”, Avenue de Cortenbergh 52, 1000 Brussels, Belgium	139,911 shares	142,089 shares
Ownership (%)	96,645%	92,517%
Cigna Myrtle Holdings, Ltd., 171 Old Bakery Street, Valletta VLT 1455, Malta	1 share	11,493 share
Ownership (%)	0,001%	7,483%
Cigna Europe Insurance Company SA, “Société Anonyme”, Avenue de Cortenbergh 52, 1000 Brussels, Belgium	4,855 shares	
Ownership (%)	3,354%	

Exhibit A.2: YE 2019 Shareholders CLICE and CEIC

No material transactions with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body occurred during 2019.

A.1.2. Regulator and External Auditor

Cigna Elmwood Holdings, CLICE and CEIC are supervised by the National Bank of Belgium (NBB), Boulevard de Berlaimont 14, 1000 Brussels, Belgium. Myrtle is supervised by the Malta Financial Services Authority (MFSA), Notabile Road, BKR3000, Attard, Malta which has delegated its supervisory responsibilities to the NBB.

The external auditor for Myrtle is Romina Soler, PricewaterhouseCoopers (Malta), 78 Mill Street, Qormi, QRM3101, Malta. For CLICE and CEIC, the external auditor is Isabelle Rasmont, SRL PricewaterhouseCoopers (Brussels), Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium.

A.1.3. Structure of Business

Cigna Corporation is one of the largest publicly owned employee benefits organisations in the United States and is one of the few health benefits companies with a comprehensive portfolio of health, pharmacy, behavioural, dental, disability, life, accident and international businesses. With approximately 75,000 employees after the acquisition of Express Scripts, Cigna Corporation and its subsidiaries serve millions of people worldwide. In Europe, the Company provides specialist individual and group healthcare, both within Europe and globally. It also leads the way in the direct marketing of high benefit, low cost insurance products in the health, life, accident, disability, travel and credit protection sectors. As shown in Exhibit A.3 below, the Company operates through seven business units. The diagram illustrates the operational geographies, business lines and the Solvency II Lines of Business.

BUSINESS UNITS	UKHB	SPAIN HB	GHB CORP	IO	GIPMI	CISEL	HLA
GEOGRAPHICAL FOOTPRINT	UK	SPAIN	GLOBAL	GLOBAL	EUROPE SINGAPORE	UK	EUROPE
SOLVENCY II PRODUCTS	Medical Expenses	Medical Expenses	Medical Expenses	Medical Expenses incl. Life Protection	Medical Expenses Income Protection Misc. NL. Legal Expenses	Medical Expenses incl. Life Protection	Medical Expenses incl. Life Protection

Exhibit A.3: Cigna Europe Structure – Products/Lines of Business

A.1.4. Business Units

Cigna's European business operates from the UK, Spain and Belgium offering managed medical, pharmacy and dental care services, including integrated indemnity and group life and health insurance for employees, primarily through their employer. The European business includes the following Business Lines:

- **Cigna Global Health Benefits Corporate (CGHB CORP):** healthcare coverage for expatriates from major corporate groups.
- **Cigna Global Health Benefits International Organizations (CGHB IO):** healthcare and Life coverage from major international governmental and non-governmental organizations.
- **UK HealthCare Benefits (UKHB):** domestic healthcare coverage for corporate groups and a very small number of individuals.
- **Spanish HealthCare Benefits (SPHB):** domestic healthcare coverage for corporate groups and individuals.
- **Cigna Global Individual Private Medical Insurance (GIPMI):** healthcare coverage for individual expatriates and high net worth individuals.
- **Health, Life & Accident (CISEL):** selling through affinity partners in the UK market by CISEL covering individual health and accident. This business is being managed as a runoff business.
- **Health, Life & Accident (HL&A):** individual health and accident related products sold via Direct Marketing plus Payment Protection Insurance sold in selected European markets. This business is being managed as a runoff business.

A.1.6. Key changes during 2019

Cigna Sequoia was liquidated in December 2019. There were no other changes in group or capital structure in 2019.

A.2. Underwriting Performance

The information by lines of business and by countries where business is written in accordance with the Solvency II Quantitative Reporting Template (QRT) S.05.01.02 'Premiums, claims and expenses by line of business' can be found in the appendix.

The following tables summarise the underwriting performance in 2018 and 2019 on a gross of reinsurance basis, together with prior year comparison, for the legal entities and for those countries where the volume of business written is material:

(EUR'000)	CLICE		CEIC		MYRTLE	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Earned Premium (a)	790,555	716,076	194,665	203,784	985,221	919,860
Claims Incurred (b)	575,304	494,754	125,790	135,580	701,094	630,334
Commission (c)	47,166	43,178	23,508	47,934	70,674	91,113
Expenses (d)	133,387	124,569	36,146	28,961	169,533	153,530
Underwriting Profit (a-b-c-d)	**34,697**	**53,575**	**9,222**	**-8,691**	**43,919**	**44,884**

Exhibit A.4: Underwriting Performance by Legal Entity

CLICE

At total CLICE level, Underwriting Profit has reduced by €19m in 2019 relative to 2018. Gross Earned Premium has increased by 10.4% (€74m) driven by growth of Group business. Claims incurred have increased by 16.3% (€80m) as a result of changes in business mix. Commissions have increased by 9.2% (€4m) largely driven by the group business and Expenses have increased by 7.1% (€9m) driven by the group business (€13m) and partly offset by the Individual business (-€4m).

CLICE writes business mainly in UK, Belgium, Spain, France, Germany, the Netherlands and Austria. The detailed underwriting performance information per country can be found in the QRT S.05.01.02 in the Appendix. At a country level, premium growth is shown in all countries except for Netherlands and Austria. Premiums in the other countries, mainly Bahrain and Italy, have also increased significantly by €20m representing 27% of the total increase. For Claims incurred at country level, the largest increase comes from UK and Belgium. Operating expenses increased mainly in UK, France and Spain partly offset by a decrease in Belgium, Austria and the Netherlands.

CEIC

At total CEIC level, Underwriting Profit has increased by €18m in 2019 relative to 2018, mainly due reduction in commission expenses (run-off of UK CISEL), change in business mix and favourable claims experience. Gross Earned Premium has decreased by 4.5% (€9m) mainly due to run-off of the UK CISEL business (€45m) largely offset by growth in Singapore Group Medical business (€27m) and GIPMI (€8m). Claims Incurred have similarly reduced by 7.2% (€10m) largely due to lower claims experience on Global Individual business. Commissions have reduced by 51.0% (€23m) due to run-off within CISEL business and the operating expenses increased by 24.8% (€7m) driven by the Group business.

CEIC writes business mainly in UK, Singapore and Switzerland. The detailed underwriting performance information per country can be found in the QRT S.05.01.02 in the Appendix. At a country level, premium growth arises mainly in Singapore and to a much lesser extent in Switzerland, offset by run-off of the UK CISEL business. Claims Incurred increases are also mainly found in Singapore consistent with premium growth but partly offset by the run-off of UK CISEL business.

MYRTLE

This is CLICE and CEIC combined. Myrtle does only underwrite insurance business through CLICE and CEIC. The detailed underwriting performance information per country can be found in the QRT S.05.01.02 in the Appendix.

A.3. Investment Performance

The Company holds operating cash and short term investments that meet the immediate liquidity obligations of the European Group, taking due consideration of liquidity, diversification and yield requirements for the insurance, intermediary and service entities. Where a cash surplus exists for the insurance businesses beyond this requirement, investment activity is undertaken in the longer term portfolio environment with internal and external asset management oversight based on Board of Directors approved appetite towards currency risk, concentration risk, interest rate risk and credit rate risk. The Group only holds assets in the investment classes bonds and Investment funds. Statutory Investment income and management expenses are detailed below:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Investment Income by Class						
Bonds	3,682	2,466	2,805	2,721	6,487	5,187
Investment Funds	875	586	-	-	875	586
Investment Income	**4,557**	**3,052**	**2,805**	**2,721**	**7,362**	**5,773**
Realized Capital Gains/ losses	(193)	(325)	(61)	(15)	(254)	(340)
Gain on Sale (Intercompany shares)	-	-	-	-	-	-
Net Investment Income	**4,364**	**2,727**	**2,744**	**2,706**	**7,108**	**5,433**
Investment Expenses	286	252	99	86	385	338
Unrealized gains and losses	**15,457**	**8,027**	**1,838**	**187**	**17,295**	**8,214**

Exhibit A.7: Investment income/expense and unrealized gains and losses – Statutory Basis

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Government Bonds	108,940	103,696	49,132	64,956	158,072	168,652
Corporate Bonds	263,051	251,756	80,138	69,666	343,189	321,422
Collateralized Securities	1,295	-	-	-	1,295	-
Short-Term deposits	12,078	3,122	1,065	-	13,143	3,122
Total Investments	385,364	358,574	130,335	134,622	515,699	493,196

Exhibit A.8: Investment by Class – Statutory Basis

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Opening Balance	355,452	363,890	134,622	120,889	490,074	484,778
Asset Injections	(992)	(19,238)	(12,630)	5,679	(13,622)	(13,559)
Net Investment Income	4,557	3,052	2,805	2,721	7,362	5,772
Increase in unrealised Gains/Losses	7,430	(6,103)	1,651	(1,253)	9,081	(7,356)
FX + Amortisation of Premium	6,838	13,851	2,822	6,586	9,660	20,439
Total Investments (less Short -Term deposits)	373,286	355,452	129,270	134,622	502,556	490,074

Exhibit A.9: Investment Performance – Statutory Basis

A.4. Performance of other activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

A.5. Any other information

There are no other material matters in respect to the business or performance of the Company.

B. SYSTEM OF GOVERNANCE

B. SYSTEM OF GOVERNANCE

The Company is committed to ensuring strong corporate governance practices on behalf of its shareholders. Cigna Corporation's Practices, together with the charters of its Audit, Corporate Governance, Finance, People Resources and Executive Committees, establish a framework of policies and practices for Cigna's effective governance.

B.1. General Information on the System of Governance

The System of Governance is a collection of key components which combine to provide an integrated system of control. The key components include:

- Organisational Structure (as disclosed in section A Exhibit A.1 and A.2);
- Regulatory Supervisory Report, supporting policies and sub-committee structure;
- Functions of Control;
- Fit and Proper requirements;
- Risk Management System;
- Risk Management Framework; and
- Internal Control Environment.

B.1.1. Regulatory Supervisory Report, supporting policies and Sub Committee Structure

The principles of Cigna Corporation's Practices, which are available at www.cigna.com/about-us/corporate-governance are followed within Europe as articulated in the Regulatory Supervisory Report of the Company and the numerous supporting policies. These address Board of Directors structure and leadership, director qualifications, director independence, and committee structure and roles. The governance policies and practices of the Company are regularly reviewed in light of developments in corporate governance and the Regulatory Supervisory Report and charters of the Board of Directors (sub) committees are updated when deemed appropriate for the Company.

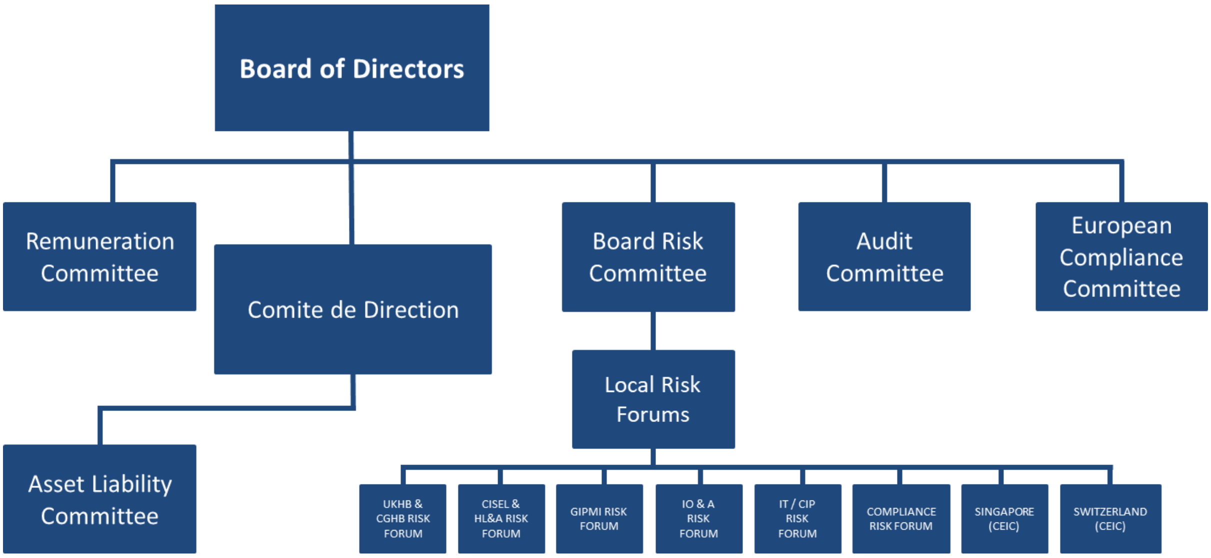


Exhibit B.1: The Company Committee Structure

Exhibit B.1 shows the Governance structure adopted within the Company (including the various Board sub-committees). The following sections describe the roles and responsibilities of these different bodies which form the overall System of Governance.

B.1.2. Board of Directors

The Board of Directors is composed of three Executive Directors and five Non-Executive Directors, two of which are independent. If necessary, the number of Directors will be modified to reflect the business and regulatory requirements. The Board of Directors elects a chairman to be chosen amongst the Non-Executive Directors, after consultation with the NBB. This Board of Directors structure, including the separation of the roles of its Chairman and the European Managing Director helps to ensure independent oversight of the Company and the management team and contributes to strong governance practices.

The primary role of the Board of Directors is the oversight of the management of the Company's business affairs and assets (including at group level for responsibilities delegated from Myrtle and Elmwood). To fulfil their responsibilities, Cigna's European Boards, both directly and through their specialised committees, regularly engage with management, ensure management accountability and review the most critical issues that face Cigna. Among other things, the Boards review the Company's strategy and mission, its execution on financial and strategic plans, and succession planning. The Board also oversees surveillance of activities, risk management, people matters, governance, training, and determines executive compensation. All directors play an active role in overseeing the Company's business strategy at the Board and committee levels.

B.1.2.1. Audit Committee

The Audit Committee is made up of at least 3 members and have a majority of independent directors within the meaning of Article 526ter of the Company Code. All the other members must be non-executive. The members shall have collective expertise in the activities of the Company as well as in the field of financial management, financial reporting, accounting and audit.

One of the two independent directors is the chairman of the Audit Committee. The Audit Committee reports to the Board of Directors on its proceedings and makes whatever recommendations it deems appropriate on any area within its remit. Members of the Audit Committee are appointed by the Board of Directors, in consultation with the Chairman of the Audit Committee.

The responsibilities of the Audit Committee are detailed in the Audit Committee Charter and can be summarized as follows:

- To monitor the integrity of the financial reporting of the Company;
- To monitor and review the effectiveness of the Company's:
    - Internal controls and risk management systems;
    - Internal Audit function;
    - External Audit function;
    - Compliance function; and
- To monitor the whistle blowing policy.

B.1.2.2. Board Risk Committee (BRC)

The Board Risk Committee requires at least five members, either executive or non-executive directors. Currently, all five Non-Executive Board Directors are members of the BRC. The chairman of the BRC is an independent non-executive director of the Board of Directors.

The Committee's main responsibilities are to:

- Advise the Board on the risk implications of strategic options that impact the future direction of the business;
- Provide guidance on risk management framework, policy, reporting and other risk mechanisms;
- Recommend to the Board of Directors the risk appetite for the Company, and the metrics to target and monitor the overall risk tolerance of the organisation;
- Monitor the current risk profile of the Company;
- Monitor the prospective view of the capital intensity of the business;
- Review the Own Risk Solvency Assessment (ORSA) process, and report and summarise to the Board;
- Express an opinion and risk based recommendations on key initiatives (risk/return analysis) for final sign off by Board of Directors;
- Monitor the implementation of Solvency II; and

- Review any reports or information supplied to it through the Chief Risk Officer in relation to the local risk forums.

The Board Risk Committee is a high level, strategic focussed committee set up with the Board of Directors considering the risk profile of the company. Local Risk Forums report to the BRC (see Exhibit B.1) and cover the activities of the business units, support functions and non-insurance legal entities shown in Exhibits A.1 and Exhibit B.1 respectively.

The remit of the Local Risk Forums encompasses all risk management and control activities to monitor the risk profile per business line and function of control (e.g. Shared Service Centre) including reviewing risk based activities within each business unit and service area, reviewing the operational environment, enhancing control, and ensuring adherence to the Company's internal processes of control.

B.1.2.3. Remuneration and People Resources Committee

The Company has a Remuneration Policy in place which reflects both the NBB requirements and the philosophy of the Cigna Corporation in terms of Remuneration Policy. The Company's remuneration philosophy reflects its desire to strengthen its financial position and to invest in its people, who, through their skills, competencies, and abilities advance the Company in the competitive marketplace. The Remuneration and People Resources Committee is made up of three Non-Executive Directors who are independent of the business. In addition, two of the members are Independent Non-Executive Directors. The chairman of the Board of Directors is also the chairman of the Remuneration and People Resources Committee.

B.1.2.3.1. Remuneration principles

It has to be noted that Non-Executive Directors of the Board of Directors are not remunerated by the Company as they are employees of other Cigna group entities.

Independent Directors are remunerated for their roles with an annual fee which is agreed on a yearly basis. They are not part of the remuneration policy and do not receive any stock options or long term incentive plan. The Company has in place a Remuneration Policy approved by the Board of Directors. The remuneration Policy is applicable to all employees and Executive Directors. Rewards for contribution means the remuneration package each employee earns represents the value his returns to the Company and its shareholders. The reward package consists of a competitive base pay and a performance-based variable pay. The remuneration package is also indirectly based on seniority and promotion. Remuneration related to such seniority is set in a multi-year framework in order to ensure that the overall assessment process is based on longer term performance.

COMPETITIVE BASE PAY

The fixed remuneration, represented in the competitive base pay, is established at an appropriate level and constitutes a sufficiently high proportion of the total remuneration so that the employees do not have to fully rely on the variable component of the remuneration.

The Company has only one single Insurance retirement plan for its employees and members of the Comité de Direction (Executive Directors). The Non-Executive members of the Board of Directors do not have a Retirement Plan offered by the Company. Two Executive Directors have a retirement plan which is UK based due to the expat nature of one of them and the UK residency of the second one. Their plan does not vary in the essence of the Belgian retirement plan.

There are no anticipated plans for retirement in place for the employees or the members of the Comité de Direction.

There are no lump sum contributions by the Company possible in the plan of one or all employees or Executive Directors.

VARIABLE PAY

In addition to the Competitive Base Pay, the individual contribution to the organisational and the Company goals by each employee may be recognised through the differentiation of the variable pay components which can take the form of a cash bonus or a participation in a stock (options) plan which constitutes a Long Term Incentive Plan.

B.1.2.3.2. Employee Assessment

The assessment of the performance may be based on a combination of the assessment of the performance:

- Of the individual;
- Of the business unit concerned; and
- Of the overall results of the Company.

The final level of variable pay awarded will take account of these 3 factors.

B.1.2.3.3. Variable Pay Claw Back

To the extent lawful in a particular jurisdiction, the Company's Board of Directors shall be able to require the Executive Directors and the other employees who have received variable pay to repay all or part of the variable pay if this payment resulted from their fraudulent activities or where the variable pay has been awarded for performance based on data which has subsequently proven to be manifestly incorrect or misleading.

B.1.2.3.4. Independent Control Functions

Staff members engaged in independent control functions (including actuaries, compliance officers, risk managers and internal auditors) are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

B.1.2.4. Comité de Direction

The Comité de Direction or Management Committee comprises three executive members of the Board of Directors ("Executive Directors"), and is therefore composed as follows:

- the European Managing Director & Chief Operating Officer;
- the Chief European Counsel & Chief Risk Officer; and
- the Chief Finance Officer.

The Comité de Direction is chaired by the European Managing Director. The Company ensures that the Comité de Direction is composed, at all time, of at least 3 Executive Directors. No legal Entities "management company" can be a member of the Comité de Direction. The collective and individual skills and competencies of the Comité de Direction and its individual members are subject to an annual assessment. If needs are identified, appropriate measures are taken to provide training.

The duties and responsibilities of the Comité de Direction are detailed in the Internal Regulations of the Comité de Direction and can be summarised as the following:

ADVISING THE BOARD OF DIRECTORS

- Advise the Board of Directors on general policies and develop proposals to the Board on the business strategy and business development of the Company;
- Report at least annually to the Board of Directors in relation to internal audit and compliance.

DAY-TO-DAY MANAGEMENT

- Within the strategic guidelines and policy frameworks set by the Board, ensure the leadership of the Company and its general management;
- Ensure that an adequate framework is in place for the appropriate functioning of the independent control functions.

RISK MANAGEMENT

- Ensure that the risk framework defined and the risk management policy approved by the Board of Directors are implemented through processes and procedures;
- Ensure that the risks of the Company are identified, measured, managed, controlled and reported adequately through reports of the independent control functions;
- Ensure that an appropriate risk management system is put in place including, among other things, the overall risk governance structure and the risk reporting;
- Implement the necessary measures to ensure that risks are monitored and controlled;

INTERNAL CONTROL AND GOVERNANCE

- Perform annually a governance self-assessment and communicate the report to the Board of Directors, the external auditor, and the NBB;
- Implement an adequate internal control and risk management within the guidelines approved by the Board and monitor their effectiveness at least annually, based on the annual report of the internal audit department, monthly reports from the Chief Risk Officer, the annual System of Governance self-assessment report and other sources such as reports and/or notes of the different departments and business units. The review relates to all aspects of internal control such as the objectives, the means that are implemented, the methods that are used, the shortcomings that are found and the adequate character and efficiency of the internal control;
- Ensure, based on the reporting to be made at least every six months by the Internal Audit Department that the latter adequately follows-up whether its investigative findings and recommendations are complied with.

REPORTING

- Report in writing annually to the NBB, the statutory auditor and the Board of Directors, through the Audit Committee, in relation to internal control; in particular, the minutes of the meetings of the Comité de Direction shall stipulate the deliberations relating to the status of the internal control and its assessment;
- Submit the declaration on prudential reporting and the representative assets reporting to the NBB, the statutory auditor and the Board of Directors on a half-yearly basis;
- Ensure that the Company permanently disposes of an adequate compliance function and assess the compliance function at least annually;

POLICY IMPLEMENTATION

- Implement the Integrity Policy and update it regularly;
- Implement the Remuneration Policy and update it regularly;
- Implement the Subcontracting Policy and update it regularly;
- Implement the Investment Policy and update it regularly;
- Implement the Reserving Policy and update it regularly; and
- Insure the adequacy and application of internal policies.

Without prejudice to its own powers and duties, the Board of Directors vests the Comité de Direction with the authority that is adequate and necessary to the proper exercise of its duties and responsibilities, within the wider framework of the general strategy and policies outlined by the Board of Directors. While the members of the Comité de Direction report individually to the European Managing Director on their areas of responsibility, the Comité de Direction as a whole is collectively accountable to the Board on all matters entrusted to it by the Board.

The Asset Liability Committee (ALCO) reports to the Comité de Direction by assisting it in fulfilling its responsibilities related to the management of the Company's assets relative to its liabilities, and to the oversight of the Company's Investment Managers in accordance with the Company's risk management practices (including the Company's Risk Appetite) and any other related policies.

B.1.2.5. European Compliance Committee

The European Compliance Committee ('ECC') is composed of the local compliance officers of the various Business Units and is chaired by the European Compliance Officer. The ECC meets on a quarterly basis.

The tasks of the European Compliance Committee within its action areas are to:

- Assess the risks incurred by the Company to its integrity, draft any proposals to improve it where necessary and report to the Audit Committee;
- Assess the day-to-day application of the Integrity Policy within the Company;
- Draft, in all its action areas, procedures, instructions and codes of conduct in order to implement the Integrity Policy, to prevent and eliminate the risks incurred by the Company to its integrity and to adopt adequate internal control measures in this respect;
- Regularly assess the adequate character of these procedures, instructions, codes of conduct and internal control measures and, as the case may be, to draft amendments;
- Review and follow-up any breaches committed within the Company against the laws and regulations and internal procedures, instructions and codes of conduct;
- Supervise certain operations and transactions and certain relationships that could represent a risk for the integrity of the Company;
- Advise the Comité de Direction in terms of conformity to the Integrity Policy before the launch of any new concept of product or before the entry into any new market;
- Follow-up all relevant national and international laws including all regulations and prudential rules and their interpretation; and
- Review all pertinent internal and external documents concerning the functioning of the Company (for example, audit documents, minutes of the management bodies, remarks and reports from the regulatory authorities).

B.2. Fit and proper requirements

The Persons responsible for the governance, oversight and management of the Company provide strategic leadership that influences the financial position and future direction of the Company. The

Company recognises that these persons in their positions must have the expertise and professional integrity required for their positions that will allow them to perform their duties and carry out their responsibilities in the most effective manner.

The Company has put in place a Fit and Proper Policy which contains the requirements in terms of fitness and propriety of the Key Responsible Persons which have been identified by the Company based on the regulatory and supervisory requirements “the Key Responsible Persons”.

The Key Responsible Persons include, at least, members of the Board of Directors and the Comité de Direction, the Heads of the Independent Control Functions and the foreign branches legal representatives.

B.2.1. Description of the Fit and Proper requirements

The assessment of a person' suitability is described as assessing whether they are "fit and proper":

- A person is considered to be fit for a specific position when the person has knowledge and experience, skills and the professional behaviour required for the position in question;
- Propriety relates to a person's honesty and integrity.

B.2.1.1 Fitness requirements

Competency and capability are demonstrated by a person who possesses the relevant knowledge, experience, skills and professional behaviour to understand the technical requirements of the business, the inherent risks and the management process required to perform his role in a key function in the relevant capacity effectively.

The Company has a description of the specific knowledge, experience, skills and professional behaviour required for each position of a Key Responsible Person as detailed in the job descriptions/profile functions.

B.2.1.2. Propriety assessment

Key Responsible Persons must carry out their duties honestly, faithfully, independently, ethically and with integrity. They must not have been convicted or have been prohibited from carrying out their profession on the ground of an offence against relevant provisions of financial laws.

B.2.2. Fit and Proper Assessment Process

Key Responsible Persons must, at any time, be skilled and act with professional integrity. As a consequence, the assessment of suitability shall take place:

- Before the Key Responsible Person takes up his position and then on an annual basis;
- Each time a Key Responsible Person changes his position or is re-appointed for a further term; and
- When any information which is likely to influence a Key Responsible Person's fit and proper status arises during the holding of the position or if facts or circumstances raise doubts about the suitability.

The Company has a Remuneration and People Resources Committee set up as a sub-committee of the Board of Directors who is responsible to implement the Fit and Proper Policy principles together with the Head of the Compliance function.

B.2.3. Fit and Proper Declaration

During the performance of the position, each Key Responsible Person will be asked to sign a declaration annually which will serve as the basis to consider that there are no relevant, significant changes in relation to the compliance by the Key Responsible Person with the fit and proper standards.

B.2.4. NBB prior approval and information

The Company informs the NBB in advance of any proposed appointment, reappointment or termination of the Key Responsible Persons. Any proposed appointment of the Key Responsible Persons is subject to the NBB prior approval.

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

The primary objective of the Risk Management System (RMS) is to identify, measure, monitor, manage and report the risks that the Company is exposed to on at least annual level. The Risk Management System comprises the strategies, processes and reporting procedures to meet this objective. The diagram below provides a graphical overview of the Risk Management System and illustrates the processes and organisational structure which contribute to the business' decision making process. The same top down approach to risk will be used to manage the risks at group level as well as at a solo level.

The approach to identify, assess, measure, manage and report on all key risk categories is disclosed within Section C of this report.

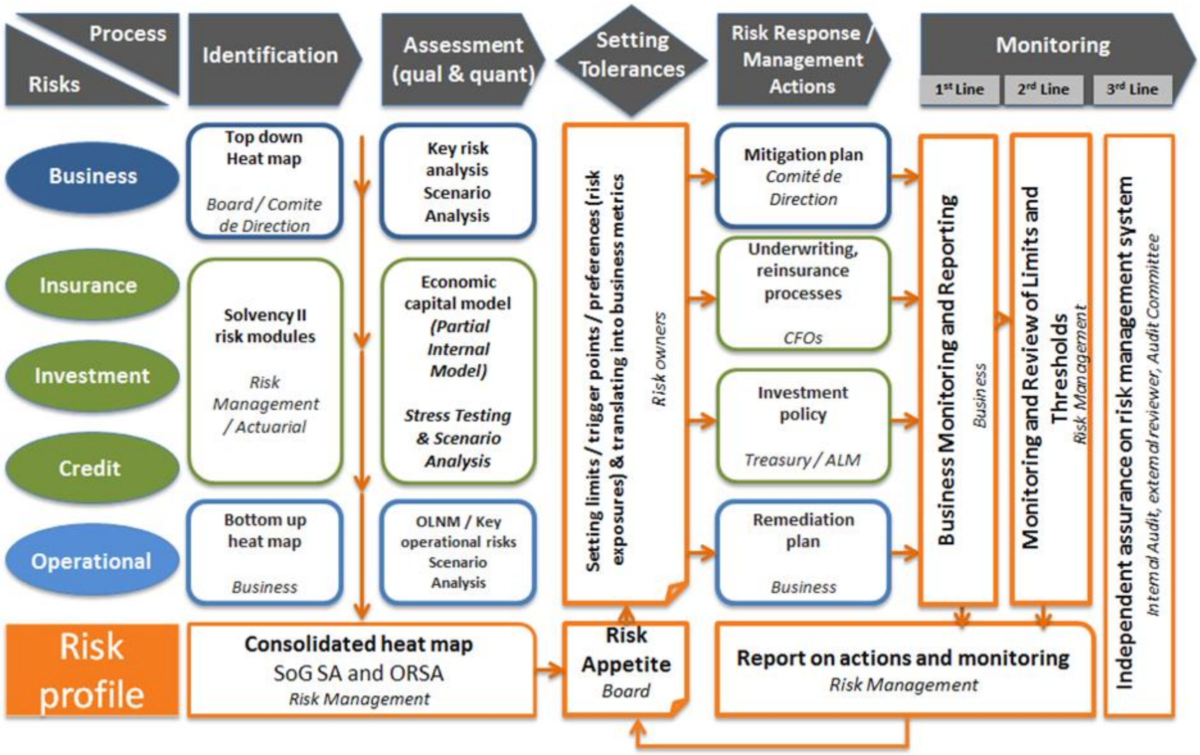


Exhibit B.2: The Company Risk Management System

B.3.1. Risk Management objectives, strategies, process and reporting procedures for each category of risk

The Risk Strategy is directly linked with the Corporate Strategy and Business requirements for a strong financial rating which has driven the implementation of a Risk Appetite Framework to align risk preference with corporate strategy to ensure the business is assuming and constraining risk exposures in a consistent manner to achieve strategic objectives.

The Risk Appetite Framework sets triggers and thresholds for each category of risk (Insurance, Investment, Credit, Business and Operational) which subsequently defines the reporting and escalation criteria for risk exposures deemed to be in breach of allocated thresholds. Risk exposures are reported on a monthly, quarterly and annual basis as part of the standardised risk reporting but also on an ad-hoc basis when immediate review from the Comité de Direction or the Board of Directors is required (e.g. underwriting referrals for a large concentration risk).

B.3.2. Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment (ORSA) brings together the key processes which underpin the Company's Risk Management System.

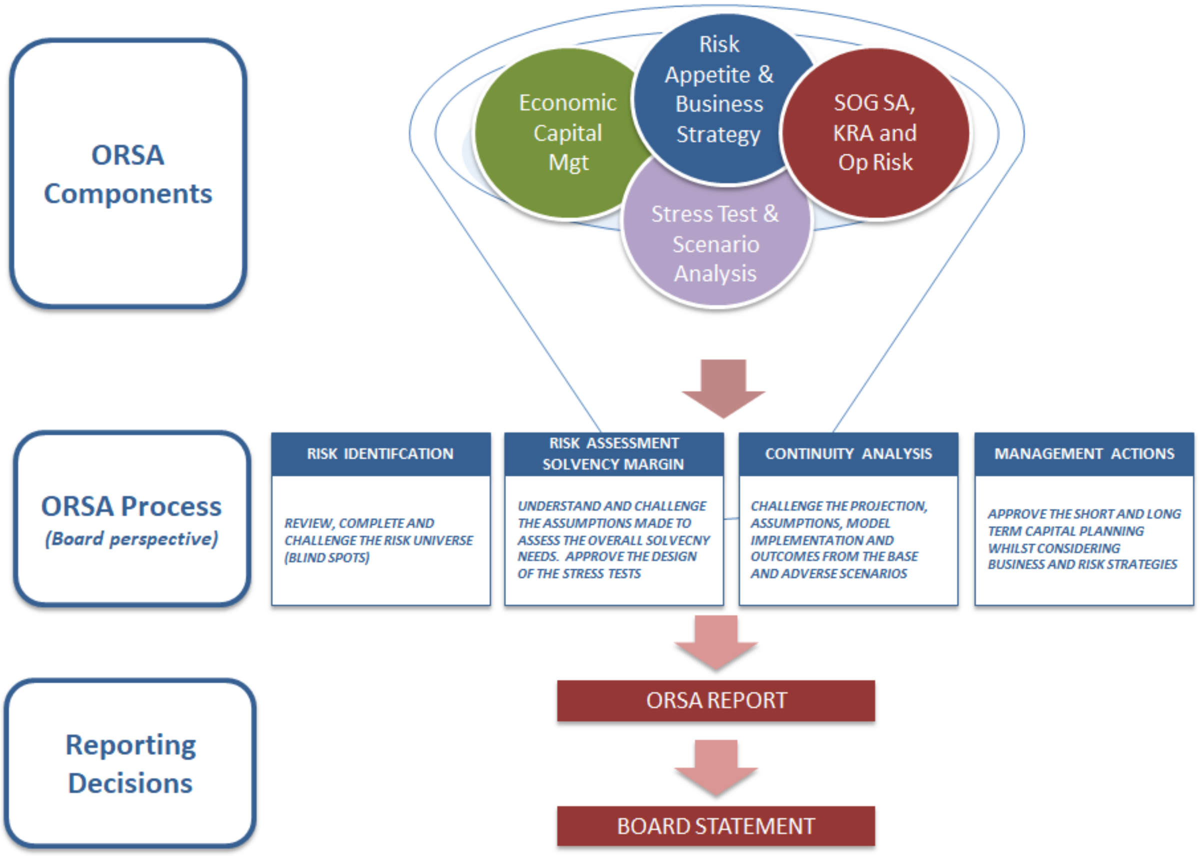


Exhibit B.3: Own Risk & Solvency Assessment

The ORSA process is underpinned by the following 4 risk based processes:

- Risk Strategy and Risk Appetite;
- Economic Capital Management;
- Qualitative Risk Assessments (Key Risk Assessment, System of Governance (SoG) Self-Assessment, Monthly Operational Risk Report and Operational Loss and Near Miss (OLNM) data collection); and
- Stress Testing and Scenario Analysis.

The Company developed a Partial Internal Model (PIM) to calculate the Solvency Capital Requirements, as required by the Solvency II Directive, which was approved in December 2015 for application on 1st January 2016 for CLICE and CEIC. Group approval to use a PIM was given end of 2017 for application on 1st January 2018. The decision to internally develop a PIM was underpinned by the multiplicity of markets where Cigna operates and the specialization in niche products which subsequently limits the application of the Standard Formula (SF).

The Company follows its ORSA process holistically at the level of the Cigna Europe and Solo insurance companies with consideration of the underlying entities. This results in one ORSA Report for the

Company. The single ORSA process for the Group combines the outputs from the 4 risk based processes above, considers the capital, regulatory and operational implications, and evaluates the potential impact upon the organisation.

The ORSA is a key tool in making recommendations and providing risk based information to the Board to facilitate fully informed decision making, e.g.:

- Providing assurance regarding material and foreseeable future risks;
- Ensuring solvency needs are sufficiently aligned to business and corporate objectives;
- Ensuring the continuous compliance with the capital requirements and the requirements on technical provisions;
- Approving the Risk Profile of the organisation;
- Assessing the significance of any deviation from the risk profile;
- Aligning Capital, Risk and Business Strategy; and
- Ensuring the Company has the capacity to absorb losses in the case of adverse scenarios.

The ORSA process encapsulates two reporting documents: ORSA record and ORSA report. These two documents evidence the overall ORSA process, outcomes and actions, and give consideration to business strategy and are signed off by the Board of Directors.

The ORSA is conducted annually and may also be triggered on an ad-hoc basis following any significant changes in business profile or within the internal/external business environment or at the request of the regulator to ensure the process is an accurate reflection of the organisation's risk profile.

B.3.2. Risk Universe

The Company has identified five key material risk exposures which form the basis of the Risk Profile: Investment, Insurance, Operational, Credit and Business risks. Each of these key risks is defined within the Risk Universe and includes all sub risk components. The Risk Universe also discloses the primary method adopted to internally identify, assess and measure each material risk.

Exhibit B.4: Risk Universe

B.4. Internal control system

The Company's Internal Control System and principles are embedded through its Risk Management Framework, which is based upon the externally recognised 3 lines of defence model:

1. First Line of Defence - Management Oversight;
2. Second Line of Defence - Risk Management, Compliance and Actuarial;
3. Third Line of Defence - Independent Assurance.

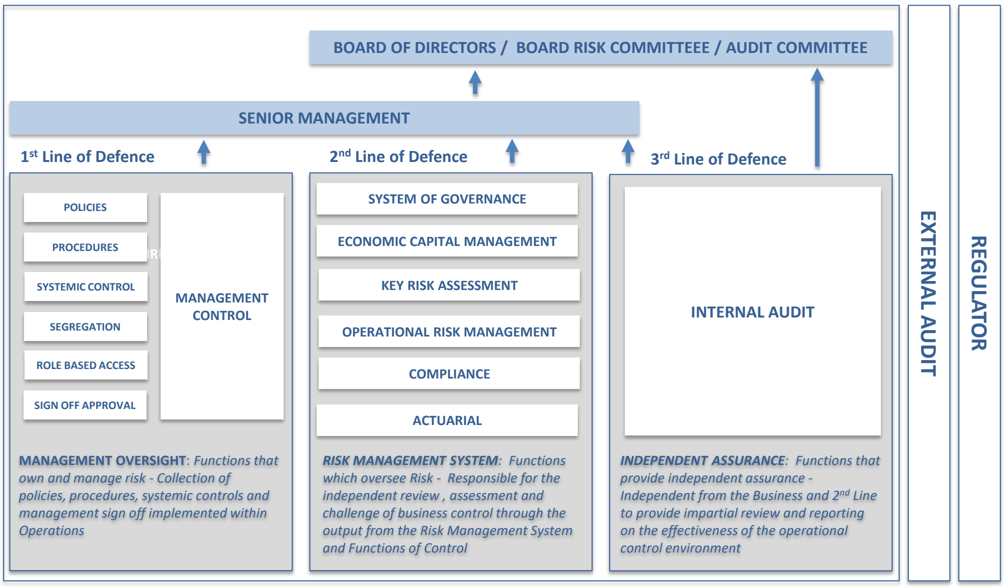


Exhibit B.5: Line of Defence

The 3 lines of defence model ensures that Risk Management remains independent from other control functions and the business, which conducts the risk and control assessments for each business unit. This internal structure and segregation enables Risk Management to independently review, challenge and consolidate findings free from bias. Independent Assurance is provided by Internal Audit, the Audit Committee or the Board of Directors who challenge that the assessments performed by the business as reported by Risk Management are an accurate representation of the operational and risk profile of the Company.

B.4.1. First Line of Defence - Management Oversight

The first line of defence is Management Oversight, which includes the control activities (operational policies and procedures) applied by staff within the Business Lines and service areas. Internal Controls are implemented within the operational processes and procedures of the Company and ensure the regularity, the security and the validity of the operations. These control activities are an essential component of the success of the day-to-day operations of the business.

Management Oversight is implemented at operational level and the monitoring and review of the effectiveness is the responsibility of senior management of each business line. Senior management of each business line provide the critical link between operational controls and the Second line of Defence and have the duty to assess the internal control environment on an annual basis.

B.4.2. Second Line of Defence - Risk Management, Compliance and Actuarial

The second line of defence comprises six key components which interact and provide the Company with a fundamental toolkit to identify, assess, measure, monitor, manage and report on key risk exposures. The 6 components (which also contribute directly to the ORSA process and report) are:

B.4.2.1. Economic Capital Management

The Company's Partial Internal Model (PIM) is a sophisticated quantitative risk assessment tool which has been tailored by the Risk Management Function to accurately assess the organisation's risk profile, capital requirements and provide the business with the security and stability to support business activity. The PIM is reviewed and assessed at least on an annual basis.

B.4.2.2. Internal Control

Internal Control is assessed as part of the annual System of Governance Self-Assessment and reported to the Belgian Regulator to fulfil the requirements of Circular 2016-31 and updates disclosed in communication 2018_23. The approach to assessing the internal control environment has evolved over a number of years. Previously built upon the externally recognised Committee of Sponsoring Organisations (COSO) internal control framework, the self-assessment is now tailored to assess the key components of the System of Governance and is mapped directly to the content of memorandum. By adopting this approach, the Company assesses the internal control environment through a consistent manner and is able to produce the following:

- Identification of any significant weakness within the Control Environment;
- Conduct evaluation and trend analysis of control environment across the full scope of the Business; and
- Remediation plans for any key weaknesses and to drive continuous improvement;

B.4.2.3. Key Risk Assessment

The Key Risk Assessment (KRA) is conducted on a quarterly basis by each of the Company's business units and functions of control to identify and assess the key risk exposures. The KRA is a qualitative assessment which includes all risk categories (Strategic, Operational, Financial, Insurance, and Business), aligned with the risk appetite framework and ultimately provides the Company and the

Board of Directors with a qualitative Risk Profile of the organisation. The KRA is reviewed and assessed on a quarterly basis to allow the business to review key risk exposures, identify and assess emerging risks and enable Risk Management to analyse the evolution of the Risk Profile.

B.4.2.4. Operational Risk Management

Operational Risk Management is implemented through two established business-as-usual processes designed to collect operational risk data and monitor internal control performance via standardised indicators. Operational risk is in scope of the ORSA Stress Testing and Scenario Analysis.

The Company has an established process for collection of operational risk data through the Operational Loss and Near Miss process. The OLNM is one component of the wider Operational Risk Report (ORR) which monitors standardised operational risk indicators on a monthly basis and leverages existing business reports including OLNM events, (error in claim payments, ex-gratia and exceptional payments, Performance Guarantees etc) Data Protection/Information Protection breaches, IT Systems Outage, BCP events, Complaints, Fraud, Internal Corporate Audit and Quality Audit Open and Overdue items to take the pulse of the organisation. This approach to operational risk data collection and reporting enables a dynamic reporting to be built as is formalised through a monthly report to the Comité de Direction providing the escalation vehicle for any significant breaches in the control environment or emerging trends to be identified and analysed. These processes are subject to continual review and improvement. In 2018, a refinement of the Operational dimension of the Risk Appetite was approved to provide a benchmark to monitor operational losses and baseline the performance the of internal control environment In 2019, monitoring of data privacy events was incorporated to ensure oversight of the risk in this area.

B.4.2.5. Compliance

The Compliance function is placed within the second line of defence and has the responsibility for monitoring the regulatory and statutory environment of the Company's operations. The Compliance Function overlaps within the Operational Risk Management controls where recording compliance breaches and determining mitigation actions should improve the effectiveness of the internal control environment.

B.4.2.6 Actuarial Function

The Actuarial Function provides the final component of the second line of defence and the allocated tasks and responsibilities are fully disclosed in Section B.6 of this report.

B.4.3. Third Line of Defence - Independent Assurance

Independent Assurance is provided through Internal Audit, the Audit Committee and the Board of Directors. All output from the qualitative risk processes (KRA, ORR, and OLNM) is reviewed by Internal

Audit to ensure that what is being identified and assessed is accurate and consistent with their interpretation of the controls environment. Internal Audit provides to the other control functions any information deemed to be relevant for them. Internal Audit retain independence and the right to challenge all risk based information provided from the business based on experience, information and their audit reports. The full approach from Internal Audit is disclosed in Section B.5 of this report.

B.5. Internal audit function

As for the other independent control functions, internal audit is set up at the Company level but is entrusted to carry out internal audit tasks at all other companies under Myrtle. All the below information applies to all companies under the responsibility of Myrtle.

B.5.1. Mission statement

Internal Audit is an independent, objective assurance and consulting function designed to add value and improve the organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The objectives of the Internal Audit function are to assist all levels of the Company's management and the Audit Committee in the effective discharge of their responsibilities in these areas by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and investigated, and by promoting effective risk management and control at reasonable cost.

The scope of the Internal Audit function encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the company's stated goals and objectives.

B.5.2. Audit Cycle

Annually, the Senior Internal Audit Manager develops a risk based annual audit plan taking account of all the Company's activities and its entire governance system. The annual audit plan is discussed with the Comité de Direction and submitted to the European Audit Committee for approval and includes a summary of the audit schedule, staffing plan and budget for the following year. The Audit Plan should include enough time for additional internal audits or advisory engagements.

The annual audit plan is developed based on prioritisation of the audit universe using a risk based approach with a formal risk assessment of existing and emerging risks, to ensure alignment of audits planned to significant company risks identified by the European Risk Management function and a broad consultation of companies' executives and control functions across the organization to take into account their risk assessment and recommendations. The audit plan aims at covering all significant activities of the Company and the entire governance system of the company within a reasonable timeframe (at most every five years) and includes specific process audits, procedure reviews, IT audits and assignments that are a combination of all three.

Internal audits are undertaken by Internal Audit in coordination with the global audit team using shared staff/management resources where relevant in order to share knowledge and experience across the enterprise, manage pooled resources and access specialist skills (e.g. IT audit).

Final audit reports, covering the audit and any findings, are distributed to the Company's and the audited entity's leadership at the conclusion of each audit assignment. Copies of all audit reports and audit plans are shared with our independent external auditors.

The status of findings and closure of findings are monitored by Internal Audit and entity leadership. On a monthly basis, Internal Audit reports on the progress of the audit plan and the main findings of the audits and distributes a summary of all open findings and closure status to the Comité de Direction.

B.5.3. Reporting

The Senior Internal Audit Manager reports quarterly to the European Audit Committee on Internal Audit activities including

- The status and results of the annual audit plan; and
- The resolution status of the findings from previous audits.

Annually, the Senior Internal Audit Manager provides the Board of Directors with a report on internal audit personnel and internal audit activities that will include a full listing of Internal Audits performed since previous reporting.

B.5.4. Methodology

Cigna's global risk based internal audit methodology complies with guidance from the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA) and ensures consistency of audit planning, execution and reporting.

In 2018, an External Assessment was conducted and Cigna Internal Audit received a "Generally Conforms" rating, the highest rating available. A process is in place to continue refinement of the methodology on a global level which the European team is linked into.

A quarterly Quality Assurance programme is in place across the Internal Audit function. This is carried out on a sample basis by members of the department who are independent of the assignment being reviewed.

B.5.5. Preservation of Independence

The Company's Internal Audit function is independent from business activity and occupies the 3rd line of defence providing independent assurance to the Board of Directors. The Internal Audit function remains independent from the business through a centralised structure across the Business Units with no resource funded or located within a specific Business Unit. Internal Audit reports to the highest level within the Company to strengthen its objectivity and confirm its independence (i.e. review by the European Audit Committee and oversight by Directors). A close and continuous link is established with the European Audit Committee.

In accordance with the Internal Audit Charter, no member of the Internal Audit team holds other key functions. The internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Additionally, they shall not develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited but shall participate in an advisory capacity on such matters.

B.6. Actuarial Function

The Actuarial Function is led by the European Head of Actuarial Function who is independent of the Head of the Actuarial Department and who is responsible for establishing and implementing a number of tasks to embed the system of governance and a strong internal control environment, and to comply with the Solvency II regulations. The Actuarial Function's responsibilities are to:

- Coordinate the calculation of technical provisions and review the results;
- Ensure the appropriateness of the methodologies, models and assumptions in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of Technical Provisions where approximations are applied;
- Express an opinion on the adequacy of reinsurance arrangements;
- Express an opinion on underwriting policy; and
- Contribute to the effective implementation of the risk-management system.

A key deliverable of the Actuarial Function to address each of the above responsibilities is the production of the annual Actuarial Function Report prepared by the European Head of Actuarial Function. The opinions formulated in this report are communicated to the Comité de Direction and to the Board of Directors on a yearly basis.

B.7. Subcontracting

The Company has in place a Subcontracting Policy with general guidelines on subcontracting as well as a document describing the operational procedure that is in place when envisaging and deciding on Subcontracting of activities or processes called "External Entity Management Policy" which has been approved by the Board of Directors. Subcontracting shall mean the recourse to third parties in order to carry on activities or carry out processes which are intrinsic to the Company. Subcontracting of processes includes the subcontracting of the development of such processes where this is material to the Company or for their strategic development. Subcontracting may cover a variety of services and functions, for example services to policyholders (e.g. a call centre), administrative functions (e.g. accounting, pricing, acceptance of risk, premium collection, claims handling and payment, investment policy, etc.), services where (medical) sensitive data is involved and specialist functions, such as IT, internal audit and data management. In the Company's daily operations, we regularly refer to "external entities" and to "external entity management". These entities and providers and their management come within the definition of subcontracting. When engaging in subcontracting activity, the Company takes into consideration that the subcontracting arrangement cannot:

- Severely compromise the quality of the Company's governance system;
- Unduly increase the operational risk;
- Compromise the ability of the regulators (in particular the National Bank of Belgium) to supervise that Cigna is fulfilling its obligations under the Solvency II Law; or
- Hamper the ongoing provision of a satisfactory level of service with regard to policyholders, insured parties and beneficiaries of insurance contracts or persons concerned by the execution of reinsurance contract.

The subcontracting process is managed by a dedicated team (External Entities Management team) which is responsible for the independent assessment, monitoring and review of the subcontracted activities or functions. In the subcontracting process, Cigna Information Protection, Legal and Compliance are involved. Necessary information duties and / or prior approval from the NBB are provided / sought when required by the regulatory provisions. In the table below we have listed all the subcontracts which are critical for the company.

SERVICE PROVIDED	ORGANISATION/LOCATION
Intra Cigna Group Subcontracting	
Shared Service Centre - Sales, Underwriting, Claims Handling, HR, IT and Real Estate	Internal Organisation (UK)
Sales, Underwriting and Claims Handling (Regulated intermediary)	Internal Organisation (Belgium)
Sales, Underwriting and Claims Handling (Regulated Intermediary)	Internal Organisation (UK)
Internal Reinsurance Program	Internal Organisation (Europe)
Independent Control Functions	Internal Organisation (Belgium)
External to Cigna Group Subcontracting	
Management of investments including discretion to manage portfolio creation and credit underwriting (Europe).	Subcontractor providing European wide service
Management of investments including discretion to manage portfolio creation and credit underwriting (Singapore).	Subcontractor providing European wide service
Provides a single, integrated platform for refined Management Information (Sales, Customer Service, Business Analysis)	Subcontractor providing European wide service
Evacuations and assistance with remote provider services	GHB
Scanning, indexing and document storage services for Member and Provider Claims in Antwerp	GHB - Belgium
IT development and support for core customer management systems	Subcontractor providing European wide service

Exhibit B.6: Main Subcontractors List

B.8. Any Other Information

All material facts regarding the Company's system of governance are covered in the sections above. As demonstrated quantitatively in Section E, the SCR for the insurance entities CLICE and CEIC makes up 95% of the Group SCR thus covering the material risks within the Company. All risks not in the scope of the regulatory SCR are captured through the Own Risk and Solvency Assessment (ORSA) process for the individual insurance companies as well as the non-insurance entities.

As part of the regulatory System of Governance requirements, the Company conducts an annual self-assessment exercise of the key control components described above. This includes a large number of individual checks across all operational Business Units and Functions of Control, including the operation of the key governance bodies, and is designed to be proportionate and adequate to the nature, scale and complexity of the risks inherent to the Company. Some areas of improvement have been identified and updates are regularly monitored by the Comité de Direction.

C. RISK PROFILE

C. RISK PROFILE

The Company Risk Universe provides the basis for all risk assessments conducted by the management of each business unit and control function. By utilising the risk universe as a benchmark, it ensures that management considers all material risks within the scope of business operations in a consistent manner. Management can then prioritise the key risk exposures from the Risk Universe and identify and assess the risks relative and most prominent to their specific business model and operations. Risk exposure is classified into five broad categories: insurance risk, market risk, credit risk, operational risk, and business risk. For each of these risks, the exposure, the concentration, the mitigation techniques and the sensitivity to stress tests scenarios is analysed in this section.

The development of sophisticated quantitative and qualitative risk assessment tools has been primarily driven through the risk-based European regulatory requirements of the Solvency II Directive. In order to meet Solvency II requirements, the Company uses a Partial Internal Model (PIM) for the two insurance companies CLICE and CEIC (approved in 2015), with internally developed risk modules for key exposures where the Standard Formula is deemed insufficiently accurate in reflecting Cigna's specific risk exposures. This PIM has also been deployed at the holding insurance company level following approval in 2017. Cigna Europe has thus transitioned from a Deduction & Aggregation method towards a Full Consolidated approach, the latter method being applied as of 01/01/2018 and beyond.

As outlined in the Solvency II Directive, the risk measure is the Value at Risk (VaR) of the basic own funds (BOF) of the Company subject to a confidence level of 99.5% over a one-year period.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
SCR	**107,762**	**95,002**	**50,750**	**50,896**	**185,752**	**167,562**
Market Risk	17.5%	17.4%	34.4%	32.7%	37.2%	37.4%
Credit risk	21.0%	18.9%	6.2%	7.3%	20.9%	18.3%
Life Underwriting risk	1.7%	1.7%	0%	0%	1.0%	0.9%
Health Underwriting risk	38.9%	41.0%	47.6%	42.5%	25.4%	24.3%
Non-Life Underwriting risk	0%	0%	0.4%	5.7%	0.2%	3.5%
Operational Risk	20.8%	21.0%	11.4%	11.9%	15.3%	15.7%

Exhibit C.1: Cigna Europe's Risk profile

RISK NOT CAPTURED WITHIN SCR

Two risks are not assessed through the PIM: liquidity risk and strategic risks, for all three entities. Those risks are considered within the implemented risk management system and are assessed using other tools such as scenarios or key risk assessment. Those risks are covered respectively in section C.4 and C.6.

In the context of Myrtle, the operational risk capital charge is also not completely captured within the SCR. The ancillary services companies provide mainly business support for internal clients CLICE and CEIC. Consequently when we consider CLICE and CEIC underlying premiums we are capturing operational risk stemming from these ancillary companies. There are some specific exceptions, for example when CIHS provides services to external clients in its capacity as insurance intermediarty in compensation of a fee. As the fee is excluded from the SF approach, Myrtle does not hold any capital in respect of that risk but it is assessed and monitored through the ORSA process.

In addition to the establishment of a complete risk framework, the Solvency II regulation also provides for a self-assessment of risks in which, taking the business plan into account, the future capital margins are highlighted and a number of sensitive areas implemented. From this analysis we conclude that the Company holds the capital margins required to absorb these shocks. The scenarios are further detailed in following sections.

The Risk Identification and Assessment processes are considered as Business as Usual (BAU) which enables the business and Board to discuss known and generally well understood risk exposures. Stress Testing and Scenario Analysis broaden the risk profile beyond the scope of the unknown and aim to identify Low Probability/High Impact events which, though unlikely, would have the potential to threaten the Solvency Position of the organisation.

The Company dynamically evaluates the impact of those scenarios on the regulatory solvency II position over the business planning time period. Those scenarios have been internally designed and tailored to the Company specificities, allowing for the application of simultaneous stress parameters. These are generally significantly stronger than the Standard Formula, and even than standard stress tests.

C.1. Underwriting Risk

Underwriting risk refers to all insurance risk of loss arising from fluctuations in the timing, frequency and severity of claim payments (including expenses) compared to underlying assumptions made at the beginning of the policy.

Life risk includes mortality risk, longevity risk, disability/ morbidity risk, lapse, expense risk and revision risk while Health and Non-Life risks include reserve risk, premium risk, lapse risk and catastrophe risks.

Reserve risk is related to outstanding claims, while premium risk is related to future claims from which catastrophe claims are excluded. Catastrophe risk is related to claims arising from catastrophic events: either natural and epidemiologic disasters or man-made events.

Lapse risk is related to a risk of loss in the value of insurance liabilities, resulting from changes in the rates of policy lapses. From the Company standpoint this risk is thus related to future premiums included in the premium provision where an expected profit is foreseen. Lapse risk is the risk that more lapses will occur than the expected ones, generating less profit than foreseen.

C.1.1. Risk exposure

The following table shows the SCR contribution of the underwriting risk to the overall risk profile for the three entities. The figures below take account of diversification effects between risk modules. The aggregated diversification effect is disclosed in section E and is here allocated to each risk module to be able to sum up SCRs at each level of granularity:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Health Underwriting risk	38.9%	41.0%	47.6%	42.5%	25.4%	24.3%
Premium risk	22.6%	20.3%	41.7%	38.0%	15.5%	14.7%
Reserve risk	10.9%	14.4%	5.5%	4.1%	6.6%	6.6%
Lapse risk	1.1%	1.6%	0.0%	0.0%	0.5%	0.7%
Catastrophe risks	4.3%	4.8%	0.3%	0.4%	2.9%	2.3%
Life Underwriting risk	1.7%	1.7%	Not applicable		1.0%	0.9%
Mortality/ Longevity risk	0.8%	0.8%			0.5%	0.4%
Expenses risk	0.1%	0.1%			0.1%	0.1%
Lapse risk	0.1%	0.0%			0.0%	0.0%
Catastrophe risk	0.7%	0.7%			0.4%	0.4%
Non-Life Underwriting risk	Not applicable		0.4%	5.7%	0.2%	3.5%
Premium risk			0.1%	0.5%	0.0%	0.2%
Reserve risk			0.2%	5.0%	0.1%	3.3%
Lapse risk			0.0%	0.0%	0.0%	0.0%
Catastrophe risks			0.1%	0.1%	0.0%	0.0%

Exhibit C.2: Cigna Europe's underwriting risk

Underwriting risks are those which emerge from the Company's core business functions. Premium, Reserving and Catastrophe risk are inherent risks to the business. Under Solvency II requirements, Life Underwriting Risk is modelled through the Standard Formula as it accurately reflects Cigna's risk profile, while Premium, Reserving and Pandemic Risks are internally assessed to better reflect the Company's specific risk profile and related entities.

In the above exhibit, the increase in CEIC's Health underwriting risk is driven by the organic growth of the GHB business. The run-off of the CISEL business remains the reason of the decrease of the Non-Life piece.

The Company has also defined an Underwriting and Reserving Strategy which outlines the core processes and procedures which underpin Cigna's internal approach.

The management of the Underwriting risk at the Company level is made in accordance with the Company's risk appetite through local and Board Risk Committees.

The underwriting strategy is continuously monitored by each concerned entity and followed up by the Insurance Risk Officer based on relevant risk dashboard given specific limits per type of business.

C.1.2. Risk concentration

As the Company is selling medical and non-medical group insurance (death benefits, disability benefits, etc...) to the employer segment, there might be a risk of having many people located in a same building at one time causing concentrations of accidental deaths, disabilities and injuries in the event of a catastrophic scenario e.g. terrorism, nuclear explosion, natural catastrophes.

Even if the calculation of the regulatory capital requirements under Solvency II already captures such concentration risk, the Company has developed an additional concentration catastrophe scenario where both claims and expenses are impacted. This is done at the solo entity (CLICE and CEIC) and at group level. Myrtle benefits from the mitigation effect brought by CEIC, as the latter is not affected by the concentration scenario. The Company actively monitors this risk in respect of tailored risk appetite limits determined at solo entity and group levels. Specific governance processes are in place within each business line and each legal entity to ensure the immediate identification of any potential source of risks.

C.1.3. Risk mitigation

Where appropriate, the Company utilises reinsurance to mitigate against significant financial impact of material risk exposures i.e. catastrophic concentration risk, underwriting concentration, earnings volatility. The main objective of reinsurance is to reduce volatility in capital requirements and earnings, and hence drive back the uncertainty associated with the risk in the insurer's valuation.

The reinsurance program of the Company is made of per person covers, per event covers and aggregate covers. Reinsurers are selected based primarily on pricing and counterparty default risk considerations. Underwriting guidelines set the limits to be respected with regards to underwriting value of the business, in terms of expected margin targets. Ultimately, this is the role of the Insurance Risk Officer to accept or not the business and the risk related to it.

The reinsurance committee ensures the continued effectiveness of the reinsurance program through monitoring of both current reinsurance strategy and results along with the shape of future direction of reinsurance based on expected risk profile of the business.

To this end, regular analysis is performed including monitoring of the performance of treaties, adequacy and appropriateness of reinsurance placements from a profitability and risk/return point of view and assessment of the capital efficiency of reinsurance through the Partial Internal Model.

C.1.4. Risk sensitivity

The Company has thus identified two different scenarios affecting the underwriting risks[2]:

- Pandemic scenario;
- Concentration scenario; and

	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Δ Solvency position						
Pandemic scenario (1)	-41.7%	-41.8%	-17.7%	-20.1%	-35.1%	-31.0%
Concentration scenario (2)	-0.7%	-6.6%	Not applicable		-9.7%	-10.6%

Exhibit C.3: Cigna Europe's sensitivity to underwriting scenario

(1) The scenario considers the occurrence of a severe flu pandemic in an integrated worldwide context

(2) The scenario considers the occurrence of a terrible accident in the most concentrated exposures in the same building inspired by the World Trade Center Terrorist attack in terms of severity.

The sensitivity to the Pandemic scenario remains stable compared to last year. Although having a significant impact, the materialization of such a scenario wouldn't threaten the Solvency position of CLICE, CEIC or Myrtle seen the high Solvency positions observed at YE19. Furthermore, the above scenario is far more conservative than the current state of the Covid-19 pandemic as:

[2] Seen the material decrease of the travel insurance book of CEIC, the terrorist attack scenario has been removed from the set of scenarios as from 2019.

- It assumes an attack rate (percentage of population infected) of 100% while the estimated attack rate on Cigna's portfolio is still below 1% at the time this report is written.
- It assumes flat death rates independent of the age of insureds, while in practice death rates increase with age. Available statistics show that death rates only become significant beyond 65 years old, whereas Cigna's portfolio is essentially comprises insured below 65 years old.
- It doesn't capture lockdown effects that in practice led to significant reduction in benefit expenses related to elective treatments.

Finally, the impact of Covid-19 on Cigna is mitigated through a number of factors and actions the Company has put in place over the last years. Amongst those are a reinsurance cover protecting abnormal deviations of life claim amounts, annually renewable contracts allowing the Company to quickly react through modifications or terminations and geographical spread of our insureds ensuring diversification.

The concentration scenario is specifically designed for the IO business, which is only written through CLICE. The decreased sensitivity of CLICE to this scenario results from refined assumptions on expenses. The scenario now reflects the fact that expenses are borne by a service company rather than by CLICE. This refinement doesn't impact Myrtle as the latter encompasses the service company.

Cigna keeps a very strong solvency position whatever the extent of the underwriting scenarios thanks to initial level of capital and risk mitigating actions undertaken.

C.2. Market Risk

Like any other financial institution, the Company is exposed to investment / market risks. Those risks arise from changes in values caused by potential adverse change in the value of assets and liabilities due to movements in the market prices level or volatilities of market prices. Those encompass:

- Interest rate risk stems from the risk of a change in value caused by deviation of the term structure of interest rate or interest rate volatility;
- Equity risk is defined as the risk of loss arising from a change in the level and/ or in the volatility of market prices of equities
- Spread risk is the Risk of change in value of assets, liabilities and financial instruments impacting the level or volatility of credit spreads over the risk-free interest rate term structure even if the credit quality (rating) remains unchanged;
- Market concentration risk arises from an accumulation of exposures with the same counterparty or from large exposure to default risk by a single issuer of securities or a group of related issuers;

- Currency risk relates to the sensitivity of assets and liabilities to changes in the level or volatility of currency exchange rates.

The company sets multiyear objectives in terms of investment profitability and performance is tracked against a plan on a monthly basis and aligned with the risk budget. The investment portfolio is managed through internal benchmarks which are monitored for any breach in risk taking activity. This approach to investment is governed through a number of related policies to ensure investments operate within the risk appetite budget, are appropriate to the nature and complexity of the organisation and the impact to the overall risk appetite of the Company is understood. These complementary policies ensure monthly and quarterly monitoring process concerning the overall quality, security and profitability of the investment portfolios ensuring full reporting of performance to the Comité de Direction and ultimately the Board in case of changes in the investment portfolios against risk appetite or subsequent impacts on the overall Risk Profile. The Company has a low exposure to Investment Risk as it has a limited investment portfolio which is based upon on high quality, medium maturity and low volatility bonds with strong concentration thresholds. The table below shows the financial exposures per type of investments on a market value basis.

(EUR'000)	31-Dec-19			31-Dec-18		
CLICE	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds (1)	25,261	79,261	0	32,846	78,744	0
AAA	8,710	41,095	0	8,782	32,144	0
AA	16,551	38,166	0	24,064	44,305	0
A	0	0	0	0	2,295	0
BBB	0	0	0	0	0	0
Below BBB	0	0	0	0	0	0
Corporate bonds (1)	126,592	114,500	41,775	112,315	101,734	37,706
AAA	1,098	18,079	0	1,792	12,855	0
AA	11,911	22,696	0	15,986	18,737	0
A	58,837	51,739	0	64,382	45,625	0
BBB	54,024	19,641	611	29,522	22,338	0
Below BBB	723	2,346	41,163	634	2,180	37,706
Collateralized Securities	0	1,293	0	0	0	0
Short-Term deposits	2,854	6,158	3,067	0	0	3,122

Exhibit C.4: CLICE's credit quality of market risk exposure – Solvency II Basis

(1) As an issuer was recategorized from sovereign to corporate for capital requirement calculations, the numbers above will not fully reconcile with investments as provided in sections A and D of this document.

(EUR'000)	31-Dec-19			31-Dec-18		
CEIC	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds	8,032	3,618	38,199	10,187	14,505	31,798
AAA	4,263	1,219	18,238	6,328	0	21,768
AA	3,768	2,399	13,614	3,858	14,505	10,030
A	0	0	6,347	0	0	0
BBB	0	0	0	0	0	0
Below BBB	0	0	0	0	0	0
Corporate bonds	16,773	16,915	47,571	15,856	31,190	22,724
AAA	165	0	0	696	0	22,068
AA	2,521	6,021	0	3,201	7,244	0
A	10,293	7,542	38,099	8,113	14,543	656
BBB	3,794	2,203	212	3,847	7,493	0
Below BBB	0	1,149	9,260	0	1,910	0
Collateralized Securities	0	0	0	0	0	0
Short-Term deposits	233	832	0	0	0	0

Exhibit C.5: CEIC's credit quality of market risk exposure – Solvency II Basis

(EUR'000)	31-Dec-19			31-Dec-18		
Myrtle	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds (3)	33,293	82,879	38,280	43,033	93,249	31,874
AAA	12,974	42,314	18,238	15,110	32,144	21,768
AA	20,320	40,565	13,614	27,922	58,810	10,030
A	0	0	6,347	0	2,295	0
BBB	0	0	0	0	0	0
Below BBB	0	0	82	0	0	76
Corporate bonds (3)	143,366	131,415	89,346	128,171	132,924	68,980
AAA	1,263	18,079	0	2,488	12,855	22,068
AA	14,432	28,717	0	19,186	25,981	0
A	69,130	59,281	38,099	72,495	60,168	656
BBB	57,818	21,843	824	33,368	29,831	18
Below BBB	723	3,495	50,423	634	4,090	46,238
Collateralized Securities	0	1,293	0	0	0	0
Loans (2)	0	3,497	21,809	0	3,351	21,397
Short-Term deposits	4,474	6,990	4,581	1,387	0	13,346

Exhibit C.6: Myrtle's credit quality of market risk exposure – Solvency II Basis

(2) The loans are intragroup transaction exposures

(3) As an issuer was recategorized from sovereign to corporate for capital requirement calculations, the numbers above will not fully reconcile with investments as provided in sections A and D of this document.

C.2.1. Risk exposure

The following table shows the contribution of the market risk to the overall risk profile for the three entities. The figures below take account of diversification effects between risk modules. The aggregated diversification effect is disclosed in section E and is here allocated to each risk module to be able to sum up SCRs at each level of granularity:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Market risk	17.5%	17.4%	34.4%	32.7%	37.2%	37.4%
Interest rate risk	2.7%	3.2%	1.9%	1.9%	2.2%	2.9%
Spread risk	9.0%	7.7%	3.7%	3.1%	7.3%	6.7%
Equity risk	0.0%	0.0%	2.1%	1.6%	0.6%	0.5%
Currency risk	5.8%	6.5%	25.6%	25.8%	25.7%	26.5%
Concentration risk	0.0%	0.0%	1.0%	0.4%	1.4%	0.8%

Exhibit C.7: Cigna Europe's market risk

Interest, concentration, equity and spread risks are modelled through the Standard Formula as the Company is exposed to limited investment risks due to short maturity, high quality bonds and limited concentration with a single issuer. This investment strategy is driven by the Company's risk appetite. Only CEIC and Myrtle are exposed to equity risk, due to the strategic participations they own in companies of the group.

The currency risk is assessed internally to allow for exchange rate dependencies.

The management of the investment portfolio is the responsibility of the Asset Liability Committee (ALCO) and is monitored through the processes outlined in the Investment Risk Policy and Asset and Liability Management policy. The ALCO is responsible for the management and monitoring of liquidity, currency, interest, concentration, cash and spread risk.

C.2.2. Risk concentration

Diversification of sources of investments by issuer, by sector and by country is key for Cigna. This allows the Company to better monitor potential concentration of risks, at legal entity level and for the group.

The only source of concentration within market risks stems from investment in Great Britain Pounds (GBP), that are not fully aligned with our liabilities, which creates an impact on currency risk. Both solo entities (CLICE and CEIC) accept mismatches arising from ownership of local operating companies in non-euro currencies as a consequence of being an international group. However at the consolidated entity level, the Company is targeting the natural hedge of its Solvency II position against exchange rates volatility.

C.2.3. Risk mitigation

The Company has limited exposure to investment of assets which limits the application of the ‘prudent person’ principles due to no activity in selling insurance or investment products which include commitment to policyholder return on investment which minimises any conflict of interest. Furthermore, the Company has no exposure to contacts in units of account and index linked contracts, assets not admitted to trading on regulated market or derivatives.

The Company’s exposure to market risk is further minimised through policies on investment and Asset and Liability risk including selection, diversification and continuous monitoring of investment and cash exposures. This monitoring is made in accordance with the limits set up by the risk appetite framework. Those metrics cover currency, interest rate, spread, concentration and counterparty risks. The continued adequacy and effectiveness of these metrics are ensured thanks to the annual review of policies and update of the Risk Appetite framework.

C.2.4. Risk sensitivity

Sensitivity and scenario testing are regularly performed to assess the strength of the Company to abnormal market movements and hence provides additional information about market risks alongside the information embedded in the Standard Formula.

The Company has thus identified two different scenarios affecting the underwriting risks:

- Eurozone crisis scenario; and
- Investment contraction inspired from the Swiss and Singapore regulation.

	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
∆ Solvency position						
Eurozone crisis (1)	-32.5%	-57.2%	-25.1%	-53.4%	-16.8%	-51.0%
Investment contraction (2)	-18.0%	-14.8%	-38.1%	-28.0%	-20.4%	-11.5%

Exhibit C.8: Cigna Europe’s sensitivity to market scenario

(1) This scenario encompasses several factors such as (non-exhaustive list) 20% depreciation of EUR against other currencies, an increase of 200 basis point of all spread curves, downgrade of all investment and reinsurance undertakings, bankruptcy of the largest bank exposure as well as largest corporate client. This scenario is the combination of several scenarios designed by several regulatory authorities: EIOPA, Swiss, Singapore and NBB.

(2) This scenario assumes a general spread widening for all rating class (from 75bp for AAA to 400bp for BB and below), depreciation of Asian and emerging countries exchange rates and equity drop of 25%.

The Eurozone crisis’ scenario is covering most of the identified key risks of the Company. It is considered as an extreme scenario mainly related to cash balances. The shock has decreased in 2019 due to a refinement of the calibration of the scenario. EIOPA stress tests cover similar scenarios to the Eurozone crisis' ones but the latter's specifications are significantly stronger.

The increased sensitivity of CEIC, and consequently Myrtle, to the investment contraction scenario is related to increased exposures to Singapore Dollar, which is assumed to depreciate heavily in this scenario. It should be noted that impacts at YE18 have been amended compared to last year's report in order to reflect credit spread shocks in N rather than in N+1.

The Company keeps a sufficient solvency position whatever the extent of the market scenarios thanks to initial level of capital and risk mitigating actions undertaken.

C.3. Credit Risk

The credit risk is the potential losses due to the non-payment or the unexpected failure of a given counterparty to meet its contractual obligation in accordance with agreed terms. The Company is exposed to credit risk due to the possible failure of one or several internal/external counterparties. This is a significant risk to the Company which is a natural consequence of the inherent group structure. Consequently the scope of the credit risk category within the Company encompasses internal contagion risk and external counterparty default risk.

The breakdown of the credit risk within for the Company is mainly driven by external risk exposures.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Internal exposures	**100,063**	**118,478**	**33,587**	**38,098**	**150,061**	**141,721**
CGRC	85,830	66,023	30,759	27,054	116,590	93,076
Intercompany transactions	14,233	52,455	2,828	11,044	33,472	48,644
External exposures	**218,714**	**193,657**	**70,517**	**69,877**	**447,079**	**385,147**
Reinsurers	8,906	7,967	1,542	2,788	10,448	10,755
Cash and cash equivalents	47,728	31,756	27,507	25,192	160,413	128,409
Account receivables from policyholders and brokers	148,897	145,410	35,737	36,170	254,132	219,727
Other receivables from reinsurance	9,808	7,227	4,327	5,175	14,135	12,402
Other receivables from non-affiliates	3,375	1,297	1,404	552	7,952	13,855

Exhibit C.9: Cigna Europe's credit risk exposures

The contagion risk is the risk of experiencing losses due to the belonging of a large insurance conglomerate including financial distress across the group as a result of the ownership structure and related actions, over-reliance on group capital to support local operations. This encompasses for example the internal reinsurance default or non-payment of intercompany obligations.

Intercompany transactions relate primarily to the allocation and recharging between Cigna companies of operating expenses. Cigna operates a centralised expense function model, with expenses initially incurred by specific service entities before being recharged on an arm's length basis to applicable other Cigna companies. The majority of such recharges are physically settled within 30 days, with a policy of a maximum outstanding period of 90 days before settlement. Intercompany transactions and reconciliations are closely monitored by various levels of Cigna management and reviewed by internal audit.

Any default risk on intercompany exposure is mitigated by the diversification of this balance across numerous different entities, limiting any individual exposure and the presence of wider Cigna group capital funding leading to the very low risk of any intercompany balance not being recoverable.

The external counterparty default risk might be caused by the propagation of the effect of a failure or financial distress of an external institution in a sequential manner to other institutions or markets. This includes for instance cash at bank exposures, external reinsurance arrangements or receivables from policyholders and intermediaries.

C.3.1. Risk exposure

In respect of the assessment of the credit risk, The Company has adopted the Standard Formula risk mapping:

- Type 1 credit risk encompasses reinsurance mitigation risk, captive risk and cash at bank;
- Type 2 credit risk refers to account receivables' exposures.

Type 1 and Type 2 include internal and external sources of credit risks.

The following table outlines the breakdown per type of credit risk for the Company. The figures below take account of diversification effect between risk modules. The aggregated diversification effect is disclosed in section E and is here allocated to each risk module to be able to sum up SCRs at each level of granularity:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Credit risk	**21.0%**	**18.9%**	**6.2%**	**7.3%**	**20.9%**	**18.3%**
Type 1 risk exposures	6.0%	4.6%	1.0%	1.4%	5.6%	5.2%
Type 2 risk exposures	14.9%	14.2%	5.2%	5.9%	15.3%	13.1%

Exhibit C.10: Cigna Europe's credit risk

The Company has implemented a sound and robust Risk Management Framework at solo entity level where the credit risk is monitored. Each solo undertaking has a defined Reinsurance and Investment risk Strategy which outlines the core processes and procedures which underpin Cigna's credit risk approach. This ultimately benefits the group.

The management of the credit risk at the Company is done in accordance with the Company's risk appetite through Reinsurance, Asset and Liability and Board Risk Committee.

C.3.2. Risk concentration

In respect of the optimisation of the capital management and the Company's willingness to benefit from the strength and expertise of Cigna Corporation, the Company has established an arrangement with its internal reinsurer for some specific clients with high concentration risk exposure to benefit from the financial strength of Cigna Corporation.

The account receivables of the IO business are the main contributor to the credit default risk of CLICE. Cash exposure at Myrtle level is not only driven by CLICE and CEIC, as all the other subsidiaries have significant cash needs. A specific cash pooling arrangement has been set up between all the entities of the Group to optimise cash use. As Cigna entities' cash is mostly concentrated to Citibank entities, a specific limit threshold has been put in place, which enables mitigation of the risk as the bank is A rated. The Company actively monitors through solo entities this risk in respect of tailored risk appetite limits, at solo and at group levels. Specific governance processes are in place to ensure the immediate identification of any potential source of risks. In case of breach and related magnitude, a set of management actions have already been set up.

C.3.3. Risk mitigation

The Company minimises this risk through policies on counterparty and bank selection, collateral requirements, diversification and close monitoring of credit exposures. The credit rating applied by the Company is based on ratings provided by external rating agencies. Specific policies provide guidelines for the proper utilization of reinsurance and ensure that, amongst other review and authorization requirements, reinsurance purchases are appropriate, security meets internal requirements, contractual terms & conditions are reasonable, and the risk strategy is supported by Cigna management. In particular, contracting guidelines clearly defines satisfying criteria for a reinsurer to be approved in a partnership, including the need to have an AM BEST rating of at least A- or equivalent.

This risk related to cash exposures is managed through limits at insurance which takes into account the credit quality and the expected period of holding, and through regular monitoring and early warning systems. Even though the cash exposures have increased for all entities, the vast majority of the cash exposure is at least A-rated or equivalent. The cash exposure should remain within risk appetite budget. Cigna also has a scenario for the default of the largest single bank exposures.

The continued adequacy and effectiveness of the risk mitigation techniques detailed above are ensured through an annual review of policies and Risk Appetite framework.

C.3.4. Risk sensitivity

The table below shows the impact on Solvency II position as the result of three scenarios that might affect the credit risk.

	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
△ Solvency position						
Collateral down shock (1)	-42.2%	-47.1%	-28.1%	-29.0%	-31.4%	-37.9%
Non-payment of receivables (2)	-1.5%	-1.2%	0.1%	-7.2%	-0.3%	-1.2%
Bank bankruptcy (3)	-9.7%	-9.2%	-25.8%	-17.4%	-9.6%	-6.0%

Exhibit C.11: Cigna Europe's sensitivity to credit scenario

(1) The scenario considers a decrease in value 50% of the collateral arrangements.
(2) The scenario refers to the non-payment of the largest client receivables
(3) The scenario considers the bankruptcy of our largest bank exposure

The decreased shock observed on CEIC in the non-payment of receivables scenario is driven by the important decrease of AR levels within CISEL, following its run-off.

The Company keeps a very strong solvency position whatever the extent of the credit scenarios thanks to initial level of capital and risk mitigating actions undertaken.

C.4. Liquidity Risk

The liquidity risk is the risk of loss arising from the illiquidity of the assets held to meet the cash flow requirements and also due to insufficient funds to be available to meet cash outflow commitments as they fall due.

Two sources of liquidity risk have been identified within the Company:

- Market liquidity risk is the risk of not selling assets at their fair value due to adverse market conditions;

- Underwriting liquidity risk is the risk of not having sufficient amount of cash to offset liabilities commitments

The principal objective of our liquidity management is to be able to fund the Company and to enable the core business activities to continue to generate revenue, even under adverse circumstances.

C.4.1. Risk exposure

The risk exposure is relatively remote for the Company as:

- The investment portfolio is well balanced over high quality bonds with relatively short maturities.
- The nature of our business does not trigger unexpected massive cash reimbursement:
  - limited risk of change in policyholder behaviour i.e. more lapses would result in generating less profits than foreseen.
  - limited risk in case of large claim as half of the claim payments are paid by our internal reinsurer.

Thanks to several Asset and Liability Management indicators and regulatory requirements, the Company holds sufficient liquid assets to cover its liability commitments. The Company manages liquidity risk at different levels:

- at the business unit level on a monthly basis;
- at the Risk forum on a quarterly basis; and
- at the Asset and Liability committee on a quarterly basis.

As set out in the Article 260 and 309 of the European Delegated Regulation 2015/35, the expected profit included in future premiums is calculated as the difference between the best estimate premium provisions and a calculation of the Best Estimate premium provision under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received for any reason other than the insured event having occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy. All other assumptions remain unchanged.

The following table provides the expected profit included in future premiums, net of internal reinsurance.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Health underwriting	15,620	22,673	-1,557	-2,042	14,063	20,630
Medical Expenses	4,968	11,104	-1,666	-2,550	3,302	8,554
Income Protection	10,651	11,568	109	508	10,761	12,076
Life underwriting	-678	537	0	0	-678	537
Non-Life Underwriting risk	0	0	135	165	135	165
Miscellaneous Non-Life	0	0	135	144	135	144
Legal Expenses	0	0	0	21	0	21

Exhibit C.12: Cigna Europe's expected profit included in future premiums

C.4.2. Risk concentration

No liquidity risk concentration exists.

C.4.3. Risk mitigation

As stated in section C.4.1, liquidity risk is limited by the nature of the investments (high quality bonds with relatively short maturities) and the nature of the business that does not trigger unexpected massive cash reimbursement. Liquidity is managed through the monitoring of key exposures and tests performed at Asset and Liability Committee level.

The Company further minimises this risk through policies on liquidity risk and investment including identification, assessment, measurement and monitoring of liquidity risk on a continuous basis. These policies are reviewed on an annual basis to ensure their continued effectiveness. The Liquidity risk limits are established by the risk management and are validated by the Asset and Liability Committee, which can ultimately requested Board of Directors' review.

Moreover, a cash pooling account has been implemented which allows Cigna European entities to have access to money at any time.

C.4.4. Risk sensitivity

Additionally, the Company internally models Liquidity Risk through scenario analysis. The Company has thus assessed the time needed to raise capital to face potential severe large claims.

	Immediate	0-3 months
Availability of funds CLICE	22.1%	77.9%
Availability of funds CEIC	32.7%	67.3%
Availability of funds Myrtle	25.2%	74.8%

Exhibit C.13: Cigna Europe's availability of funds

C.5. Operational Risk

The Company is subject to operational risks defined as *'the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events (including legal risk)'*.

The Company has classified its potential sources of operational risks as follows:

- Regulatory risk is generally defined as the risk of having the 'licence to operate' withdrawn by a regulator, or having conditions applied (retrospectively or prospectively) that adversely impact the economic value of an enterprise;
- Human capital risk can be defined as events and employee behaviours that occur both within and outside the workplace that can affect employee productivity and/or otherwise affect the organization's operational and financial results;
- Integrity generally refers to violations of law, regulations, internal policies and market expectations of ethical business conduct including fraud;
- Process risk is the risk of failing to implement, monitor and manage internal processes and procedures through a strong internal control environment;
- IT Risk incorporates the many different risks that are associated with Information Technology. These include resource availability, resource utilisation, and architecture/delivery.

C.5.1. Risk exposure

Qualitative risks are inherently subjective and therefore cannot be accurately modelled via historical internal or external data. For operational risks, the Company has developed internal risk management frameworks to provide the business with tools to identify and assess risk exposures, evaluate the internal control environment, determine residual risk rating and subsequently the prioritisation of management actions. This toolkit includes monthly data collection, quarterly risk assessments and annual review of the internal control environment.

Although an inherently qualitative risk, Operational Risk is quantitatively modelled through the PIM and has a capital requirement based upon industry best practice. For the purposes of assessing and managing Operational Risks, the Company deploys two key processes as described in the Risk Management Framework section below.

At Group level, unlike at Solo entity, there is an operational risk exposure associated with the activities of CIHS as an insurance intermediary providing a series of services for internal (i.e. entities within Cigna Europe) and external clients including ASO schemes and insurance premiums underwritten by alternative insurance undertakings. This risk is not completely accounted for within the service companies' P&L and Myrtle does not hold any capital in respect of this risk due to the minor materiality of the risk outweighed by the modelling complexity. Consequently, Cigna Europe will continue to apply the SCR for operational risk based on the SF. The annual ORSA process includes an assessment of this operational charge.

C.5.2. Risk concentration

Through the toolkit mentioned above, the Company has not specifically identified any operational exposures which could threaten its Solvency position. However, through the active monitoring of risk and control exposures, the Company has identified a collection of operational risks which could combine across each business line at local level and present a material risk exposure at European Group level.

As part of the annual ORSA Stress Test and Scenario Analysis, Operational Risk is within scope of the assessment. The aim is to stress both the multiple impacts of an operational risk across a number of categories (operational complexity, regulatory, reputation, IT) and any potential gaps in the internal control environment to analyse a potential worst case scenario from an operational perspective. In 2019, the European Board requested a specific Data Privacy scenario to be included within the ORSA Stress Testing and Scenario Analysis. Due to the prominence of GDPR in both the internal and external environment, the Board requested greater visibility of the GDPR project and potential triggers which could exacerbate any existing vulnerabilities and potentially lead to regulatory actions and potential solvency impacts. On this basis, Data Privacy was added in addition to the two already prioritised risk exposures from an operational perspective:

1. Cyber Security Threat / Hacking;
2. Sustained Operational Pressure on Control Environment; and
3. Large Scale Data Privacy Event.

Due to the nature of operational risk and scenario analysis, the three scenarios share common exposures and vulnerabilities (i.e. sensitive data volumes and GDPR fines). It should be noted, however, that a large scale Data Privacy event could emerge rapidly through internal control failure or miss-management of a one off event and therefore provides a key differentiator from the 'perfect storm' methodology used to stress the Sustained Operational Pressure and Cyber Security Threat previously modelled.

C.5.3. Risk mitigation

The nature of operational risk, inherent external exposures and the scenario analysis undertaken is such that these risks will never be fully mitigated, but the aim is to ensure the Board is fully aware of the potential worst case scenarios. The Company therefore breaks each scenario into key risk exposures or internal control components to ensure the business is taking steps to reduce either the likelihood of the risk occurring, or the impact it would have on the business and to provide assurance on this to the Board. Considering this approach and the commonalities of the scenarios identified, actions plans monitored by the Board on a quarterly basis including the following:

- Internal organisational review to create greater efficiencies and synergies across Europe and leverage global skill sets;
- Implementation of specific projects to continually reduce regulatory exposure and enhance internal control environment;
- Implementation of global security standards and update of cyber controls;
- Coordination between Cigna Information Protection (CIP) and IT to embed further detection and monitoring tools for the external cyber environment and related threats;
- Phishing awareness campaigns and training;
- Ethical hacking exercises, recommendations and action plans;
- Strengthening of data governance frameworks and processes;
- Development of data privacy risk appetite and related reporting; and
- Review of data retention protocols and automation of their implementation.

C.5.4. Risk sensitivity

For the purposes of Solvency II and ORSA reporting, the three main qualitative scenarios of Cyber Security Breach / Hacking, Sustained Operational Pressure and Large Scale Data Privacy Event were considered to be sufficiently material that they could potentially threaten the continuity of CLICE and CEIC, and ultimately the Group. This is based not on likelihood of the events but on the 'perfect storm' methodology of all key elements used in the scenarios. Although not quantitatively assessed, the operational impact of each stressed scenario could ultimately result in significant regulatory fines, extended operational outages, or detriments to customer service and delivery. This could subsequently impact financial performance, reputation and result in potential regulatory action due to insufficient control. Although these are operational implications, the outcome of these scenarios would be for the company to deploy capital if required to increase available resources and ensure the continued operations of the business.

C.6. Other Material Risks

The Qualitative Risk Toolkit mentioned above is not limited in scope to Operational Risk but is implemented to include Business Risk also to ensure the full scope of the Company risk exposure are considered within the implemented risk management system. Business risk is defined as *'Risk of loss arising from Legal/political conditions to which the Company is subject, changes in the economic, social and political environment, as well as changes in the business profile and the general business cycle'*. This can include strategic implementation and initiatives, 3rd party dependency, customer experience, external environment. Although these risks are not deemed sufficiently material to breach the threshold and form part of the ORSA Stress Testing, they are considered material from a quarterly risk profile perspective and are thus reported to the Board for ongoing monitoring.

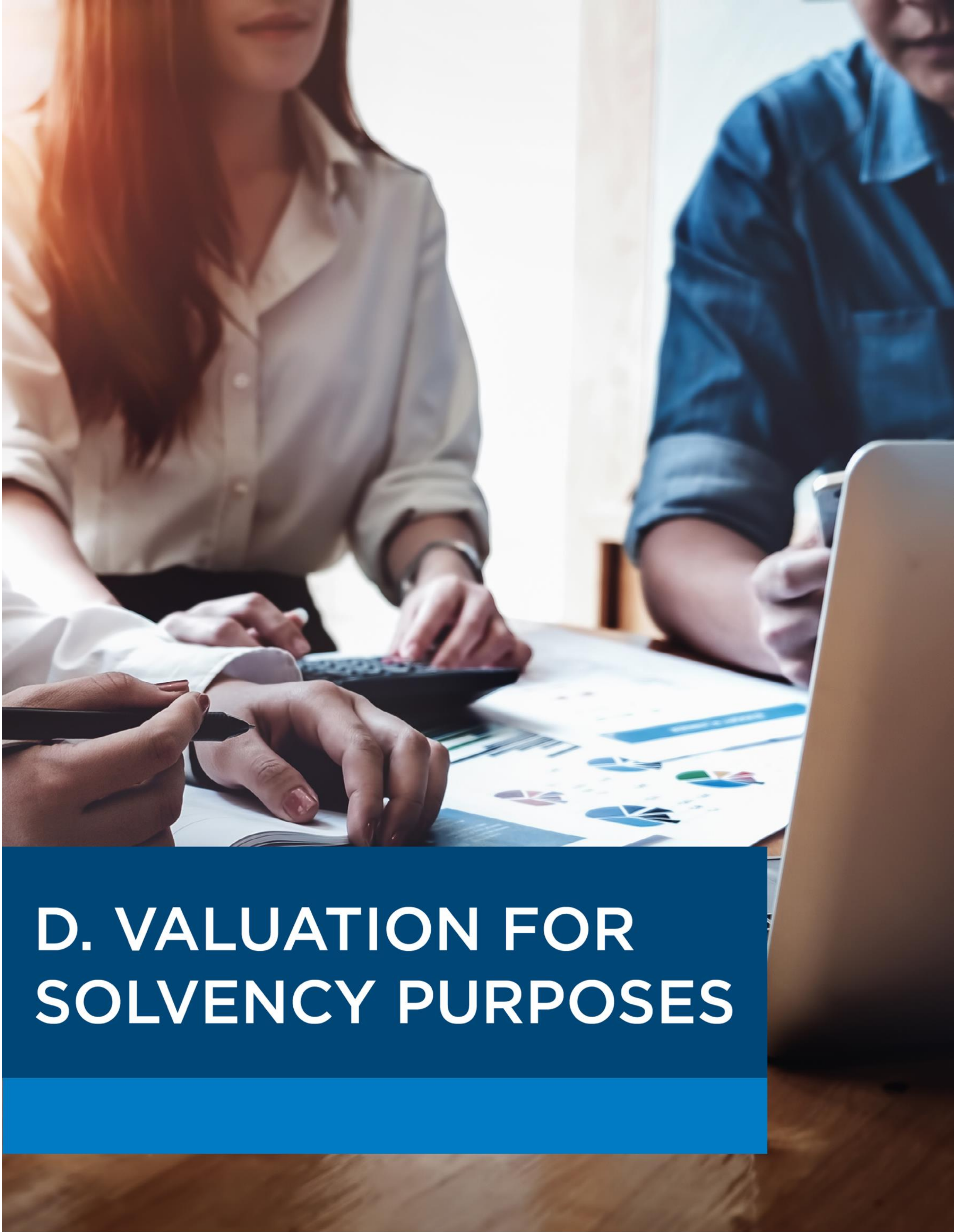
From a Solvency perspective and in the current political landscape in Europe, BREXIT remains a key risk due to the continued uncertainty regarding the political position of the UK and EU, Cigna Europe's Operating Model, and subsequently the format of the future regulatory framework. The Company's focus lies on establishing a strong contingency plan which enables the business to continue to serve members and clients based in the UK via the most sustainable business solution. Cigna engaged with the NBB and UK PRA and pursued the use of a UK Branch to ensure continuous coverage to clients and members post BREXIT. It is anticipated that this approach will result in increased operating costs, operational complexity and greater complexity regarding compliance with regulations. Cigna is implementing actions designed to maintain a long-term, sustainable solution to enable it to continue serving its existing customer and client base, while also ensuring cross-border regulatory compliance by the time that incoming EEA firms need re-authorization.

In addition to BREXIT, there are inherent key risk exposures which are monitored and managed continuously by the Business and the Board to ensure protection of members, clients and providers:

- large scale project implementation;
- managing outsourcing; and
- increasing legal, compliance and regulatory requirements.

C.7. Any other information

No additional information related to the risk profile of the Company is needed.



D. VALUATION FOR SOLVENCY PURPOSES

D. VALUATION FOR SOLVENCY PURPOSES

Cigna Europe has applied the (Full) consolidation method to value the assets, technical provisions, other liabilities and own funds of the Group. The Full consolidation method calculates the group solvency as the ratio between the sums of the consolidated own funds in the group and the consolidated solvency capital requirements in the group. Under the Full consolidation method, we follow International Financial Reporting Standards and thus no longer include the three entities, Cigna Global Wellbeing Holdings Limited, Cigna Global Wellbeing Solutions Limited and Informatica J. Van Breda & Co NV, at 30% but instead include them as investments. This also means that any balances and transactions relating to these three entities are not eliminated as they are not consolidated.

The group consolidated assets, liabilities and own funds have been calculated as described in the following paragraphs. The basis of the consolidation is from the individual financial statements of each entity within the group. The below table provides a summary of the statutory basis and functional currency under which the financial statements for each individual company within the group have been prepared. For each entity, the table also shows the ultimate ownership percentages within the Group.

Entity	Domiciled	Statutory basis of Financial Statements	Functional Currency	Total Group Ownership
Cigna Myrtle Holdings Limited	Malta	IFRS	USD	100%
Cigna Elmwood Holdings SPRL(*)	Belgium	BE GAAP	EUR	100%
Cigna Beechwood Holdings Maatschap(*)	Belgium	BE GAAP	EUR	100%
Cigna Life Insurance Company of Europe SA	Belgium	BE GAAP	EUR	100%
Cigna Europe Insurance Company SA	Belgium	BE GAAP	EUR	100%
Cigna International Health Services BVBA	Belgium	BE GAAP	EUR	100%
Cigna International LLC	USA	US GAAP	USD	100%
Cigna International Health Services Kenya	Kenya	IFRS	KES	100%
Cigna European Services (UK) Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Oak Holdings Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Willow Holdings Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Legal Protection UK Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Insurance Services Europe Limited	United Kingdom	UK GAAP	GBP	100%
First Assist Administration Limited	United Kingdom	UK GAAP	GBP	100%

Exhibit D.1: Entities within Cigna Group

Note: Indented entities have both individual financial statements and group consolidated financial statements available under their parent entity being either Cigna Oak Holdings Limited or Cigna Global Wellbeing Holdings Limited.

(*) Treatment of Maatschap within the group level consolidation. Cigna Beechwood Holdings Maatschap ("Beechwood") is owned 51% by Cigna Elmwood Holdings SPRL and 49% by Cigna Myrtle Holdings Limited. For statutory reporting purposes, Cigna Elmwood Holdings SPRL includes 51% of the assets, liabilities and own funds of Beechwood within the reporting of its balance sheet as required under BE GAAP. Cigna Myrtle Holdings Limited, as required under IFRS, records its 49% ownership of Beechwood at historical cost less impairment. For the purposes of the group consolidation, Myrtle's 49% ownership of Beechwood has been removed from the Solvency II consolidation via a participation adjustment, and has been replaced with the 49% of Beachwood's assets, liabilities and own funds per Beechwood individual financial statements.

The individual entities' statutory results have been converted to the groups Solvency II reporting currency of Euros using the NBB's published exchange rates as at 31st December 2019. Euros have been determined to be the Group's chosen reporting currency as it is the currency in which the majority of the Group's transactions are conducted, and in which the majority of the Group's assets and liabilities are held.

The individual financial statements of each operating entity have recorded their investments in other group entities at historical cost less any impairment (with the exception of Cigna Beechwood Holdings Maatschap as noted under the table above). In order to form a consolidated group position, all investments in other entities have been removed through a participation interest adjustment.

Intra-group receivables and payables as well as intra-group profit and loss transactions have also been eliminated from the consolidation with this approach resulting in accurate assets, liabilities and own funds disclosures consistent with the Solvency II guidance.

Economic adjustments have been made where the valuation methodology on a statutory basis differs to the valuation methodology requirements under Solvency II. A comparison and analysis of the differences between the Solvency II and statutory valuation bases is provided in section D1 for assets, section D2 for technical provisions and section D3 for other liabilities.

The individual results, participation adjustments and economic adjustments for all entities have been consolidated together with the exception of Cigna Global Wellbeing Solutions Limited, Cigna Global Wellbeing Holdings Limited and Informatica J. Vanbreda which the European Group only has a 30% holding in each. These have therefore, not been consolidated and rather have been assigned a value as per the value of the investment in the immediate parent company's signed statutory financial statements, this is in line with International Accounting Standards.

Eight of the ten consolidated entities included in the Myrtle Group are subject to an annual external audit:

- Cigna Life Insurance Company of Europe S.A – N.V ("CLICE");
- Cigna Europe Insurance Company S.A – N.V ("CEIC");

- Cigna International Health Services BVBA ("CIHS Belgium");
- Cigna International Health Services Kenya Ltd ("CIHS Kenya");
- Cigna Elmwood Holdings SPRL ("Elmwood");
- Cigna European Services UK Ltd ("CESL");
- Cigna Oak Holdings Ltd ("Oak"); and
- Cigna Myrtle Holdings Ltd ("Myrtle").

D.1. Assets

D.1.1. Summary of Assets by Class

The tables below show the composition of assets in the balance sheet as at 31 December 2019 measured on a Solvency II basis (as per the Quantitative Reporting Templates (QRTs)) and, for comparison, as measured on a statutory basis.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Government Bonds	106,666	111,590	49,848	56,490	156,594	168,156
Corporate Bonds	280,724	251,756	81,259	78,319	361,985	330,075
Investment funds	10,305	-	1,065	-	11,369	-
Total Investments	**397,695**	**363,346**	**132,172**	**134,809**	**529,948**	**498,231**

Exhibit D.2a: Summary of assets by class for CLICE, CEIC and Myrtle – SII Basis

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Government Bonds	108,940	103,696	49,132	64,956	158,099	168,652
Corporate Bonds	263,051	251,756	80,138	69,666	343,190	321,422
Investment funds	10,307	-	1,065	-	11,371	-
Total Investments	382,298	355,452	130,335	134,622	512,660	490,074

Exhibit D.2b: Summary of assets by class for CLICE, CEIC and Myrtle – Statutory Basis

D.1.1.1. CLICE Assets

CLICE Solvency II Assets are prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-19	31-Dec-18	Methods and main assumptions	31-Dec-19	31-Dec-18	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	-	-	Historic Cost less amortisation
Deferred tax assets	-	-	Fair value	-	-	Fair value
Pension benefit surplus	-	-	Fair value	-	-	Fair value
Property, plant & equipment held for own use	254	265	Historic Cost less depreciation	254	265	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	-	-	Fair value	-	-	Historic Cost
Bonds	388,682	363,346	Market Value	373,286	355,451	Historic Cost/Market Value
Deposits other than cash equivalents	3,067	3,122	Fair value	3,067	3,122	Fair value
Other investments	9,012	-	Fair value	9,012	-	Fair value
Loans & mortgages	-	-	Fair value	-	-	Fair value
Reinsurance recoverable	94,737	73,892	Fair value	120,504	107,900	Fair value
Insurance & intermediaries receivables	148,897	145,399	Fair value	148,897	145,399	Fair value
Reinsurance receivables	9,808	7,227	Fair value	9,808	7,227	Fair value
Receivables (trade, not insurance)	68	68	Fair value	68	68	Fair value
Cash and cash equivalents	47,728	31,756	Mix of nominal and market value	47,728	31,7576	Nominal value
Any other assets, not elsewhere shown	20,121	60,337	Fair value	20,121	60,337	Fair value
Total Assets	722,374	685,412		732,744	711,525	

Exhibit D.3: Summary of Assets for CLICE

D.1.1.2. CEIC Assets

CEIC Solvency II Assets is prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-19	31-Dec-18	Methods and main assumptions	31-Dec-19	31-Dec-18	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	-	-	Historic Cost less amortisation
Deferred tax assets	-	-	Fair value	-	-	Fair value
Pension benefit surplus	-	-	Fair value	-	-	Fair value
Property, plant & equipment held for own use	177	228	Historic Cost less depreciation	177	228	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	6,224	5,725	Fair value	13,044	13,044	Historic Cost
Bonds	131,108	134,809	Market Value	129,270	134,622	Historic Cost/Market Value
Deposits other than cash equivalents	-	-	Fair value	-	-	Fair value
Other investments	1,065	-	Fair value	1,065	-	Fair value
Loans & mortgages	-	-	Fair value	-	-	Fair value
Reinsurance recoverable	32,301	31,411	Fair value	41,074	46,427	Fair value
Insurance & intermediaries receivables	35,226	36,169	Fair value	35,226	36,169	Fair value
Reinsurance receivables	4,327	5,175	Fair value	4,327	5,175	Fair value
Receivables (trade, not insurance)	81	56	Fair value	81	56	Fair value
Cash and cash equivalents	21,090	11,847	Mix of nominal and market value	21,090	11,847	Nominal value
Any other assets, not elsewhere shown	5,109	13,612	Fair value	5,109	13,612	Fair value
Total Assets	**236,707**	**239,032**		**250,463**	**261,180**	

Exhibit D.4: Summary of Assets for CEIC

D.1.1.3. Myrtle Group Assets

Myrtle Solvency II Assets are prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis.

	Solvency II Basis			Statutory Basis		
	31-Dec-19	31-Dec-18	Methods and main assumptions	31-Dec-19	31-Dec-18	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	10,060	4,876	Historic Cost less amortisation
Deferred tax assets	5,779	3,680	Fair value	5,779	3,680	Fair value
Pension benefit surplus	3,704	2,684	Fair value	3,704	2,684	Fair value
Property, plant & equipment held for own use	11,388	12,384	Historic Cost less depreciation	11,388	12,384	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	365	364	Fair value	227	227	Historic Cost
Bonds	519,872	498,231	Market Value	502,584	490,100	Historic Cost/Market Value
Deposits other than cash equivalents	5,969	14,733	Fair value	5,969	14,733	Fair value
Other investments	10,077	-	Fair value	10,077	-	Fair value
Loans & mortgages	25,306	24,748	Fair value	25,261	24,681	Fair value
Reinsurance recoverables	127,038	105,303	Fair value	161,578	154,327	Fair value
Insurance & intermediaries receivables	166,719	162,934	Fair value	166,719	162,934	Fair value
Reinsurance receivables	14,135	12,402	Fair value	14,135	12,402	Fair value
Receivables (trade, not insurance)	34,174	22,178	Fair value	63,270	48,351	Fair value
Cash and cash equivalents	160,413	128,409	Mix of nominal and market value	160,413	128,409	Nominal value
Any other assets, not elsewhere shown	75,847	85,988	Fair value	46,750	59,815	Fair value
Total Assets	**1,160,786**	**1,074,038**		**1,187,914**	**1,119,603**	

Exhibit D.5: Summary of Assets for the Myrtle Group

D.1.2. Differences between statutory valuation and the approach used for Solvency II

The significant differences between the statutory reporting basis and Solvency II in relation to assets are:

- The valuation of investments at market value under Solvency II instead of at historic cost for bonds on a statutory basis. An exception to this is the limited amount of preference stocks held within the bond portfolio of The Company that are already included at market value under Belgium GAAP.
- Intangible assets, such as capitalised software development and purchased blocks of insurance policies have been included within the financial statements of Cigna Insurance Services (Europe) Limited and Cigna International Health Services B.V.B.A. Under the Solvency II guidelines, intangible assets has no value.
- Software is also an intangible asset but has been included within the "Property, plant & equipment held for own use" category for statutory reporting purposes under UK GAAP. As noted above, intangible assets are to be removed from the Solvency II calculation and an adjustment has been made for the relevant entities (Cigna European Services (UK) Limited, Cigna Insurance Services (Europe) Limited and Informatica J. Vanbreda & Co NV.).
- Loans held between entities within the Cigna Group are held at book cost in the statutory accounts of Cigna European Services (UK) Limited, Cigna Europe Insurance Company SA/NV and Cigna Beechwood Holdings Maatschap as per relevant local generally accepted accounting principles. However, under Solvency II these loans have to be disclosed at market value. Consequently, adjustments are made to ensure the loans are shown at market value for Solvency II.
- The pension benefit assets (and liabilities in section D3 below) are currently being measured under UK GAAP and BE GAAP requirements which calculate the net defined benefit asset/liability to be the net total of:
  - the present value of the defined benefit obligation at the end of the reporting period
  - minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly
  - minus any unrecognized past-service costs.
- For Solvency II purposes, pension benefit assets (and liabilities) are to be measured under IAS 19, which also includes any actuarial gains (less any actuarial losses) not recognised due to the corridor approach (IAS 19 para 54). Cigna Europe has made no adjustment to take into account the actual gains and losses due to the corridor approach as it deems this economic adjustment to be immaterial in nature.
- The deferred tax asset is predominantly driven by the fact that the accounting value of fixed assets (disallowed for tax purposes) held in these accounts is almost fully written down whereas there is still a large tax value of fixed assets (allowable tax depreciation) which will be deductible against profits in future tax years.

D.1.3. Key changes since previous reporting period

There have been no changes during 2019 to the approach for valuing assets.

D.2. Technical provisions

D.2.1. Summary of Technical Provisions

The following table shows the Technical Provisions (TP) for the Company split by Solvency II Line of Business (LoB).

(EUR'000)	Medical Expenses	Income Protec-tion	Legal Expen-ses	Miscella-neous Financial Loss	Non Propor-tional Health Reinsurance	LIFE	Total
CLICE							
Gross of Reinsurance	163,736	19,139		Not applicable		29,128	212,003
Reinsurance Ceded	75,904	12,070		Not applicable		6,762	94,737
Net of Reinsurance	87,832	7,068		Not applicable		22,366	117,266
Risk Margin	9,896	1,157		Not applicable		1,760	12,813
Total Net TP	**97,728**	**8,225**		**Not applicable**		**24,126**	**130,080**
CEIC							
Gross of Reinsurance	59,606	7,464	1,899	623	1,947	Not applicable	71,540
Reinsurance Ceded	26,167	3,176	945	118	1,896	Not applicable	32,301
Net of Reinsurance	33,440	4,288	955	505	51	Not applicable	39,239
Risk Margin	2,626	329	84	27	86	Not applicable	3,152
Total Net TP	**36,066**	**4,617**	**1,038**	**533**	**137**	**Not applicable**	**42,391**
Myrtle							
Gross of Reinsurance	223,343	26,602	1,899	623	1,947	29,128	283,544
Reinsurance Ceded	102,071	15,246	945	118	1,896	6,762	127,038
Net of Reinsurance	121,272	11,357	955	505	51	22,366	156,506
Risk Margin	13,288	1,576	84	27	86	1,845	16,907
Total Net TP	134,560	12,933	1,038	533	137	24,211	173,412

Exhibit D.6: Best Estimate Liability YE 2019

D.2.2. Methodology

D.2.2.1. Introduction

Solvency II Technical Provisions comprise a Best Estimate Liability (BEL) and a Risk Margin (RM). The BEL is calculated gross of any reinsurance with a separate calculation for the reinsurance portion.

For non-life business, the BEL is calculated separately for the following two components:

- claims provisions: representing the expected present value of cash-flows from claim events that have occurred before the valuation date; and
- premium provisions: relating to claim events occurring after the valuation date and during the remaining in-force period of cover.

For life business, the BEL is calculated as the prospective value of future expected cashflows on a policy by policy basis, allowing for premiums, claims, expenses and lapses. Negative reserves are permitted.

Since 2018, Cigna moved to Off Cycle for annual reset of assumptions underlying the SII BEL calculations year end 2018. This means that Cigna now bases the assumptions review on data to end September. This is a change from previous years when the assumptions were based on data end December.

D.2.2.2. Reinsurance

The Company operates a comprehensive reinsurance program to manage insurance risks. The program is a combination of internal and external reinsurance treaties, including quota share, excess of loss and catastrophe cover. The impact of reinsurance on the Technical Provisions is shown in the summary tables above.

D.2.2.3. Non-Life Claim Provision Methodology

Claims are projected to ultimate using standard actuarial techniques such as Chain Ladder or Bornheutter-Ferguson. The most important point in producing cashflows is to arrive at a best estimate liability, rather than the method of producing the cashflows themselves.

The resulting cashflows are then discounted using risk free rates generated from EIOPA published yield curves which are dependent on the currency of the cashflows. Finally a loading is applied to the cashflows to allow for claims administration expenses to obtain the best estimate claim provision. Best estimates are calculated gross of reinsurance and also for reinsurance recoveries with the latter further adjusted to take account of expected loss due to counterparty default.

Due to off-cycle methodology, Statutory Claim Provisions are calculated at year end then SII/Statutory ratios from end Q3 full valuation are applied to the yearend Statutory Claim Provisions to generate year end Solvency II Claim Provisions.

D.2.2.4. Non-Life Premium Provision Methodology

The best estimate of premium provisions corresponds to cashflows relating to claim events occurring after the valuation date but before the end of the remaining in force period for all in force business. In practice the expected claims ratio simplification has been applied to calculate the best estimate. Similar to claims provisions, best estimates are calculated gross of reinsurance and also for reinsurance recoveries with the latter further adjusted to take account of expected loss due to counterparty default.

Due to off-cycle methodology, UPR and PVFP are calculated at year end then Loss Ratios, Expense Ratios etc. from Q3 update are applied to the yearend UPR and PVFP to calculate the Premium Provision, gross of Reinsurance. For Reinsurance ceded, the Q3 Loss Ratio and year end Ceding Commission Ratio are applied to ceded year end UPR and ceded year end PVFP.

D.2.2.5. Life Provision Methodology

The BEL for life insurance business is calculated on a policy by policy basis as the present value of:
claim outflows + expense and commission outflows – premium cash inflows

The present value of these cashflows should allow for lapse and be further discounted for interest, generated using EIOPA published yield curves. Similar to non-life, best estimates are calculated gross of reinsurance and also for reinsurance recoveries with the latter further adjusted to take account of expected loss due to counterparty default.

In contrast with the Non-Life Provision no implementation of off-cycle methodology for the Solvency II Life Provisions.

D.2.2.6. Un-modelled Business

The vast majority of Best Estimate Liability is calculated using the methodology described in the 3 sub-sections above. For the remaining un-modelled business, a simplified conservative approach, typically Statutory Technical Reserves, is taken as a proxy for Solvency II BEL.

D.2.2.7. Risk Margin Methodology

As noted above, the BEL is calculated on a best-estimate basis whereas GAAP reserves include a margin for prudence. To ensure that adequate reserves are held, the Technical Provisions under Solvency II include an explicit Risk Margin to allow for the uncertainty in the best estimate.

The Risk Margin should be calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) necessary to support the insurance and reinsurance obligations over their expected future lifetime. The rate used in determining this cost is called the Cost of Capital Rate; this is a long term average rate and is currently set at 6%. The Risk

Margin should guarantee that the Technical Provisions are sufficient to allow the whole insurance (and reinsurance) portfolio to be transferred to another Insurer.

The method for calculating the Risk Margin can in general be expressed as the discounted value of all projected SCRs multiplied by the Cost of Capital Rate where discounting is at risk free rates of return. Note that, unlike the BEL which is calculated separately gross of reinsurance and for reinsurance ceded, the Risk Margin is calculated only on a net of reinsurance basis.

D.2.3. Assumptions

The key assumptions underlying each category of BEL methodology are as described below. In general these assumptions have been derived from past experience of the Company business, at the appropriate level of granularity.

D.2.3.1. Claim Provisions

The key assumptions are the actuarial techniques applied to calculate projected cashflows for sufficiently developed claims including choice of link ratios, the expected loss ratio or average cost per claim to apply to months with insufficient claims, the assessment of when claims are sufficiently developed and the loading applied to best estimate claim provision to generate the claim expense component.

All assumptions underlying the calculation of Claim Provisions have the additional aim of ensuring that the margin of Statutory claim provisions (net of expense) over Solvency II best estimate claim provisions (net of expense) is in the range consistent with the Company's Reserve Policy. This should be the most important factor in determining the most appropriate set of assumptions to calculate the Claim Provisions.

D.2.3.2. Premium Provisions

Since the claims ratio simplification method has been used to calculate the best estimate premium provision, the following are the key assumptions required to complete the calculation:

- Loss Ratio including claims handling cost;
- Operating Expense Ratio;
- Acquisition Expense Ratio;
- Gross Commission Ratio;
- Ceding Commission Ratio.

In general, a combination of the historic actual experience plus consideration of forecasted expected ratios have been assessed to set these assumptions. The Ceding Commission Ratio is set at contractually agreed terms per the reinsurance treaties.

D.2.3.3. Life Provisions

The key assumptions used to generate the projected cashflows required to calculate the best estimate provision are for expected mortality, expense loadings and lapse.

D.2.3.4. Risk Margin

Since the Hierarchy of Simplifications approach is adopted to calculate the Risk Margin, and the EIOPA supplied formulae and models have been used to produce the Risk Margin, there are no explicit assumptions to be assessed other than consistent use of yield curves for discounting cashflows for both BEL and Risk Margin.

D.2.4. Expert Judgement

The application of expert judgement is required throughout the production of Technical Provisions from the assessment of data quality to the choice of methodology to apply, to the setting of assumptions underlying the calculations, through to the final assessment that the Technical Provisions are accurate and sufficient to meet future expected liabilities.

D.2.5. Uncertainty in Technical Provisions

There are a number of factors that can influence the level of technical provisions and this uncertainty is described below for the different components.

D.2.5.1. Uncertainty in Non-Life Claim Provision

Analysis shows that the best estimate reserve is sensitive to the choice of assumptions with regards the choices of link ratio and the ultimate loss ratio (ULR). However, assumptions for these ratios have been set to remove the margin between Statutory reserves and best estimate ultimate claims. Overall, it is reserve adequacy that is important rather than the assumptions used to generate the cash flows. In addition the BEL is not especially sensitive to varying claim expense reserve assumptions and discounting of cash flows is not important for setting the reserve due to the short tail nature of this business.

D.2.5.2. Uncertainty in Non-Life Premium Provision

Small changes to the assumptions to calculate the Premium Provision can have a significant impact on the resulting reserve. For example a 1% change in Loss Ratio will increase the reserve by around €6.6m gross of reinsurance or €3.3m net of reinsurance in CLICE and by around €1.3m gross of reinsurance or €0.7m net of reinsurance in CEIC. Changing the Operating Expense Ratio by 1% similarly impacts the gross reserve by €6.6m in CLICE and by €1.3m in CEIC and here there is no reinsurance relief because a share of expenses is not passed on to the reinsurers. The impact of changing assumptions for Acquisition Expenses or Commission ratio by 1% impact the gross reserves by €5.9m (€2.9m net) in CLICE and by €0.9m (€0.5m Net) in CEIC.

The reason for this potential significant financial impact is mainly due to the impact on the PVFP component of the calculation. The total PVFP within the best estimate, gross of reinsurance, was €590m in CLICE and €95m in CEIC at end 2019 and so a 1% change in expected profit margin through change to Loss Ratio or Expense Ratio will change the gross reserve estimate by €5.9m in CLICE and by €1.0m in CEIC. Choice of ratios and indeed estimation of PVFP (in relation to allowance for persistency and tacit renewals) is therefore very important in the final reserve balance.

D.2.5.3. Uncertainty in BEL Life Provision

For death benefits, the most financially significant impact is a change to the mortality experience assumption where a 10% strengthening would increase the gross reserve by €1.7m and therefore have 48% impact relative to the base gross reserve for Death benefit. Changing the persistency experience by an increase in lapses of 10% would increase the gross reserves by €0.4m respresenting an impact of 11%. Other sensitivities such as changes in operating expense or discount rates are much less significant and impact the base gross reserve by no more than 1%.

For the survival benefit, the most financially significant impact is a change to the mortality experience assumption where a 10% strengthening would increase the gross reserve by €1.6m and therefore have around 6% impact relative to the base gross reserve for Survival benefit. Other sensitivities such as changes to the operating expense or discount rates are much less significant and impact the base gross reserve by no more than 2%.

D.2.5.4. Uncertainty in Risk Margin

The Risk Margin is determined based on a full calculation of all future projected SCRs with some simplifications. Therefore, the choice of some of the simplifying proportional factors (such as the evolution of the net best estimate liability) could drive some uncertainty in the Risk Margin.

D.2.6. Differences between valuation approach for Solvency II and Belgium GAAP

As noted above, the BEL is calculated on a best-estimate basis whereas GAAP reserves include a margin for prudence. To ensure that adequate reserves are held, the Technical Provisions under Solvency II then include an explicit Risk Margin to allow for the uncertainty in the best estimate. A further key difference is the PVFP component of the Non-Life Premium Provisions.

A high-level comparison of Solvency II reserves with those used in the financial statements is shown in the tables below. A more detailed comparison then follows.

(EUR'000) Solvency II (SII)		SII / Statutory		Statutory
CLICE				
Total Gross BEL	212,003	79.4%	266,998	Total TP Gross
Total Net BEL	117,266	80.0%	146,494	Total TP Net
Risk Margin	12,813			
Total Net TP	130,080	88.8%	146,494	**Total TP Net**
CEIC				
Total Gross BEL	71,540	89.8%	79,672	Total TP Gross
Total Net BEL	39,239	101.7%	38,597	Total TP Net
Risk Margin	3,152			
Total Net TP	42,391	109.8%	38,597	**Total TP Net**
Myrtle				
Total Gross BEL	293,141	82.3%	356,267	Total TP Gross
Total Net BEL	166,103	85.3%	194,689	Total TP Net
Risk Margin	16,907			
Total Net TP	183,010	94.0%	194,689	**Total TP Net**

Exhibit D.7: Best Estimate Liability SII vs. Statutory

Myrtle table above is sum of CLICE and CEIC tables plus claims handling reserves in the service entities CIHS and CISL for an amount of €9.6m.

The key differences between Statutory and Solvency II Technical Provisions are the profit generated on future premiums plus removal of margins on Statutory Claim Provisions and UPR, offset to some extent by the addition of Risk margin. The other differences are much less significant.

For Life business the key difference between Statutory and Solvency II Technical Provisions is the removal of mortality reserve margin in the Statutory TP again offset to some extent by the addition of Risk Margin.

D.2.7. Key changes since previous reporting period

There have been no material changes in methodology or assumptions used in calculating Technical Provisions relative to the prior reporting period.

D.2.8. Other disclosures

- Volatility adjustment is not applicable.
- Transitional Risk Free Rates are not applicable.
- Transitional deduction has not been applied.

D.3. Other Liabilities

D.3.1. Summary of Other Liabilities

The tables below show the composition of Other Liabilities in the balance sheet as at 31 December 2019 measured on a Solvency II basis (as per the Quantitative Reporting Templates (QRTs)) and, for comparison, as measured on statutory basis.

D.3.1.1. CLICE Other Liabilities

CLICE Solvency II Other Liabilities are prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-19	31-Dec-18	Methods and main assumptions	31-Dec-19	31-Dec-18	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	-	-	Actuarial valuation	-	-	Actuarial valuation
Deposits from reinsurers	122,857	105,039	Fair value	122,857	105,039	Fair value
Deferred tax liabilities	6,821	7,793	Fair value	-	-	n/a
Debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Financial liabilities other than debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Insurance & intermediaries payables	99,103	105,092	Fair value	99,103	105,092	Fair value
Reinsurance payables	11,913	16,764	Fair value	11,913	16,764	Fair value
Payables (trade, not insurance)	64,531	94,818	Fair value	64,531	94,818	Fair value
Any other liabilities, not elsewhere shown	6,738	6,167	Fair value	6,738	6,167	Fair value
Total Liabilities	311,963	335,673		305,142	327,880	

Exhibit D.8: Summary of Other Liabilities for CLICE

D.3.1.2. CEIC Other Liabilities

CEIC Solvency II Other Liabilities are prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-19	31-Dec-18	Methods and main assumptions	31-Dec-19	31-Dec-18	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	-	-	Actuarial valuation	-	-	Actuarial valuation
Deposits from reinsurers	38,376	33,091	Fair value	38,376	33,091	Fair value
Deferred tax liabilities	448	562	Fair value	-	-	n/a
Debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Financial liabilities other than debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Insurance & intermediaries payables	4,570	8,499	Fair value	4,570	8,499	Fair value
Reinsurance payables	123	192	Fair value	123	192	Fair value
Payables (trade, not insurance)	14,136	17,404	Fair value	14,136	17,404	Fair value
Any other liabilities, not elsewhere shown	3,227	2,209	Fair value	3,227	2,208	Fair value
Total Liabilities	**60,880**	**61,957**		**60,432**	**61,394**	

Exhibit D.9: Summary of Other Liabilities for CEIC

D.3.1.2. Myrtle Other Liabilities

Myrtle Solvency II Other Liabilities are prepared as of December 31, 2019 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis 31-Dec-19	Solvency II Basis 31-Dec-18	Methods and main assumptions	Statutory Basis 31-Dec-19	Statutory Basis 31-Dec-18	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	66	311	Actuarial valuation	66	311	Actuarial valuation
Deposits from reinsurers	161,233	138,130	Fair value	161,233	138,130	Fair value
Deferred tax liabilities	7,285	8,355	Fair value	15	-	Nominal value
Debts owed to credit institutions	7,587	6,221	Nominal value	7,587	6,221	Nominal value
Financial liabilities other than debts owed to credit institutions	25,456	3,501	Fair value	24,875	3,354	Nominal value
Insurance & intermediaries payables	100,103	92,753	Fair value	100,103	92,753	Fair value
Reinsurance payables	12,036	16,956	Fair value	12,036	16,956	Fair value
Payables (trade, not insurance)	157,457	188,289	Fair value	157,457	188,289	Fair value
Any other liabilities, not elsewhere shown	21,361	19,299	Fair value	21,361	19,299	Fair value
Total Liabilities	**492,584**	**473,815**		**484,733**	**465,313**	

Exhibit D.10: Summary of Other Liabilities for Myrtle Group

D.3.2. Differences between statutory valuation and the approach used for Solvency II

There are no material differences for the valuation of other liabilities between the statutory basis used in financial statements and the Solvency II valuation approach except for the inclusion of a deferred tax liability on a Solvency II basis, which is the expected future tax effect of the profit and loss impact from valuing the balance sheet on an economic basis as opposed to the statutory basis used for Belgium tax purposes. Also Intragroup Loans under item "Financial liabilities other than debts owed to credit institutions" follow a fair value approach under Solvency II basis versus a nominal value approach under Statutory basis.

D.3.3. Key changes since previous reporting period

There have been no changes during 2019 to the approach for valuing other liabilities.

D.4. Alternative methods for valuation

The key areas which require mark to model techniques are the valuation of investments (fixed maturities and equity securities) and loans held between Cigna entities (fixed maturity).

For any investments in fixed maturities and equity securities, the fair value is classified as level 2 due to the lower trading activity of these investments. Recent trades or pricing models are therefore used to determine fair value. When utilising pricing models, these models calculate fair values by discounting future cash flows at estimated market interest rates. Typical inputs and assumptions to pricing models include, but are not limited to, a combination of benchmark yields, reported trades, issuer spreads, liquidity, benchmark securities, bids, offers, reference data, and industry and economic events.

D.5. Any other information

All material facts regarding the valuation of assets and liabilities are covered in the relevant sections above, except for the section below on contingent liabilities. In particular, the nature of the Company's business means that no assumptions need to be made about future management actions. Similarly with policyholder's behaviour, the only assumption is the lapse rate, and this is described in the section above on the valuation of Technical Provisions.

The Company has not used the counter-cyclical premium or matching premium adjustments.

E. CAPITAL MANAGEMENT

E. CAPITAL MANAGEMENT

Until year-end 2015, supervision was based on Solvency I requirements. Since 1st January 2016, the Company has been supervised based on the Solvency II framework on a statutory basis, allowing for the use of a Partial Internal Model for the calculation of its regulatory Solvency Capital Requirement following NBB's formal approval late 2015 for CLICE and CEIC and late 2017 for Myrtle. The management of own funds is considered over the business planning period i.e. 3 years alongside the Company's risk appetite. Those policies cover the following objectives:

- Maintain a level of capital in adequacy with the Company's Risk Appetite;
- Identify the key components of own funds and planning of future composition of capital;
- Outline measures in the event that their solvency ratio declines rapidly or falls below the critical limit in respect; and
- Set out the roles and responsibilities of each participant.

E.1. Own funds

The following tables are as at 31/12/2019 and 31/12/2018 and are shown on a Solvency II basis. Under Solvency II, the excess of assets over liabilities is called "Own Funds" in the following exhibits and is all classed as Tier 1 in the own funds structure as detailed below. The differences between "Own Funds" (here from an economic perspective) and Shareholder's Equity under BE GAAP as shown in the Company's financial statements are due to the "reconciliation reserve" that comprises:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Reconciliation reserve	**24,990**	**24,583**	**3,820**	**1,596**	**11,240**	**15,685**
Total best estimate impact (i.e. sum of below)	29,227	35,135	-642	-775	28,585	34,360
Claims provision, net of reinsurance[1]	5,818	6,753	2,368	3,500	8,187	10,253
Premium provision, net of reinsurance[2]	15,623	20,700	-3,010	-4,276	12,613	16,424
Life provision, net of reinsurance[3]	7,786	7,683	0	0	7,786	7,683
Risk margin [4]	-12,813	-10,654	-3,152	-2,978	-16,907	-13,632
Investment [5],[6]	15,397	7,894	8,062	5,912	6,831	3,313
Tax impact on valuation differences	-6,821	-7,793	-448	-562	-7,269	-8,355

Exhibit E.1: Cigna Europe's Reconciliation reserves

(1) Removal of prudence from best-estimate Solvency II reserves
(2) Profit margin in next year's future premiums
(3) Difference in valuation assumptions due to best estimate versus inclusion of prudence
(4) Explicit allowance under Solvency II (in excess of best-estimate) for capturing intrinsic market consistent value
(5) Market value of bonds under Solvency II versus book value under Solvency I
(6) For the non-insurance entities, the only contribution to the reconciliation reserve from a group perspective is the removal of intangibles, and the exclusion of software reported in the "Property, plant & equipment held for own use" line of the balance sheets

This table explains the move from Statutory to Solvency II. The stability of the reconciliation reserve brings stability to the own funds evolution, as shown in previous tables.

OWN FUNDS STRUCTURE

Solvency II classifies the available capital into three main groups according to its availability and liquidity, i.e. from Tier 1 (which contains the highest quality of own funds that can fully absorb losses), to Tier 3.

The Eligible Capital held to meet the Solvency II requirement (SCR) is the available economic capital satisfying Tier 1, 2 and 3 conditions, including:

- Tier 2 and Tier 3 funds are limited to 50% of the SCR; and
- Tier 3 is limited to 15% of the SCR.

The split of available capital between the different Tiers together with their capital requirements is shown in the following tables for the Company respectively:

(EUR'000)	Tier (2)	CLICE		CEIC		Myrtle	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Basic own funds	**T1**	**185,593**	**170,704**	**101,134**	**104,686**	**353,029**	**334,769**
Ordinary share capital		104,078	104,078	79,357	79,357	1,151,347	1,244,820
Other reserves from accounting balance sheet (1)		19,297	19,075	2,151	1,689	454,350	350,283
Retained earnings		37,229	22,969	15,806	22,043	-134,527	-97,585
Reconciliation reserve		24,990	24,583	3,820	1,596	11,240	15,685
Participation adjustments		Not applicable		Not applicable		-1,129,381	-1,178,435
Unpaid capital, initial fund not been paid-up	**T2**	**0**	**0**	**0**	**0**	**0**	**0**
Deferred Tax Assets	**T3**	**0**	**0**	**0**	**0**	**0**	**0**
Eligible capital to cover SCR		**185,593**	**170,704**	**101,134**	**104,686**	**353,029**	**334,769**
Eligible capital to cover MCR		**185,593**	**170,704**	**101,134**	**104,686**	**353,029**	**334,769**

Exhibit E.2: Cigna Europe's Own Funds structure

(1) Legal reserve and share premium accounts
(2) Tiering with respect to Capital Eligibility

The key changes that occurred during the year are the profits made by the entities, as well as the payment of a dividend of EUR 15M from CEIC.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

At 31 December 2019, the solvency II position of the Group stood at 190% of the SCR (31 December 2018: 200%) and at 772% of the required minimum (31 December 2018: 824%). Solo entities are at similar levels.

The Company continues to hold a strong capital base under Solvency II driven by our continuous willingness to sustain business growth and reinforce value, strength and security brought to all stakeholders.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19 (1)	31-Dec-18	31-Dec-19 (1)	31-Dec-18	31-Dec-19 (1)	31-Dec-18
Solvency Capital requirement *(Partial Internal Model)*						
Eligible capital to cover	185,593	170,704	101,134	104,686	353,029	334,769
SCR	107,762	95,002	50,750	50,896	185,752	167,562
Solvency position	**172%**	**180%**	**199%**	**206%**	**190%**	**200%**
Minimum Capital requirement *(Partial Internal Model)*						
Eligible capital to cover	185,593	170,704	101,134	104,686	353,029	334,769
MCR(2)	33,054	28,642	12,688	12,724	45,742	40,631
Solvency position	**561%**	**596%**	**797%**	**823%**	**772%**	**824%**

Exhibit E.3: Cigna Europe's required capital and solvency positions

(1) This final amount of the Solvency Capital Requirement is still subject to final approval by the auditor.

(2) The Minimum Capital requirement is calculated as the sum of the MCRs of CLICE and CEIC, where the latter have been individually calculated as max (MCR_{SF} ; MCR_{PIM})

The Solvency Capital Requirement is calculated based on an internal approach as set out in section C and E.4. The risk profile of the Company is split over the different risk categories as follows:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19 (1)	31-Dec-18	31-Dec-19 (1)	31-Dec-18	31-Dec-19 (1)	31-Dec-18
Solvency Capital Requirement	**107,762**	**95,002**	**50,750**	**50,896**	**185,752**	**167,562**
Market risk	32,273	28,829	23,947	22,758	92,799	84,018
Counterparty risk	36,522	30,490	6,931	7,204	62,963	50,322
Health underwriting risk	55,006	51,060	29,605	27,957	72,254	64,660
Life underwriting risk	5,024	4,314	Not applicable		5,024	4,314
Non-Life Underwriting risk	Not applicable		976	7,745	1,047	15,144
Diversification between risks	-38,168	-33,585	-16,100	-20,320	-69,591	-69,109
Operational risk	23,879	21,622	5,840	6,114	29,719	27,736
Loss absorbing effect of deferred taxes	-6,773	-7,728	-448	-562	-8,463	-9,521

Exhibit E.4: Cigna Europe's risk profile

(1) This final amount of the Solvency Capital Requirement is still subject to final approval by the auditor.

In respect of the calculation of the risk-modules and sub-modules of the standard formula, the Company does use simplified calculations in the Life expense for GHB IO, HL&A and Group Life. Further improvements are foreseen in the near future.

The Company does not use any undertaking specific parameters as internal model better captures the underlying underwriting volatility.

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

The Company does not apply the duration-based equity risk –sub-module.

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

The following table shows the Solvency II position under on the one hand the Partial Internal Model and on the other hand the Standard Formula.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19 [(1)]	31-Dec-18	31-Dec-19 [(1)]	31-Dec-18	31-Dec-19 [(1)]	31-Dec-18
Partial Internal Model						
Eligible capital to cover SCR	185,593	170,704	101,134	104,686	353,029	334,769
Solvency Capital Requirement	107,762	95,002	50,750	50,896	185,752	167,562
Solvency position	**172%**	**180%**	**199%**	**206%**	**190%**	**200%**
Standard Formula						
Eligible capital to cover SCR	183,612	169,633	101,490	105,445	351,783	334,493
Solvency Capital Requirement	132,216	114,569	45,090	42,850	201,069	175,989
Solvency position	**139%**	**148%**	**225%**	**246%**	**175%**	**190%**

Exhibit E.5: Cigna Europe's Partial Internal Model vs. Standard Formula solvency positions

(1) This final amount of the Solvency Capital Requirement is still subject to final approval by the auditor.

The Company has developed a PIM at solo entity and at group level to ensure the Solvency Capital Requirements are accurate and proportionate to the specific Risk Profile of the organization. The PIM is embedded within the organisation and provides a basis for management to take fully informed, risk based decisions on both the operational and strategic business environment since July 2013. More specifically, the Company has now embedded the PIM throughout standardised business practices including Business and Capital Planning exercises, underwriting discipline, investment and market risk monitoring, input into the Company Rating review process and reviews of Reinsurance arrangements.

The proposed approach to use a PIM at solo entity level was approved by the Board of Directors as the Standard Formula (SF) was considered unsuitable. It has been decided in early 2011 to internally model four risks and to integrate these results into standard formula results using the default integration techniques as stated in Article 245 of the Delegated Acts. The SCR modelled internally covers all quantifiable risks realting to existing and also renewal / new business expected to be written in the forthcoming 12 months.

- Premium and reserve risks: the Company developed a simulation-based approach allowing to produce a full probability distribution
- Pandemic risk: the Company designed a stochastic scenario generator for pandemic risk based on Monte-Carlo simulations.
- Currency risk: the Company built a currency scenario generator simulating scenarios for every currency exposures over a one year period, accounting for their own dependencies. Each of these simulations is therefore applied on the relevant exposure and then the model aggregates all exposures to drive a different possible outcome.

All lines of business are considered in the scope of the PIM for the Company to avoid any form of cherry picking. This means that the Health and Non-Life risk modules are both in scope through the medical expenses, the income protection, the Miscellaneous Non-Life and the Legal expenses business.

In the Company's case the partial internal model consists of different risk components which are separately calculated and aggregated via the SF default integration technique at the highest level. The probability distribution forecast is thus calculated for each component that is internally modelled.

The following table outlines the main differences between Standard Formula and Partial Internal Model.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-19 [(1)]	31-Dec-18	31-Dec-19 [(1)]	31-Dec-18	31-Dec-19 [(1)]	31-Dec-18
Solvency Capital Requirement						
Partial Internal Model [(2)]	**107,762**	**95,002**	**50,750**	**50,896**	**185,752**	**167,562**
Impact of internal model on...						
Market risk	1,773	1,211	417	633	-13,764	-10,062
Counterparty risk	37	-135	-3	-4	218	27
Health underwriting risk	27,063	21,739	-7,602	-8,845	33,038	27,090
Life underwriting risk	0	0	Not applicable		0	0
Non-Life Underwriting risk	Not applicable		186	-5,252	184	-12,212
Diversification between risks	-4,816	-3,505	1,366	5,462	-5,053	3,086
Loss absorbing effect of deferred taxes	397	257	-26	-38	694	498
Standard Formula	**132,216**	**114,569**	**45,090**	**42,850**	**201,069**	**175,989**

Exhibit E.6: Impact of internal model

(1) This final amount of the Solvency Capital Requirement is still subject to final approval by the auditor.

(2) The scope of the PIM encompasses both Insurance Companies within Cigna Europe and is split through the modular approach per CLICE (Counterparty, Market, Operational, Health and Life) and CEIC (Counterparty, Market, Operational, Health and Non-Life). Cigna Europe calculates the Group Capital Requirements for Cigna Myrtle Holdings through the use of the Consolidation Methodology after consolidating the scope of the two solo entities with the ancillary service companies

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

There is no non-compliance with the MCR and SCR of the undertaking.

E.6. Any other information

There is no additional information needed related to the capital management of the undertaking.

GLOSSARY

Beechwood	Cigna Beechwood Holdings MTS
CEIC	Cigna Europe Insurance Company S.A./N.V.
CESL	Cigna European Services (UK) Ltd
CGHB	Cigna Global Health Benefits
CIHS	Cigna International Health Services BVBA
CISEL	Cigna Insurance Services (Europe) Limited
CLICE	Cigna Life Insurance Company of Europe S.A./N.V.
Elmwood	Cigna Elmwood Holding SPRL-BVBA
GEP	Gross Earned Premium
GES	Global Employer Segment
GIPMI	Cigna Global Individual Private Medical Insurance
GIS	Global Individual Segment
HL&A	Health, Life & Accident
IG	Intra Group
IGT	Intra Group Transaction
KRA	Key Risk Assessment
MCR	Minimum Capital Requirements
Myrtle	Cigna Myrtle Holdings Limited
NBB	National Bank of Belgium
Op Risk	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
QRT	Quantitative Reporting Templates
SCR	Solvency Capital Requirements
SFCR	Solvency and Financial Condition report
SOG SA	System of Governance Self-Assessment
SI	Solvency I
SII	Solvency II
SPAIN HB	Spanish Healthcare Benefits
UKHB	United Kingdom HealthCare Benefits

APPENDIX – REPORTING TEMPLATES

The following Quantitative Reporting Templates (QRTs) for Myrtle, CLICE and CEIC are available by clicking on the links given below.

CLICK HERE FOR CLICE QRTS

- QRT S.02.01.02 specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC.
- QRT S.05.01.02 specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.05.02.01 specifying information on premiums, claims and expenses by country using the valuation and recognition principles used in the undertaking's financial statements.
- QRT S.12.01.02 specifying information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business as defined in Annex I to Delegated Regulation (EU) 2015/35.
- QRT S.17.01.02 specifying information on non-life technical provisions, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.19.01.02 specifying information on non-life insurance claims in the format of development triangles for the total non-life business.
- QRT S.23.01.01 specifying information on own funds, including basic own funds and ancillary own funds.
- QRT S.25.02.21 specifying information on the Solvency Capital Requirement calculated using the standard formula and a partial internal model.
- QRT S.28.02.01 specifying the Minimum Capital Requirement for insurance undertakings engaged in both life and non-life insurance activity.

CLICK HERE FOR CEIC QRTS

- QRT S.02.01.02 specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC.
- QRT S.05.01.02 specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.05.02.01 specifying information on premiums, claims and expenses by country using the valuation and recognition principles used in the undertaking's financial statements.
- QRT S.17.01.02 specifying information on non-life technical provisions, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.19.01.02 specifying information on non-life insurance claims in the format of development triangles for the total non-life business.

- **QRT S.23.01.01** specifying information on own funds, including basic own funds and ancillary own funds.
- **QRT S.25.02.21** specifying information on the Solvency Capital Requirement calculated using the standard formula and a partial internal model.
- **QRT S.28.01.01** specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity.

CLICK HERE FOR MYRTLE QRTS

- **QRT S.32.01.22** specifying information on the undertakings in the scope of the group.
- **QRT S.02.01.02** specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC.
- **QRT S.05.01.02** specifying information on premiums, claims and expenses, using the valuation and recognition principles used in the consolidated financial statements for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- **QRT S.05.02.01** specifying information on premiums, claims and expenses by country, using the valuation and recognition principles used in the consolidated financial statements.
- **QRT S.23.01.22** specifying information on own funds, including basic own funds and ancillary own funds.
- **QRT S.25.02.22** specifying information on the Solvency Capital Requirement calculated using the standard formula and a partial internal model.