maaslloyd

SCHADEVERZEKERINGEN

Solvency and Financial Condition Report (SFCR) 2023

22 april, 2024

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1. Introduction

1.1. Structure and context

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared in accordance with annex XX of the Delegated Acts. The subjects addressed are based on article 51 to 56 of the Solvency II directive and article 292 up to 298 of the Delegated Acts.

The figures presented in this report are in line with the supervisor's reported Quantitative Reporting Templates.

All amounts quoted in this report are in thousands of euros (€), unless stated otherwise. The figures and explanations on the figures are per 31-12-2022, unless stated otherwise.

In line with the implementing regulation (EU) 2015/2452 of December 2 2015, article 4, the Quantitative Reporting Templates (QRT's) which are subject to public disclosure are made available in electronic form (MS Excel) separate to this SFCR document.

This Solvency and Financial Condition Report was approved by Maaslloyd's Management Board in April 2024.

1.2. Summary

1.2.1. Business and external developments

Maaslloyd is active in the field of discontinued operations for mainly general liability insurances. The portfolio has developed through the acquisition of run-off portfolios of other (re-) insurance companies including the active reinsurance structure of those portfolios. Through focus, knowledge and efficient processes Maaslloyd generates value in managing the development of reserves and settlement of claims as well as generating investment income. After receiving DNB approval in 2019, Maaslloyd started to underwrite new business again via underwriting agents (UA's) in pools for 2020 risks and is allowed to act as leader in insurance pools as from Q2 2022. The updated business strategy is aimed at adding business volume via underwriting of new business via Underwriting Agents as of 2020 to reduce the dependency on run-off activities and have a more diversified insurance portfolio.

1.2.2. Premiums

On 1 January 2020, the Company started with active underwriting with providing insurance capacity to underwriting agents in the non-life Dutch insurance market. In total the gross premiums written for the year 2023 were Euro 31.4 million (2022: Euro 20.8 million), the net premium earned for the year was Euro 6.0 million (2022: Euro 5.2 million).

1.2.3. Claims

In total the net claims incurred for the year were Euro 2.8 million (2022: Euro 0.6 million).

1.2.4. Investment income

Overall, the investment income in 2023 including the change in unrealised revaluation of the investments in shares, bonds and real estate was Euro 0.8 million positive (2022: Euro 0.46 million negative). The investment return net of expenses was Euro 0.73 million positive (2022: Euro 0.57 million negative).

1.2.5. System of Governance

Regarding its System of Governance, Maaslloyd has a Management Board of two members and a Supervisory Board members of three members. Within the Supervisory Board, one member represents the ultimate shareholders and two independent members are represented.

1.2.6. Risk profile

The risk universe for Maaslloyd has been dominated by:

- Underwriting risk due to uncertainty around the adequacy of its reserves, so called reserve risk for its insurance book, premium risk for underwriting new business as well as catastrophe risk
- Market risk related to its investments (interest rate, real estate, credit spread, concentration, currency risk and strategic participation risk)
- Counterparty default (credit) risk related to certain investments (cash deposits) and reinsurance or other counterparties
- Operational risk due to expansion of activities by accepting new business

Related to the run-off portfolio of Maaslloyd, strategic including cost risk were critical risk factors on the mid- to long-term horizon as one of the key challenges for Maaslloyd is to align the cost levels of the organisation with the development of the business volume. Using a relatively flexible organization and variable costs as much as possible are important mitigations in that regard.

Underwriting new business provides a clear risk mitigating effect in that regard: Maaslloyd has increased the business volume and service activity. The new business activities have the same objective as acquiring run-off portfolios but provide a more controlled and fluent (more predictable timing) growth path than the one resulting from acquisitions of run-off portfolios.

The key changes to the risk profile of Maaslloyd as a result of accepting new business is that inherently the strategic risk profile of the company changes. Furthermore:

- Market risk slightly increases Underwriting risk (non-life) increases and premium risk is added
- Counterparty default risks increases (due to the reinsurance strategy)
- Operational risk increases (due to increased complexity, business volume and outsourcing of core processes and IT).

1.2.7. Capital management

The capital position of Maaslloyd per 31-12-2023 is the following:

Solvency ratio's Amounts in € thousands	31-12-2022	31-12-2023
SCR	6.875	8.255
Own Funds	27.489	30.646
Solvency Ratio	400%	371%
MCR	4.000	4.000
Own Funds	27.489	30.646
Solvency Ratio	687%	766%

The solvency position has decreased from 400% to 371%, but is still well above regulatory and internal limits and targets.

2. A. Business and Performance

2.1. A.1 Business and external developments

2.1.1. A.1.1 General information and company structure

The Company, domiciled in Rotterdam, is a public limited company.

The Company's principal activities are mainly in industrial insurance services.

The Company started in 1985 with the run-off of a discontinued liability portfolio and started to underwrite risks in the Netherlands. Since the end of 1987 the Company is in run-off and has not undertaken underwriting activities since then. Since 2007 the Company acquired several (non-life) run-off portfolios and or insurance companies in run-off.

In 2002 the Company was acquired by the Hampden Group. In 2019, the Company received approval from DNB to start active underwriting (new business) again and per Q2 2022 to act as leader in insurance pools.

At the end of 2022, the shares were transferred to a consortium led by Capital A.

The Company is not listed and has no staff. All management services are outsourced to Halcyon Insurance Group B.V.

Name and contact details of the external auditor

Name: BDO Audit & Assurance B.V.

Visiting address: Krijgsman 9, 1186 DM Amstelveen

Phone number (general): +31 (0)20 543 21 00

Email: amstelveen@bdo.nl

Name and contact details of the supervisory authority

Name: De Nederlandsche Bank

Visiting address: Spaklerweg 4, 1096 BA Amsterdam

Phone number (general): +31 800 020 1068

Email: info@dnb.nl

Qualifying holdings

At the end of 2022, 100% of the shares in the Company were held by Halcyon Insurance Group B.V., a subsidiary of Dutch Insurance Group B.V.

Address: Gustav Mahlerplein 106, 1082 MA Amsterdam

2.1.2. A.1.2 Business portfolio and lines of business

The Company started in 1985 with the run-off of a discontinued US liability portfolio and started to underwrite risks (motor, transport and general liability) in the Netherlands. Since 1987 the Company is in run-off and has not undertaken underwriting activities since then.

In 2007, the Company merged with its sister operation N.V. Algemene Verzekering Maatschappij "De Zee". This was a small insurance Company, established in 1977, which has gone into run off in 1988 and which was bought by N.V. Schadeverzekeringsmaatschappij Maaslloyd in 2006.

On 30 September 2010, the Company bought all shares of Phoenix N.V. and all shares of N.V. Schadeverzekering Maatschappij van 1890 and merged with both companies as per 1 October 2010.

Phoenix N.V. was a small insurance company, established in 2002, which has gone in run-off since 2007.

N.V. Schadeverzekering Maatschappij van 1890 was a small insurance company, established in 1890, which has gone in run-off since 1991.

Also on 30 September 2010 the Company acquired a reinsurance portfolio of Achmea Re. This reinsurance portfolio is in run-off since 1991.

On 30 May 2012, for own account and expense as per 1 January 2012, the Company acquired a Dutch insurance portfolio in run-off from Malayan Insurance Company Inc.

On 21 November 2012, for own account and expense as per 15 October 2012, the Company acquired a liability portfolio from Delta Lloyd Schadeverzekering N.V. The main part of this portfolio was written from 1967 to 1976.

On 7 November 2013 the Company acquired, for own account and expense as per 1 April 2013, the insurance portfolio of its sister company Hampden Insurance N.V. This portfolio was written from 1990 to 2002.

On 2 April 2015 the Company acquired, for own account and expense as per 1 January 2015, a non-life underwriting agents portfolio of Delta Lloyd Schadeverzekering N.V. This portfolio was written from 1975 to 2005.

On 5 September 2017, the Company acquired, for own account and expense as per 1 January 2017, the insurance portfolio from AIOI Nissay Dowa Insurance Company Ltd. This portfolio was written in the Netherlands from 1976 till 1998.

In 2018, the Company acquired a small reinsurance portfolio from R&V Versicherung AG. This liability portfolio was written from 1974 to 1980.

In 2019, the Company acquired a small reinsurance portfolio from Continentale AG. The portfolio was written from 1974 to 1980.

In 2019 the company prepared its organisation in order to act as a commercial insurer in the Dutch non-life insurance market. As of 2020 Maaslloyd accepted new business and per Q2 2022 is allowed to act as leader in insurance pools.

The lines of business of the current technical provisions are Casualty, Property, Motor Car Liability, Personal Accident and Transport.

The main line of run-off business is Liability which covers more than 90% of the Best Estimate Technical provisions.

The acquired run-off portfolios are:

- EU liabilities: Losses outstanding from mainly Dutch origin.

- US liabilities Direct: Direct policies on coinsurance basis in respect of US liabilities. (in run-off before 1987)

- US liabilities Reinsurance: Inwards Reinsurance policies mainly in respect of US liabilities. (in run-off before 1991.

2.1.3. A.1.3 External and Strategic developments

The Company's strategy was to acquire (re)insurance portfolios and providing run-off management services. In 2019, Maaslloyd received approval to underwrite new business again and per Q2 2022 to act as leader in insurance pools. Maaslloyd added a new activity as a result of and in accordance with its strategy.

Maaslloyd targets only non-life business for Personal and Commercial Lines (SME). The key role for Maaslloyd is to ensure efficient distribution, smart use of data and IT and monitoring the quality of data throughout the value chain.

2.2. A.2. Underwriting Performance

2.2.1. A.2.1 Life

Not applicable. Maaslloyd doesn't have any Life business in its portfolio.

2.2.2. A.2.3 Non-Life

The technical result per main line of business is the following in 2023:

Technical account (Euro x 1.000)	Total	Fire and other damage to property insurance	Other motor insurance	Motor vehicle liability insurance	General liability insurance	Other branches
	2023	2023	2023	2023	2023	2023
Gross premiums written	31.405	18.597	3.150	5.533	2.550	1.575
Reinsurer's share	-25.610	-15.310	-2.459	-4.499	-2.082	-1.260
Net premiums written	**5.795**	**3.287**	**691**	**1.034**	**468**	**315**
Change in gross premium reserve	94	241	-23	-135	25	-13
Reinsurers' share	109	302	-34	-173	31	-17
Net premiums written	**203**	**542**	**-57**	**-309**	**56**	**-29**
Allocated investment income	**275**	**80**	**9**	**49**	**132**	**6**
Other technical income	**170**	**6**	**17**	**30**	**109**	**9**
Gross claims paid	12.821	5.617	1.864	2.151	2.859	330
Reinsurers' share	-8.098	-4.075	-1.490	-1.713	-554	-266
Net claims paid	**4.723**	**1.542**	**374**	**438**	**2.305**	**64**
Change in gross claims reserve	2.438	382	-32	1.767	355	-33
Reinsurers' share	-4.337	-1.110	-11	-1.410	-1.818	11
Change in net claims reserve	**-1.899**	**-728**	**-43**	**357**	**-1.463**	**-22**
Acquisition expenses	9.644	5.723	919	1.662	862	478
Other operating expenses	4.882	2.891	490	860	396	245
Reinsurance commission income	-10.586	-6.428	-1.052	-1.750	-829	-527
Net operating expenses	**3.940**	**2.186**	**357**	**772**	**429**	**195**
Result technical account	**-321**	**915**	**-28**	**-763**	**-507**	**63**

The run out results contain the claims paid during the financial year concerning all claim years and the changes in claim reserve, deducted by the reinsurers' share.

Since the underwriting business has started from 2020 and all run-off activities have a claim year before 2020, a split between run-off and underwriting business is shown as well.

The following claim run-off results in 2023 can be calculated based upon the change of the net claim reserve and the paid claims:

EURO x 1,000	Net claim reserve 31-12-2022	Claims paid	Net claim reserve 31-12-2023	Run-off results 2023
< 2020	4,226	2,226	2,563	(563)
2020	26	8	12	6
2021	362	90	234	38
2022	1,204	633	333	238
2023	-	1,281	1,794	(3,075)
ULAE	2,468	485	1,368	615
Risk margin	577	-	628	(51)
Total	**8,863**	**4,723**	**6,932**	**(2,792)**

The details per line of business can be summarized as following:

EURO x 1,000	Risk margin	ULAE	2023	2022	2021	2020	< 2020	Total
Fire and other damage to property insurance	43	235	(1,504)	221	6	1	184	(814)
Other motor insurance	30	14	(412)	30	6	1	-	(331)
Motor vehicle liability insurance	(28)	8	(776)	(24)	21	3	-	(796)
General liability insurance	(105)	340	(265)	3	4	2	(822)	(843)
Other branches	9	18	(118)	8	1	(1)	75	(8)
Total	**(51)**	**615**	**(3,075)**	**238**	**38**	**6**	**(563)**	**(2,792)**

2.3. A.3 Investment Performance

2.3.1. A.3.1 Investment result and its components

Over the year, the total investment portfolio increased from Euro 32.2 million at the end of 2022 to Euro 38 million at year end 2023.

The total investment portfolio at year-end 2023, of which was invested in real estate (17,9%), fixed-income (32,9%), deposits at banks (41,5%), bond related investment funds (7,3%) and other investments (0,4%). This is in line with the investment policy.

Overall, the investment income including the change in unrealised revaluation of the investments in shares, bonds, loans and real estate was Euro 0.73 million positive (2022: Euro 0.57 million negative).

Investment return 2023	*Dividend*	*Rent*	*Interest*	*Revaluation and disposal result*	*Total*
1. Government bonds			***186.155***	***174.433***	*360.588*
2. Corporate Bonds			***2.848***	***58.467***	*61.315*
3. Investment funds	***49.843***			***122.286***	*172.129*
4. Bankdeposits			***471.599***		*471.599*
5. Real estate		***222.375***		***-510.000***	*-287.625*
6, Loans			***10.605***		*10.605*
7. Other Investments			***0***	***-9.859***	*-9.859*
Returns	***49.843***	***222.375***	***671.207***	***-164.673***	*778.753*
Investment management fees					*51.987*
Result					*726.766*

In comparison the results in 2022 were the following:

Investment return 2022	Dividend	Rent	Interest	Revaluation and disposal result	Total
1. Government bonds			269.813	-891.347	-621.534
2. Corporate Bonds			2.864	-115.037	-112.174
3. Investment funds	16.677			-251.098	-234.421
4. Bankdeposits			27.380		27.380
5. Real estate		174.272		150.000	324.272
6. Other Investments			0	153.918	153.918
Returns	16.677	174.272	300.056	-953.564	-462.558
Investment management fees					106.543
Result					-569.101

2.3.2. A.3.2 Overall investment performance

Like in 2021 the Investment profile remained “Very Defensive” in 2023.

The interest rates in the markets, in which the Company operates, increased during 2023. The average investment return including the change in the unrealized revaluation and excluding investment expenses was positive.

2.3.3. A.3.3 Projections over the business planning time period

In the ORSA 2023 the Company has projected the composition of the investments and its returns up to and including 2032. The composition of the investments is based on the “Very Defensive” investment profile.

The Company has projected the following investment returns for the following investment classes:

- Government bonds (3.0%)
- Corporate bonds (3.0%)
- Loans (3.5%)
- Liquid assets (3.0%)
- Real Estate (3.0%)

2.3.4. A.3.4 Gains/Losses recognised directly in equity

The Company has not processed any Gains and or Losses on investments directly in the equity.

2.4. A.4 Performance of other activities

The Company has not performed other activities than settlement of the remaining legitimate insurance claims, new business underwriting and management of its assets.

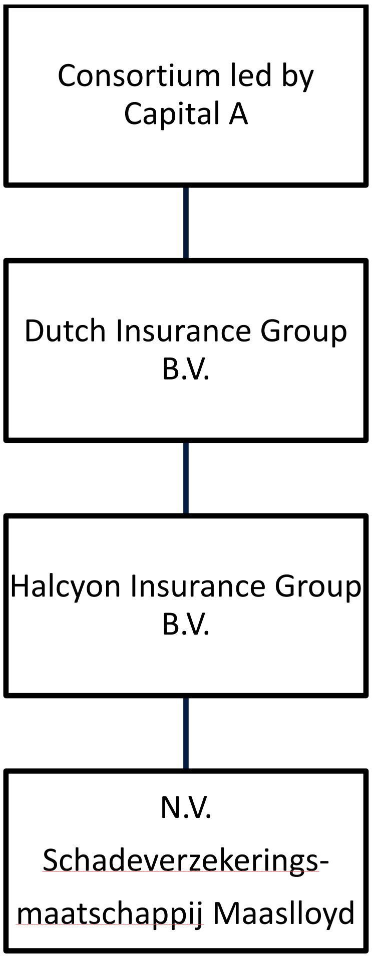
2.5. A.5 Any other information

There is no further information other than the information published already elsewhere in this document.

3. B. System of Governance

3.1. B.1 General information on the System of governance

N.V. Schadeverzekeringsmaatschappij Maaslloyd (Maaslloyd) is a 100% subsidiary of Halcyon Insurance Group (HIG) B.V., which is a 100% subsidiary of Dutch Insurance Group B.V., which is owned by a consortium led by Capital A per the 9th of December 2022. Maaslloyd is active on the Property & Casualty (P&C) market.



On December 31 2023 the Supervisory Board of Maaslloyd consists of 3 members:

Last name	First name	Initials	Position	Title	In function
Van der Weide	Bert	B.	Supervisory Board	Chairman	2016
De Boer	Loes	L.	Supervisory Board	Member	2022
Janmaat	Friso	F.H.	Supervisory Board	Member	2022

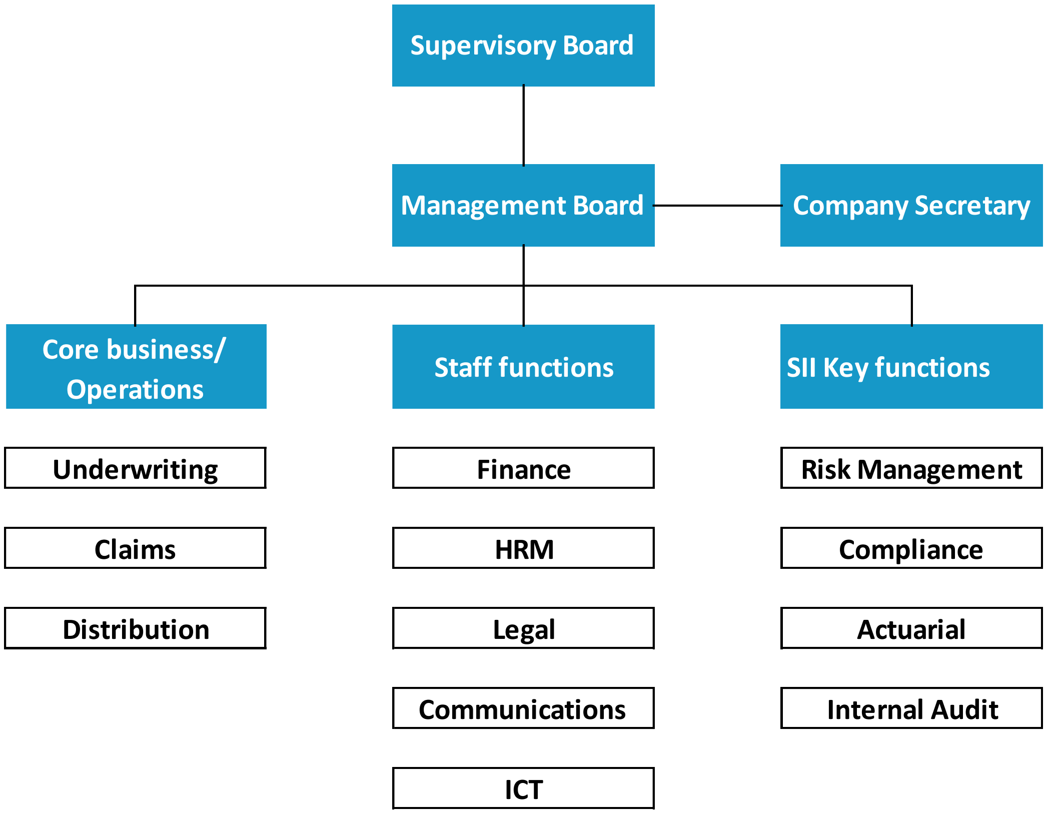
Maaslloyd has a Supervisory Board in which one member represents the ultimate shareholders and two members are independent. Bye-laws are in place that outline the responsibilities and tasks of the Supervisory Board in detail.

Per December 31, 2023, the Management Board of Maaslloyd consists of two members:

Last name	First name	Initials	Position	Title	In function
Offereins	Elbert-jan	J.E.B.	Management Board	Director	2016
Bogaerts	Josephus	J.C.	Management Board	Director	2008

Bye-laws are in place that outline the responsibilities and tasks of the Management Board in detail.

Headlines Organisation



All personnel (14,6,x FTE) is employed by Halcyon Insurance Group B.V. and perform activities for the respective entities including Maaslloyd. Also there are a number of self-employed people or people employed via a staffing agency for Claims handling, Fraud coordination, IT Security, IT development, Actuarial and Internal Audit.

The governance system of a Solvency II insurer like Maaslloyd has four key functions:

- Risk Management Function
- Compliance Function
- Actuarial Function
- Internal Audit Function

These key functions are intended to provide countervailing power to the business, in order to ensure sound and controlled operations.

Maaslloyd uses the '3 Lines of Defence' model in which the risk management, compliance and actuarial functions form the second line and the internal audit function the third line, while the execution of the insurance business takes place in the first line. For each key function a dedicated key function holder is appointed. The Compliance function and Internal Audit report to the CEO, the Risk Management function and Actuarial Function report to the CFO. Regular reporting to and discussion with the Supervisory Board/RAC is assured.

In 2023 the Company further continued the activities to act as commercial insurer. As commercial insurer the company will only provide capacity to underwriting agents to participate. This means that the Company has outsourced the main part of its underwriting activities. The Company has procedures in place to select monitor and evaluate the performance of the underwriting agents.

The Actuarial and Internal Audit function are outsourced to respectively ADDACTIS Netherlands BV and ARC People B.V.

- Risk Management Function: Mr. I. Kadijk
- Compliance Function: Mrs. M. Bruinzeel-Tak
- Actuarial Function: Mr. A.M. Roest from ADDACTIS Netherlands BV
- Internal Audit Function: Mr. J.H.M. van Grinsven from ARC People B.V.

3.1.1. Remuneration

Maaslloyd has a remuneration policy in place. The remuneration policy for identified staff is outlined, as well as for the non-identified staff. The remuneration policy formalizes key decision-making processes, responsibilities and key principles with respect to the remuneration. The remuneration policy is an integral part of the corporate strategy and risk profile and maintains a sustainable balance between short-term and long-term value creation, building on our responsibility towards our clients, society and all other stakeholders.

Specific requirements apply to identified staff being Supervisory Board members, members of the Management Board ,Staff members responsible for Compliance, Risk Management, Actuary, Internal Audit, HR and control Functions and Department Managers. All other employees are considered non-identified staff.

The remuneration package for the Management Board has the following components:

- fixed remuneration
- general employee benefits, such as 8% holiday pay, employer pension contributions, disability insurance coverage, contributions to healthcare insurance coverage and company cars

Additionally, under conditions, a variable remuneration may be awarded.

The remuneration packages for the Supervisory Board is limited to a fixed remuneration only.

All staff that do not fall in the categories of Supervisory Board or Management Board follow the CAO verzekeringsbedrijf agreements.

A limited variable remuneration can be granted, linked to specific, additional performances. This reward cannot be agreed upon in advance but is awarded after delivering an extraordinary, specific performance.

Other special forms of variable remunerations can be retention allowances, a welcome bonus and a buy-out, which occur only occasionally and are awarded in line with legislation and regulations.

3.2. B.2 Fit and Proper

Maaslloyd has a Fit and Proper policy in place that describes the core processes and principles for ensuring that the Solvency II Key Function holders and Board members of Maaslloyd are fit and proper to perform their function and related duties. Its' aim is to safeguard compliance with regulatory requirements (Solvency II and Wft) and ensure continuity for Maaslloyd. In scope are the Supervisory Board, Management Board and Solvency II Key Function holders of Maaslloyd, regardless whether or not they are outsourced.

Regulatory notification or clearance procedures can be applicable for functions subject to this policy. Internal review of the fit and proper principles should be conducted before the regulatory clearance is requested.

Processes ensuring compliance with the Fit and Proper requirements include three elements:

1. Fit and proper assessment recruitment: during the recruitment process of a function in scope of the policy a Fit and Proper assessment should be performed. This includes:
    a. The evaluation of the match of the candidate's ability with the requirements outlined in the job description and function profile, s. If deemed necessary an assessment can be part of the recruitment process.
    b. The proper requirements are evaluated by performing background checks on public sources on the candidate and a certificate of good conduct.
    c. If uncertainties arise from the background check on public sources a more in-depth pre-employment screening should be performed.
    d. The results of the fit and proper assessments are documented and stored.
2. Fit and proper assessment on-going.

On a periodic basis the fit and proper assessment must be performed and documented.

   a. Full ad-hoc reviews will be required in case incidents involving the function holder or board member are reported or uncovered including, but not limited to a breach of the internal code of conduct, a regulatory fine, internal fraud, a conviction, or a change in personal circumstances resulting in a potential risk (personal bankruptcy, distraint on wages). No such incidents have occurred at Maaslloyd.
   b. A regular periodic review takes place at least once every two years re-assessing the function holder or board member's performance in relation to the job and function requirements.
   c. The results of the fit and proper assessments are documented and stored.

3. Training

There are Permanent Education (PE) requirements applicable for the board positions as well as for any potential function holder. Maaslloyd assures that they receive appropriate training in order to constantly fulfil their duties and fitness requirements of their responsibilities.

3.3. B.3 Risk Management system

3.3.1. Risk Management Framework.

The SII key function holder Risk Management is owner of the Risk Management Policy and assures reporting of the actual Solvency II ratios to the Supervisory Board as well as to the regulator is performed in timely and adequately. The Risk Management Policy outlines the principles for the Risk Management Function as well as the tasks and processes and the roles and responsibilities around Risk Management Function.

The three lines of defence framework applies, in which the first line represent the day to day management of the organisation who are the risk takers, the second line includes the Risk Management Function who provides independent risk oversight, and the third line of defence which is represented by the Internal Audit function who provides independent oversight on the overall System of Governance.

The Risk Management Function safeguards that there is an effective risk management framework in place covering all material risks relevant to Maaslloyd. The Risk Management Function assists the Management Board and the Supervisory Board in the effective operation of the Risk Management System.

The Risk Management Function provides detailed reporting on risk exposures and advises the Management Board and Supervisory Board on risk management matters, including in relation to strategic affairs such as mergers and acquisitions and major projects and investments. Examples of these reports include actual solvency ratio versus solvency limits, as well as actual investments compared to the asset allocation of the chosen investment profile.

The Risk Management Function works closely together with Compliance Function on compliance risks (incl. the performance of the Systematic Integrity Risk Assessment – SIRA) and with the Actuarial Function on risk quantification and reporting.

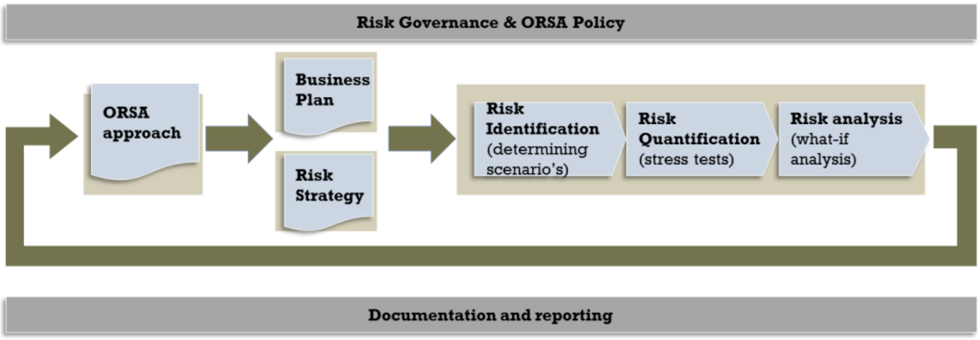
Risks are systematically identified, assessed and treated (mitigated, transferred, accepted, avoided). This involves a quantitative approach based on Solvency Capital Requirements related to the risk as well as a quantification based on probability and (financial and non-financial) impact and an assess of the effectiveness of internal controls in place (see also 3.4).

The Risk Management System also covers capital and solvency management by reviewing the policies and the capital composition. Maaslloyd does not use any of the transitional measures under Solvency II. No usage is made of the Matching Adjustment, Volatility Adjustment or Ultimate Forward Rate. The Supervisory Board approves the organisation’s risk appetite. Also, in its supervisory role, the Supervisory Board assesses the risk management activities as performed by the Management Board. A periodic review is done to determine that the companies’ activities, it’s risk profile, the capital allocation and liquidity position are in line with the approved risk appetite (amongst other the by determining that the actual solvency ratio is in line with the target solvency ratios). The Capital Management Policy is submitted to the Supervisory Board for consent prior to approval by the Management Board.

The Prudent Person principle is an integral part of the Investment Management Policy, in which the principle has been translated into concrete guidelines for Maaslloyd on the allowed usage of types of investment categories and instruments, the external asset manager, the accounting method (fair value) as well as the requirements for liquidity and duration.

3.3.2. Own Risk and Solvency Assessment (ORSA)

The ORSA process of Maaslloyd can be described as follows:



ORSA approach

The ORSA process starts with a meeting with the (Risk & Audit Committee of the) Supervisory Board, the Management Board and SII key function holders to discuss the approach of the ORSA. In preparation of the discussion the relevant information (e.g. feedback from regulator, risk assessments) are evaluated and key assumptions for the upcoming period are defined taking into account the business developments (new business underwriting and run-off) and other developments that could impact the ORSA, for example cost levels and the composition of the product mix. Developments that could imply additional scenarios (e.g. climate related risks, significant changes in the reinsurance programme) are evaluated and in case additional scenarios are justified, these will be taken into account in the ORSA.

Business plan and risk strategy

Key ingredients for the ORSA are the multi-year business plan and the Risk Strategy.

The business plan includes a qualitative description of the interpretation of market developments as well as planned strategic decisions from the insurance entity. The focus of Maaslloyd's business plan is on underwriting new business via Underwriting Agencies and the management of the run-off portfolio.

Additionally, it serves as a financial plan outlining balance sheet and profit & loss projections for the upcoming years. Acquisitions of run-off portfolios are no longer a key part of the business strategy of Maaslloyd and in the business plan no annual acquisition volume is considered anymore. However, as acquisitions are not fully ruled out and are uncertain in nature and timing, the variations are also duly considered in the stress scenarios.

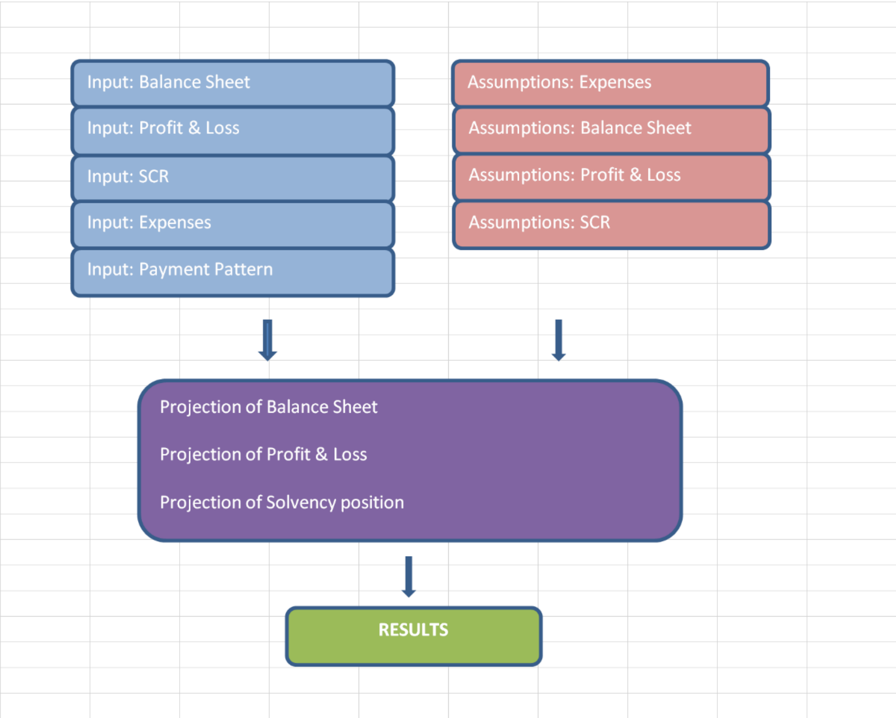
The risk strategy is described in the Risk Management policy. With regards to financial ratios, the Capital Management policy outlining Solvency II limits as well as the Investment Management Policy outlining investment related limits, are specifically relevant. These documents form the framework in which the solvency ratio should develop.

Risk identification

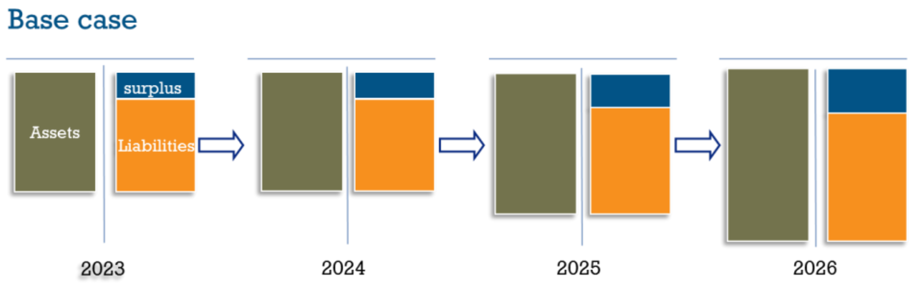
With Risk identification risk scenarios are defined which are most relevant to Maaslloyd. Adverse scenarios that may have a reasonable probability, but a high impact to the continuity of Maaslloyd are identified and translated into model parameters. Developments in the risk universe of Maaslloyd are duly considered as well as more generic developments in the environment Maaslloyd operates in.

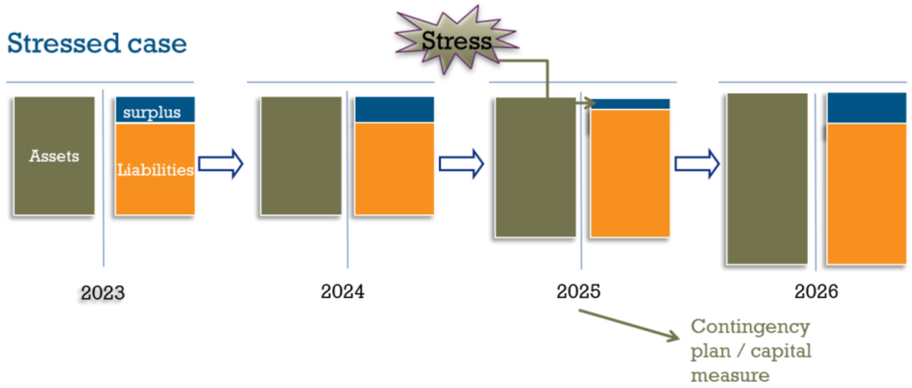
Risk quantification

The first step of the Risk quantification is to execute the ORSA calculations, in particular the base case projections, based on the required input and assumptions. The process used for the ORSA calculations can be depicted as follows:



Within Risk Quantification the risk scenarios are used to stress the developments of the capital requirements, and available funds – and thus the Solvency II position - over the multi-year projection horizon of the business plan.





Risk analysis

In the risk analysis phase, the impact of the stress scenarios is analysed in detail and evaluated. Also, potential measures are defined in case limits are breached under a particular scenario. This is usually the case when a scenario would lead to a continuing negative impact that could be prevented or (partly) mitigated or reduced by taking intervening actions. Those measures could also impact the business plan, or can include the formulation of key risk indicators that will be closely monitored to assess the development of a risk in the next periods.

Review

The Actuarial Function Holder (AFH) performs a review and provides an opinion on the adequacy of on the ORSA projection model, including its assumptions and the assumed stress scenarios. Additionally, the AFH makes recommendations. In addition, Internal Audit audits the ORSA and reports to the Management Board. The Management Board provides a response to the review / audit and recommendations. The ORSA exercise also provides insights for the AFH, to provide an opinion on the solvency position, underwriting policy and the reinsurance policy.

3.4. B.4 Internal Control

3.4.1. Internal Control System

Maaslloyd's Internal Control System aims to manage and mitigate the key operational risks including financial misstatement risk and compliance risk. The following diagram outlines the key processes of Maaslloyd's business model and operations:

Underwriting	• Assessment of underwriting agents and portfolio performance • Monitoring developments • Auditing
Acquisitions	• Portfolio assesment • Portfolio acquisition and integration
Claims management	• Claims handling • Claims reserving • Fraud and litigation management
Reinsurance	• Contract management • Recoveries management
Investment management	• Strategic Asset Allocation • Asset Liability management • Performance management
Enterprise Support	• HR, IT • Finance • Audit, Risk, Legal & Compliance

Key processes have been documented in process flows and descriptions. A Risk & Control Self Assessment (RCSA) cycle has been implemented. The RCSA is a commonly used practice to implement a risk management cycle for operational risks. Given the risk profile of Maaslloyd, extra attention is paid to Outsourcing, IT and Data Quality risks in the RCSA cycle.

Risk rating					
Probability					
Very likely	Low	Medium	High	Very high	Very high
Likely	Low	Medium	High	Very high	Very high
Possible	Very low	Low	Medium	High	Very high
Unlikely	Very low	Low	Medium	High	High
Very unlikely	Very low	Very low	Low	Medium	High
	Insignificant	Limited	Fair	Significant	Very significant

Per risk a risk tolerance has been defined and control measures are documented to mitigate the risks below or equal to the tolerance level. The defined controls are periodically performed and their effectiveness is assessed. Reported operational losses or near misses can be used as a source in this evaluation. The Risk Management Function reviews the assessment of the control effectiveness. The Internal Audit Function reviews the effectiveness of the operational risk management framework. Also, the External Auditor considers the effectiveness of the internal controls framework related to the financial figures as part of its scope of work for the Annual Report.

3.4.2. Compliance Function

Compliance can be defined as the total of measures aimed at the implementation, monitoring and adherence to laws and regulations, including the internal procedures and codes of conduct preventing financial damage, license issues and the deterioration of Maaslloyd's reputation and integrity.

The ultimate responsibility for compliance of Maaslloyd rests with the Management Board. The Manager Compliance is SII key function holder Compliance is part of the second line of defence in the 'three lines of defence' model

The report of the Compliance Function is discussed with the Management Board and the Supervisory Board and shared with the other key functions. Also, the Supervisory Board oversees the appropriate follow-up of compliance findings or issues and approves the Compliance policy.

The key tasks of the Compliance Function are:

- Identification of applicable legislative framework and monitoring of relevant changes in this framework for Maaslloyd
- Establish the Compliance policy and related procedures and keep them up-to-date.
- Foster Compliance awareness with all employees and relevant suppliers for Maaslloyd.
- Coordinate the performance of Compliance Risk assessments and advice on the implementation of risk mitigating measures.
- Management of compliance incidents and follow up of actions, including investigating alleged abuse or breaches of integrity rules.
- Issuing advice on disciplinary and employment measures upon proven violations
- Monitoring and reporting on Compliance to the Management Board and Supervisory Board
- Support communication on Compliance with regulators

3.5. B.5 Internal Audit Function

Maaslloyd has an Internal Audit policy in place which describes the core processes and principles regarding the Internal Audit Function. It outlines the principles, internal audit framework and roles and responsibilities around the Internal Audit Function.

The guiding principles for the Internal Audit Function are:

- The Internal Audit Function is independent from the operational functions and activities and preferably also from the other Solvency II key functions
- The Internal Audit Function is subject to the requirements of the Outsourcing policy and to the Fit and Proper policy.
- The generic requirements of the Fit and Proper policy (integrity, reputation, competence, capability) apply as well as specific requirements for the holder of the Internal Audit Function including, but not limited to: active membership of Norea or IIA, independence in

mind, state and appearance, understanding of the organization of insurance and its processes.

- Outsourcing of the Internal Audit Function should be approved by the Supervisory Board and reported to the DNB.
- Following the definition of the Institute of Internal Auditors (IIA), the Internal Audit Function of Maaslloyd fulfils the third line of defence.
- In order to fulfil its responsibility, the Internal Audit Function should have unrestricted access to all information necessary to perform its duties.
- The audit plan is approved by the Audit Committee of the Supervisory Board.
- Audit reports concluding the audit work are presented at least annually to the Management Board and the Supervisory Board.
- Suspicion of Fraud or illegal activity detected by or reported to the Internal Audit Function is to be reported to the Management Board and Supervisory Board.

Since June 2020, the Internal Audit Function of Maaslloyd has been outsourced to Mr. J.H.M. van Grinsven MSc RE from ARC People B.V. The outsourcing is to ensure independence from the operational management of Maaslloyd and the other Solvency II key functions, while safeguarding the expertise and experience from auditing point of view. The Outsourcing policy applies to outsourcing of the Internal Audit Function. The outsourcing of the Internal Audit Function is evaluated as proportional to the risk profile of Maaslloyd.

3.6. B.6 Actuarial Function

Maaslloyd has an Actuarial policy in place which describes the core processes and principles regarding the Actuarial Function of Maaslloyd. It outlines the principles, actuarial framework and roles and responsibilities around the Actuarial Function.

The Actuarial Function safeguards that all material assumptions, actuarial techniques and methods applied, and data modifications or expert judgement are documented and controlled appropriately. This includes ensuring the consistency of applied techniques and data over time.

The Actuarial Function contributes both to the Business Management as well as to the Risk Management of Maaslloyd. The ultimate responsibility for the Actuarial Function rests within the Management Board of Maaslloyd.

To enhance the level of independence and to safeguard sufficient actuarial knowledge is available to Maaslloyd the Actuarial Function is outsourced to Mr. A.M. Roest AAG from ADDACTIS Netherlands BV. ADDACTIS provides assurance on the actuarial calculations and provides an independent actuarial report on an annual basis to the Management Board and Supervisory Board. Segregation of duties within the supplier's organization safeguards that the Actuarial Function as performed by the Certified Actuary is not involved in the actual calculation processes but retains sufficient level of independence to formulate its independent opinion. Some first line of defence calculations are performed internally, some are performed by the supplier. All first line of defence calculations performed by the supplier are performed by other employees than the key function holder of the Actuarial Function and are supervised and approved by the CFO of Maaslloyd.

3.7. B.7 Outsourcing

Maaslloyd has defined an Outsourcing policy which describes the core processes and principles regarding the outsourcing of services and functions by Maaslloyd. Its aim is to safeguard compliance with regulatory requirements (Solvency II and WFT) and ensure continuity for Maaslloyd. The Outsourcing policy outlines the definitions for Outsourcing, clear roles and responsibilities around outsourcing and the requirements for selecting and monitoring Outsourcing partners.

Given the small scale of operation for Maaslloyd, Outsourcing is seen is a key measure to mitigate the key person risk within the operation and to assure the appropriate knowledge and skills can be obtained in a cost-efficient and flexible manner. Currently the following activities and SII key functions are outsourced:

- Underwriting and claims management is outsourced to Underwriting Agents;
- IT (infrastructure);
- Asset Management;
- The Internal Audit and Actuarial Function are outsourced.

Key considerations are applied to Outsourcing:

- Before any outsourcing agreement or contract is signed, all internal approvals should be obtained and all prerequisites (e.g. risk analysis) should be fulfilled.
- Outsourcing of tasks should not negatively influence Maaslloyd quality of operation, supervision or system of governance.
- Maaslloyd remains fully responsible for any activity, service or function it wishes to outsource.
- Maaslloyd should retain the ability to appropriately oversee the quality and performance of the Outsourcing parties.
- The outsourcing agreements should safeguard the right to access and audit by Maaslloyd's internal and external audit function as well as by DNB.
- Maaslloyd must ensure adequate documentation of the Outsourcing throughout all phases of the Outsourcing process.
- A register with records of all material outsourcing agreements is in place.

3.8. B.8 Any other information

There is no other information regarding our System of Governance that should be mentioned in this section.

4. C. Risk profile

The risk universe for Maaslloyd has been dominated by:

- Underwriting risk due to uncertainty around the adequacy of its reserves, so called reserve risk for its insurance book, premium risk for underwriting new business as well as catastrophe risk
- Market risk related to its investments (interest rate, real estate, credit spread, concentration, currency risk and strategic participation risk)
- Counterparty default (credit) risk related to certain investments (cash deposits) and reinsurance or other counterparties
- Operational risk due to expansion of activities by accepting new business (in particular ICT and Outsourcing risk)

Related to the run-off portfolio of Maaslloyd, strategic including cost risk were critical risk factors on the mid- to long-term horizon as one of the key challenges for Maaslloyd is to align the cost levels of the organisation with the development of the business volume. Using a relatively flexible organization and variable costs as much as possible are important mitigations in that regard.

Underwriting new business provides a clear risk mitigating effect in that regard as Maaslloyd has increased the business volume and service activity. The new business activities have the same objective as acquiring run-off portfolios but provide a more controlled and fluent (more predictable timing) growth path than the one resulting from acquisitions of run-off portfolios.

The key changes to the risk profile of Maaslloyd as a result of accepting new business since 2020 is that inherently the strategic risk profile of the company has changed. Furthermore:

- Market risk slightly increases
- Underwriting risk (non-life) increases and premium risk is added
- Counterparty default risks increases (due to the reinsurance strategy)
- Operational risk increases (due to increased complexity, business volume and outsourcing of core processes and IT).

4.1. C.1 Underwriting risk

Underwriting new business has changed the scope of underwriting risk of Maaslloyd. New underwriting is accepted via underwriting agents and is reinsured to a large extent. Also, Premium Risk has been added to the risks for Maaslloyd. No Life/Health business is included in the portfolio.

The underwriting risk is partly mitigated by reinsurance. The reinsurance structure applied for the run-off portfolio is usually dependent on the structure applied when the portfolio was acquired by Maaslloyd. The foundation of the reinsurance programme for new underwriting is a quota share contract, complemented with excess of loss contracts.

The majority of the run-off underwriting risk relates to the General Liability business. Within General Liability, European risks are in the books as well as US risks. For more details on the composition of the Technical Liabilities, please refer to paragraph 5.3.

The capital requirement for the non-life risk is shown in the table below.

SCR Non Life Risk Amounts in € thousands	31-12-2022	31-12-2023
Premium & Reserve Risk	2.742	2.692
Lapse Risk	0	299
CAT Risk	2.320	3.328
Diversification within module	-1.052	-1.534
SCR Non Life Risk	**4.009**	**4.784**

The CAT risk increased due to the expected growth in premium volume for 2024.

4.2. C.2 Market risk

The assets are invested based on the Investment Management Policy of Maaslloyd. The Prudent Person principle is the key guidance for this Investment Management Policy. The Prudent Person principle assures that:

- All investments are made in the best interest of policyholders
- Adequately match of investments and liabilities (ALM)
- Paying due attention to financial risks (e.g. liquidity and concentration risk)
- All assets, but in particular those covering SCR/MCR ensuring security, quality, liquidity and profitability of the investment portfolio as a whole.

It includes the following requirements:

- Requirement to invest only in assets and instruments whose risks can be properly identified, measured, monitored, controlled and report and considered in the ORSA
- Assets held to cover Technical Provisions must be appropriate to the nature and duration of (re) insurance liabilities
- Diversification necessary to avoid excessive accumulation of risk
- Mixing necessary to avoid excessive risk concentration
- The use of derivative instruments is only allowable insofar
- they contribute to a reduction of risks or
- facilitate efficient portfolio management
- Prudent levels for investments/assets not traded on a regulated financial market

For Maaslloyd, these principles and requirements have been translated in detailed investment guidelines in the Investment Management Policy.

Overall, the capital requirement for market risk has increased.

The Solvency Capital Requirement for Market Risk per 31-12-2023 (and 31-12-2022) is the following:

SCR Market Risk Amounts in € thousands	31-12-2022	31-12-2023
Interest rate Risk	277	489
Equity Risk	0	0
Property Risk	1,831	1,704
Spread Risk	223	879
Foreign currency Risk	215	78
Concentration Risk	400	1,164
Diversification within module	-862	-1,689
SCR Market Risk	**2,084**	**2,626**

4.3. C.3 Credit risk

Overall the Credit risk has decreased . A Reinsurance Policy has been defined in which the credit rating and quality of the reinsurance parties is appropriately considered.

Maaslloyd holds a significant concentration of cash deposits at a Dutch bank. Given the credit quality of this bank the likelihood of this bank going into default is very limited. Maaslloyd will take appropriate steps to reduce this concentration in the near future

The capital requirement for the counterparty default risk is subdivided into type I and type II counterparty default risk.

SCR Counterparty Default Risk Amounts in € thousands	31-12-2022	31-12-2023
Type I Reinsurers/Banks	1,541	1,490
Type II Intermediaries/Brokers	462	209
Diversification within module	-91	-46
SCR Counterparty Default Risk	**1,912**	**1,653**

4.4. C.4 Liquidity risk

Liquidity risk could result from a mismatch in the timing of cash flows resulting from liabilities and assets. This is mitigated by investing a large share in liquid assets and holding a buffer in cash. As valuation is on fair value basis, liquidation of assets will not lead to a direct Profit & Loss or Balance Sheet impact. As the both cash volume and liabilities will increase with the addition of the new business liquidity risk will become more important. Agreements with Underwriting agencies and Reinsurance parties on liquidity and payment terms are crucial.

4.5. C.5 Operational risk

The new activities have resulted in an increase in operational risk. The total volume and complexity of the business increases, and IT and outsourcing are more important for Maaslloyd.

This is largely mitigated by experienced IT staff and/or working closely together with a professional party in the IT domain and assuring the outsourcing with all the Underwriting agencies is properly managed via quality standards (such as NVGA membership and NVGA agreements and protocols) and continuous monitoring and audit efforts from Maaslloyd towards the Underwriting agencies.

Maaslloyd has to hold more capital for operational risk because of the new business activities as the Solvency II standard formula calculates this on a factor-based approach of either gross premium or gross reserves. Given the projected gross premiums related to the new business underwriting, this has become the dominant factor driving the risk capital requirement for operational risk significantly up in future years. The SCR for operational risk for 2023 is calculated as a percentage of the premium volume.

SCR Operational Risk Amounts in € thousands		31-12-2023
Disc. best estimate gross loss and premium reserves	A	12,009
Operational risk charge - based on reserves	B=3%*(A)	**360**
Earned premium - previous 12 months (gross)	C1	31,275
Earned premium - 12 months before previous 12 months (gro:	C2	19,732
Operational risk charge - based on premiums A	D1=3%*(C1)	938
Operational risk charge - based on premiums B	D2=3%*(C1-120%*C2)	228
Operational risk charge - based on premiums	D=D1+D2	**1,166**
SCR Operational Risk	E=MAX(B;D)	**1,166**

4.6. C.5 Other material risks

Other risk categories include:

The following impacts are qualitatively assessed for the other risk categories (which are not included in the Solvency II risk capital calculation:

Strategic risks relate to costs, future acquisitions, reputation, the execution of its strategy. Also external developments are considered such as climate related risks and risk of a pandemic. Below a more detailed description can be found:

Cost risk

The risk that the cost levels of the organisation cannot be aligned sufficiently with the development of the run-off and volume of the new business portfolios. Using a relatively flexible organisation and variable costs as much as possible are important mitigations in that regard. Adding the new underwriting is also clearly a risk mitigation. Adding volume through new business provides better chances to a sustainable business model. Also, the proposed underwriting of new business provides a more predictable and controlled manner of growth than through acquisitions of run-off portfolios. However, there is some cost risk related to the investments needed to set up the new activity and the cost levels as such will increase in absolute terms, which means that the same relative deviations could have a larger absolute impact.

Strategic risk profile

The strategic risk profile of Maaslloyd has changed. Currently the strategic risks relate mainly to any potential future acquisitions and the introduction of new business and the speed of the realisation of the growth strategy. Several mitigating controls are in place for the risks related to acquisitions such as governance, due diligence, ad-hoc ORSA, and regulatory approvals. The new activities also seek to further reduce this risk and allows for a more controlled and predictable growth than via acquisitions of run-off portfolios. Maaslloyd will become more exposed to developments in general market conditions or competitive environment. Specific risks related to the new business strategy of Maaslloyd include the dependency on the DUC market in the Netherlands and the dependency on the reinsurance markets and partners as well as the progress Maaslloyd is able to make in realising growth in premium volume and transforming into a leading position in pools.

Although reputational risk is always an applicable strategic risk for any insurance entity, the risk is fairly low for Maaslloyd as it has not been active in Life insurance (which is a key market under reputational pressure in the Netherlands) and was for a long-time active in the run-off business with limited direct exposure to insurance clients. As a result of active underwriting Maaslloyd has become somewhat more exposed to this risk as it will no longer be just active in the run-off portfolios only but will engage in underwriting of new business.

Climate related risks

Maaslloyd has assessed its exposure to climate related risks. This risk assessment covers both the asset side of the balance sheet as the technical provisions and its reflection below is based on the residual risk assessment. Following the good practice as published by DNB Maaslloyd considers physical risks (e.g. change in weather patterns due to climate change, increase storm frequency, flooding, etc.) as well as transitional risks (risks related to change to CO_2 neutral business models, increased regulation, changed customer preferences).

Type of risk	Assets	Liabilities
Physical risks - Flood, increased storm frequency and severity, etc.	LOW RISK	MEDIUM RISK
Transition risks - High CO_2 industries less valuable, consumer preferences, increased regulation	LOW RISK	LOW RISK

Physical risks – Assets: given the composition of the asset categories and the investment strategy, assets which are subject to physical risks related to climate change are limited.

One could argue that only the direct investments in real-estate are exposed to this risk directly. Part of this risk is covered by an insurance policy (flood risk excluded from coverage). Other asset categories are either not subject to physical risk or well diversified. It can therefore be concluded that this risk is low.

Transition risks – Assets: Investments in bonds and investment funds are managed via an external asset manager. ESG (environment, social, governance) factors, CO_2 impact and SDG (sustainable development goals) are included in the mandates for EUR as well as USD and are reflected in the reporting. For other assets this type of risk is less relevant. It can therefore be concluded that this risk is low.

Physical risks – Liabilities: Natural Catastrophe risks (CAT risk) are related to an event caused by natural forces and generally results in a large number of individual losses, involving many insurance policies. In the run-off portfolio CAT risk is non-existent, because this portfolio is 99% related to liability risks and all policies are inactive. But in the active underwriting Cat risk this risk is partly covered and as such almost fully reinsured. In July 2021 such an event, in the form of a flood, occurred in Limburg and in February 2022 4 storms raged over the Netherlands. Fortunately, the impact for Maaslloyd was relativey. An increase in CAT risk related losses could potentially over time lead to an increase of reinsurance premiums or worst case scenario in the unavailability of CAT risk covers in the reinsurance market. Specifically for liability, the physical risks are even more limited than for property. As with property, natural catastrophes are generally excluded, but additionally a causal relationship between the event and the loss is not likely to be established. In case of potential liability claims on large corporations (e.g. Shell), a court might take into account the impact on the society and therefore might determine large corporations to bear the losses. Given the portfolio of Maaslloyd (consumers and SME), this effect is negligible.

Although this risk is relatively small given the size of the active underwriting portfolio at this stage, it could potentially increase over the next years as premium volumes increase for Maaslloyd. As such, this risk is classified as medium.

Transition risks – Liabilities: transitional risk resulting from the technical provisions are limited. This is due to the fact that Maaslloyd doesn't insure CO2 intensive industries (such as oil & gas) and large corporates. We do observe an increase of the risk due to changes resulting from the transition towards sustainability (e.g. higher risk profile, higher loss amounts). Specific guidelines on this are already included in the underwriting guidelines applicable at Maaslloyd. Therefore, the risk is classified as low.

Intra-group relations

The general risk of contamination, resulting from adverse developments elsewhere in the group of entities related to Maaslloyd, is limited. Most risks are related only to the balance sheet of the respective entities and do not have a direct or indirect impact on the own funds or solvency ratio of Maaslloyd.

A secondary effect could entail that the possibility for Maaslloyd to raise or attract additional capital in the context of the Group should Maaslloyd need this additional capital could be reduced.

5. D. Valuation for Solvency purposes

5.1. D.0 reconciliation Solvency II and statutory reporting.

All amounts are in EUR x 1.000 unless mentioned otherwise. As the Statutory reporting is in thousands and the Solvency II reporting is in full amounts, in some cases this has led to rounding differences (EUR x 1.000). The Solvency II and Statutory Balance Sheet per December 31, 2023 is the following:

BALANCE SHEET 31 December 2023				
Euro x 1.000				
Assets	**Solvency II**	**Statutory**	**Classification**	**Revaluation**
Intangible assets	0	11	**-11**	
Investments				
Real estate	6.815	6.815		
Shares	0	2.787	**-2.787**	
Bonds	10.017	9.950	**67**	
Collective Investments Undertakings	2.787	0	**2.787**	
Deposits at Banks	15.771	15.771		
Funds held by ceding company	159	159		
Loans	2.512	2.512		
Total Investments	**38.061**	**37.994**		
RI premium reserve	**-3.491**	**1.346**		**-4.837**
Reinsurance share of claims reserve	**10.936**	**11.729**		**-793**
Receivables				
Direct insurance	895	895		
Reinsurance	406	406		
Other Receivables	496	431	**-47**	**112**
Total Receivables	**1.797**	**1.732**		
Other Assets				
Tangible fixed assets	0	54	**-54**	
Cash at Banks	283	283	**0**	
Other assets	154	0	**154**	
Total Other Assets	**437**	**337**		
Prepaid expenses and Accrued income	**0**	**156**	**-156**	
Total Assets	**47.740**	**53.305**	**-47**	**-5.518**
Liabilities				
Shareholder's Equity	**30.646**	**28.838**		**1.808**
Gross premium reserve	**-4.781**	**1.891**		**-6.672**
Gross claims reserve	**16.790**	**18.033**		**-1.243**
Risk margin	**626**	**628**		**-2**
Deferred tax liabilities	**1.160**	**570**		**590**
Liabilities				
Direct insurance	980	980		
Reinsurance payables	1.775	1.775		
Other	544	173	**370**	1
Total Liabilities	**3.299**	**2.928**		
Accrued expenses	**0**	**417**	**-417**	0
Total Liabilities	**47.740**	**53.305**	**-47**	**-5.518**

The Solvency II and Statutory Balance Sheet per December 31, 2022 (previous reporting period) was the following:

BALANCE SHEET 31 December 2022				
Euro x 1.000				
Assets	**Solvency II**	**Statutory**	**Classification**	**Revaluation**
Intangible assets	0	1.690		**-1.690**
Investments				
Real estate	7.325	7.325		
Shares	0	2.665	**-2.665**	
Bonds	11.687	11.608	**79**	
Collective Investments Undertakings	2.665	0	**2.665**	
Deposits at Banks	10.485	10.485		
Funds held by ceding company	142	142		
Total Investments	**32.304**	**32.225**		
RI premium reserve	**-1.775**	**1.292**	-3.201	**134**
Reinsurance share of claims reserve	**6.935**	**7.497**		-562
Receivables				
Direct insurance	1.945	1.945		
Reinsurance	596	596		
Other Receivables	542	461	**82**	**-1**
Total Receivables	**3.083**	**3.002**		
Other Assets				
Tangible fixed assets	0	49	**-49**	
Cash at Banks	6.858	6.858	0	
Other assets	49	642	**49**	**-642**
Total Other Assets	**6.907**	**7.549**		
Prepaid expenses and Accrued income	**0**	**161**	**-161**	
Total Assets	**47.454**	**53.416**	**-3.201**	**-2.761**
Liabilities				
Shareholder's Equity	**27.489**	**28.780**		**-1.291**
Gross premium reserve	**-1.097**	**2.025**	-3.201	**79**
Gross claims reserve	**14.460**	**15.783**		**-1.323**
Risk margin	**577**	**577**		
Deferred tax liabilities	**1.064**	**1.290**		**-226**
Liabilities				
Direct insurance	1.440	1.440		
Reinsurance payables	2.798	2.798		
Other	723	360	**362**	1
Total Liabilities	**4.961**	**4.598**		
Accrued expenses	**0**	**363**	-362	-1
Total Liabilities	**47.454**	**53.416**	**-3.201**	**-2.761**

Comments to accounting principles:

The financial statements of the Company have been prepared in accordance with part 9 of book 2 of the Netherlands Civil Code and the financial statements are prepared in conformity with accounting principles generally accepted in the Netherlands (Dutch GAAP). All amounts mentioned in EUR x 1.000.

The classification and revaluation differences are due to Solvency II accounting regulations.

Comments regarding material classification differences per year-end 2023:

In the Statutory accounts under "Shares" an amount of Euro 2.787 is included as Investment funds.

The Investment funds are investment funds in Bonds.

In the Solvency II accounts under "Bonds" an amount of Euro 67 is included as accrued interest.

Accrued interest under "Bonds" is classified under "Prepaid expenses and Accrued Income" in the Statutory account.

In the statutory accounts under "Prepaid expenses and Accrued Income" an amount of Euro 67 is classified as "Bonds" and an amount of Euro 89 is classified under "Other receivable" in the Solvency II accounts.
In the statutory accounts under "Tangible fixed assets" an amount of Euro 54 is classified as "Other assets" in the Solvency II accounts.

Accrued expenses (Euro 417) in the statutory accounts are classified under "Other liabilities" in the Solvency II accounts.

Comments regarding material valuation differences

As of 2020 the Company has started to act as commercial insurer by providing capacity to Underwriting Agents.

During the process of getting the license for active underwriting, the Company built a data tooling system in respect of reporting and analysing the data of underwriting agents and capitalized the external development cost. The accumulated development cost at year end 2023 were Euro 1.801. This intangible asset was not taken into account under Solvency II because it did not meet te valuation methodology used for Solvency II. Quoted marketprices in active markets for this unique asset were not available. At the end of 2023 the intellectual property of this system was transferred to its parent, Halcyon Insurance Group B.V. In the Solvency II accounts the value of this transfer is taken as income.

The net valuation difference on the technical provisions between the Statutory accounts and the Solvency II accounts has resulted in a Deferred tax liability of Euro 590 in the Solvency II accounts. The valuation differences are created due to a different valuation between the Statutory accounting principles and the Solvency II valuation regulations.

In contrast to the Solvency II accounts the technical provisions in the Statutory accounts are not discounted. In the Solvency II accounts the discounting effect on the Gross claims reserve provision is Euro 960. In the Solvency II accounts the discounting effect on the Reinsurance share of the Claims reserve provision is Euro 582.

Valuation differences on premium reserves compared to the Statutory accounts are on Gross premium reserve Euro 6.955 and on Reinsurance premium reserve Euro 5.048.

5.2. D.1 Assets

Material asset categories (excluding reinsurance assets)

The market values of the various investments are delivered by the external asset manager. These are checked and verified by Maaslloyd, by taking various samples. Also, both the internal auditor as well as the external auditor include the valuation of assets in their scope of work for the Annual Report.

5.2.1. Investments

Real Estate

This consists of two office buildings in the Netherlands. The real estate in Rotterdam is let out for 50% and 50% is for own use. The real estate in Amsterdam was purchased in 2021 and is partly rented out but rentable for 100%.

As per December 2023 the two buildings are valued at Euro 6.815 by a valuation assessment from an independent real estate agent. The valuation is based on the net market rent at the moment of the valuation. Also condition of the real estate were defined as valuation parameters.

Bonds

This concerns several Bonds listed on Stock exchanges (Euro 10.017). The bonds can be divided in Government Bonds (Euro 8.627) and Corporate Bonds (Euro 1.390).

Investment funds

This concerns shares in a bonds related investment funds (Euro 2.787) listed on several stock exchanges.

The shares in several bond related investment funds are based on participations in corporate bonds worldwide.

Loan

This concerns two loans.

One loan (Euro 711) to its ultimate parent Dutch Insurance Group B.V.

One loan (Euro 1.801) to its parent company Halcyon Insurance Group B.V.

Bank deposits and Cash at banks.

This concerns deposits (Euro 15.771) and cash at banks (Euro 283) both at a Dutch bank.

The deposits are valued at nominal value and are short term.

The durations are shorter than one year.

Other material assets

Reinsurance assets

The reinsurance reserves are Euro 7.445 and the reinsurance receivables are Euro 406. These reinsurance assets are part of the calculation of the Counterparty default risk.

5.3. D.2 Technical provisions

Per Q4 2023 the technical provisions were the following:

Technical Provisions for all lines of business Amounts in € thousands				
All Lines of Business	**Solvency II**	**Dutch GAAP**	**Revaluation**	**Reclassification**
Gross				
Gross Best Estimates (undiscounted)	**12.969**	**19.924**	**-6.955**	**0**
Discounting Effect	-960	0	-960	0
Gross Best Estimates (discounted)	**12.009**	**19.924**	**-7.915**	**0**
Risk Margin / Prudence Margin	626	628	-2	0
Total Gross Technical Provisions	**12.635**	**20.552**	**-7.917**	**0**
Reinsurance				
Reinsurance Best Estimates (undiscounted	**8.027**	**13.075**	**-5.048**	**0**
Discounting Effect	-582	0	-582	0
Reinsurance Best Estimates (discounted)	**7.445**	**13.075**	**-5.630**	**0**
				0
Total Net Technical Provisions	**5.190**	**7.477**	**-2.287**	**0**

Per Q4 2022 the technical provisions were the following:

Technical Provisions for all lines of business Amounts in € thousands				
All Lines of Business	**Solvency II**	**Dutch GAAP**	**Revaluation**	**Reclassification**
Gross Best Estimates (undiscounted)	**14.607**	**17.808**	**0**	**-3.201**
Discounting Effect	-1.244	0	-1.244	0
Gross Best Estimates (discounted)	**13.363**	**17.808**	**-1.244**	**-3.201**
Risk Margin / Prudence Margin	577	577	0	0
Total Gross Technical Provisions	**13.940**	**18.385**	**-1.244**	**-3.201**
Reinsurance Best Estimates (undiscounted	**5.587**	**8.789**	**-1**	**-3.201**
Discounting Effect	-427	0	-427	0
Reinsurance Best Estimates (discounted)	**5.160**	**8.789**	**-428**	**-3.201**
				0
Total Net Technical Provisions	**8.780**	**9.596**	**-816**	**0**

Comments Technical Provisions

Until 2019 Maaslloyd was only active in the field of discontinued operations for general liability insurance.

Until December 31, 2019, there was no new premium nor new reinsurance activity involved. Through focus, knowledge and efficient processes Maaslloyd generates value in managing the development of reserves and settlement of claims as well as generating investment income.

Most of the sub-portfolios are expected to be fully released within 10 years. But for some sub-portfolio's the expected run-off period can be relatively long. This is in particular the case for a part of the DLV liability sub-portfolio and a part of the Sampo Liability portfolio, which comprise the IBNR reserves for Dutch Asbestos.

The run-off portfolio has developed through the acquisition of run-off portfolios of other (re-) insurance companies including the active reinsurance structure of those portfolio.

Next to the run-off reserve risk the Company started in 2020 with underwriting non-life insurance risks in the Dutch insurance market, Premium Risk, Catastrophe Risk and Reserve risk are identified as new risks. The new underwriting risks are written in Personal Lines and in Small and Medium sized Enterprises in the Dutch insurance market. The Company started to underwrite new risks via pools as follower insurer. The nature of the technical provisions from the active underwriting since 2020is for the main part short tail.

Maaslloyd reflects the value of the technical provisions in the Dutch GAAP report based on their best estimate calculations, which for the claim reserves is set to the same value as the undiscounted Solvency II Best estimates. An additional prudency margin has been identified in the Dutch GAAP report, which is set to the same value of the Solvency II Risk Margin. The difference between the Solvency II and Dutch GAAP technical provisions is that the Solvency II net claim reserves are discounted. For the Premium reserve the valuation method deviates between Solvency II and Dutch GAAP and therefor the values deviate.

The gross, undiscounted best estimates per 31-12-2023 per significant lines of business can be shown as follows:

Gross Claim reserves (undiscounted)		
EURO x 1,000	2023	2022
Fire and other damage to property insurance	5.289	4.907
Other motor insurance	550	582
Motor vehicle liability insurance	3.980	2.213
General liability insurance	8.568	8.214
Transport	232	129
Other branches	42	315
	18.661	**16.360**
Reinsurance share of Claim reserves (undiscounted)		
EURO x 1,000	**2023**	**2022**
Fire and other damage to property insurance	4.034	2.924
Other motor insurance	417	406
Motor vehicle liability insurance	3.006	1.596
General liability insurance	4.079	2.262
Transport	168	81
Other branches	25	228
	11.729	**7.497**

The undiscounted net premium reserve per lines of business is the following:

Best Estimate Premium Reserves Amounts in € thousands									**As at 31-12-2023**
	Motor Other	Motor MTPL	General liability	Fire	Miscellaneous	Income Protection	Assistance	MAT	**Total**
Net Premium Reserves	- 451	- 95	- 9	- 591	- 14	- 171	- 4	- 26	**-1 362**

Disclaimer

The actual results will most likely differ from the estimated results since the actual events will not exactly resemble what has been assumed and forecasted. The resulting variations may be material.

In the process of estimating future claim payments, there is uncertainty about how these develop. In order to estimate the best estimate of unpaid claims, use is made of patterns observed in the past whereby expert judgement is applied to make an estimate for the future.

It is inevitable that there is a certain element of subjectivity. For example, if legislative changes occur or if the claims handling processes or underwriting processes have changed, this may have a material impact on the estimates. In addition, the portfolio changes over time, whereby the client mix can have different behavioural patterns.

Because of making best estimates for the technical provisions, there is inherent uncertainty.

Future results are, for example, depending upon various influences and factors which are not to be foreseen, such as:

- the claim handling processes;
- social and economic inflation;
- changes in legislation and case law;
- new types of claims that are not provided yet;
- new contingent claims;
- improvements in medical technology;
- other economic, legal, political and social trends and developments;
- different type of clients in a different market;
- pandemics such as COVID-19
- random fluctuations.

When estimating future results, it is to a large extend not possible to take into account the potential impact of these influences and factors, partly because it is not quantifiable.

The Actuarial Function can make a judgement and provide an opinion on the reasonableness of the models used, the assumptions used and the plausibility of outcomes. The Actuarial Function can however, mainly due to the reasons as provided above, not guarantee that the estimated reserves shall be adequate.

5.3.1. Portfolio Descriptions

In 2002 ABN AMRO sold Maaslloyd to the Hampden Group, and since then Maaslloyd has acquired various portfolio's in run-off containing, amongst other, US liability risks. Since then, various portfolios have been added to Maaslloyd:

- In 2006 De Zee was acquired
- In 2010 Phoenix N.V.
- In 2010 N.V. Verzekering Maatschappij van 1890
- In 2010 a reinsurance portfolio of Centraal Beheer ("CBRe")
- In 2012 the Malayan portfolio in the Netherlands was acquired.
- In October 2012, the US liability portfolio (both direct and reinsurance) of Delta Lloyd was acquired.
- In November of 2014 (for risk and account since April 2014) the insurance portfolio of Hampden Insurance N.V. ("HI NV") is transferred to N.V. Schadeverzekeringsmaatschappij Maaslloyd ("Maaslloyd"), which is resulted in the situation whereby there is only one single supervised risk carrier.

- In October of 2015 (for risk and account since January 1 2015) a portfolio has been acquired from Delta Lloyd which is referred to as the “Delta Lloyd Volmacht” portfolio. Or the “DLV” portfolio.
- In 2017 the Dutch Run-off portfolio of AIOI Nissay Dowa Insurance Company Ltd has been acquired.
- In 2018, the Company acquired a small reinsurance portfolio from R&V Versicherung AG. The portfolio was written from 1974 to 1980.
- In 2019, the Company acquired a small reinsurance portfolio from Continentale AG. The portfolio was written from 1974 to 1980. In 2019 the company prepared its organisation in order to act as a commercial insurer in the Dutch non-life insurance market
- On 1 January 2020, the Company started with active underwriting with providing insurance capacity to underwriting agents in the non-life Dutch insurance market as a following insurer.
- Per Q2 2022 Maaslloyd is allowed to act as ‘leader’ in insurance pools.

Maaslloyd – US Liability

Between 1977 and 1985 Maaslloyd (before RAK) has accepted US liability risks for US based corporates. Maaslloyd mainly participated in the higher layers and the percentage of participation varies from 0,3% to 15%, limiting the maximum exposure per contract. The main portion of the claims are reinsured by various reinsurance companies.

Maaslloyd – Dutch Portfolio

From 1985 to 1987 Maaslloyd has accepted various regular insurance products such as Motor, Property/Engineering and Liability. This portfolio is almost completely settled with only two active claims remaining.

Hampden Insurance N.V.

In the period from 1991 until 2003 Hampden Insurance N.V. (“HI NV”) and her legal predecessors have signed various risks. The products mainly relate to Casualty (employer liability, general liability and product liability) and Property/Engineering for Industry sector and small and medium size enterprises (SME). Hampden Insurance was also active in the co-insurance market both as leading as well as following insurer.

Delta Lloyd

The run-off business of the former Delta Lloyd portfolio contains three sub-portfolios depending on the underwriting party involved (H.S. Weavers Underwriting Agency (“HSW”), C.R. Driver Ltd. (“CRD”) and various exposures singed in Amsterdam).

H.S. Weavers (“HSW”)

The risks that were underwritten by HSW are mainly general liability for Fortune 500 multinationals and excess of loss reinsurance for local US entities and London Market risks, including facultative reinsurance. The Delta Lloyd's share is on average 5%. The HSW portfolio is reinsured based on excess of loss with a large number of international reinsurers.

C.R. Driver Ltd. ("CRD")

CRD was an intermediary active in the London Market. This portfolio is reinsured for Catastrophe coverage on a limited excess of loss basis which has been fully exploited.

APH Tekening in Amsterdam – "25"

Delta Lloyd has accepted a number of contracts with an APH element in Amsterdam. In 2006 there were 25 contracts in portfolio explaining the name "25". Most claims have been settled or closed.

Currently, only a small number of contracts are open, with only four of them with any significant activity. There is no reinsurance coverage for this portfolio.

CBRe

Centraal Beheer Reassurantie ("CBRe") is founded in 1978 as a reinsurance company (both incoming as well ceding) for the total Centraal Beheer Groep.

Of the incoming reinsurance only a small portion is active, and this portfolio is in run-off. Due to the character of the portfolio the remaining duration of the liabilities is relatively long. The strategy is to close as many contracts as possible by full and final settlement.

Currently the following contracts / risks are in portfolio:

- London Market Excess of Loss contracts ("LMX contracts"): Lloyds syndicates reinsured themselves with other syndicates, but also with international reinsurance companies such as CBRe
- Treaty business contracts: these are mainly contracts in which CBRe participated for a small portion (mainly in surplus treaties)
- Bodily Injury risks: liability contracts with long remaining durations.

Delta Lloyd Volmacht portolio or DLV Portfolio:

The portfolio is a run-off portfolio of products that were written via pools: either via authorized agents (pools volmacht) or via the bourse (beurs direct). The products include Fire, Marine and General Liability. The main risks that have remained in the portfolio are mainly related to asbestos. In addition, there are a few other bodily injury claims left.

Others – Phoenix, Verzekering Maatschappij 1890, Malayan, AIOI, R&V Versicherung AG and Continale AG.

Various other smaller insurance portfolios.

5.3.2. Overall conclusions of the Technical Provisions

The Actuarial Function concludes that the calculations carried out by Maaslloyd are sophisticated and appropriate and believes that the outcomes are within a reasonable range

5.4. D.3 Other liabilities

Material liabilities (excluding Technical provisions and Risk margin)

Direct insurance liabilities

This concerns direct insurance liabilities which are due in less than one year.

Inwards reinsurance Liabilities.

This concerns inwards reinsurance insurance liabilities which are due in less than one year.

5.5. D.4 Alternative methods for valuation

There are no items with an alternative method for valuation.

5.6. D.5 Other material information

Maaslloyd does not use any transitional measures such as Matching Adjustment or Volatility Adjustment.

6. E. Capital Management

6.1. E.1 Own Funds

Structure, size and quality of the Own Funds

The Company's authorized share capital consists of 40,000 shares with a nominal value of NLG (1.000) (Euro 454) per share. As of December 31, 2023, 10,000 shares were issued and fully paid to an amount of Euro 4.537.802. The legal reserve relates to the intangible fixed asset.

The movements in shareholders' equity in the annual report of December 31, 2023 were as follows:			
(Euro x 1.000)			
		2023	2022
Issued and paid-up share capital	Euro	4.538	4.538
Share Premium reserves	Euro	6.755	6.755
Legal reserve	Euro	0	1.690
Revaluation reserve	Euro	117	457
Other Reserves	Euro	17.370	15.431
Result for the year	Euro	58	-91
Total Own funds	Euro	28.838	28.780
Excess assets above the liabilities as calculated for solvency II purposes	Euro	30.646	27.440
Capital Difference		**1.808**	**-1.340**

100% of the total own Funds are Tier 1 eligible own funds.

Explanation to the capital difference between the Statutory and the Solvency II accounts;

The capital differences are mainly caused by the discounting effect of the technical Provisions, different valuation of the Premium reserves and the implication of the transfer of the intellectual property of the system to its parent company, Halcyon Insurance Group B.V.

The 2023 difference in the net valuation effect can be shown as follows;				
(Euro x 1.000)		**Solvency II**	**Annual Report 2023**	**Valuation difference**
Discounting effect Gross technical provisions	**Euro**	960	0	960
Discounting effect Reinsurance share of technical provisions	**Euro**	-582	0	-582
Premium reserve Gross		5.064	-1.891	6.955
Risk Margin		-626	-628	2
Premium reserve Reinsurance share		-3.702	1.346	-5.048
Net Technical provisions		1.114	-1.173	2.287
Deferred tax liabilities	**Euro**	-1.160	-570	-590
Other differences	**Euro**	111	0	111
Capital Difference	**Euro**			**1.808**

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

In the tables below the solvency position and own funds position are shown. Maaslloyd uses the Standard Formula, without any Undertaking Specific Parameters (USP) to determine the Solvency Capital Requirement (SCR).

Solvency ratio's Amounts in € thousands	31-12-2022	31-12-2023
SCR	6.875	8.255
Own Funds	27.489	30.646
Solvency Ratio	400%	371%
MCR	4.000	4.000
Own Funds	27.489	30.646
Solvency Ratio	687%	766%

The solvency position has decreased from 400% at the end of 2022 to 372% per the end of 2023, but is still well above regulatory and internal limits and targets.

6.2.1. SCR calculation

The table below gives an overview of the composition of the SCR as at 31-12-2023 and 31-12-2022.

SCR Amounts in € thousands (sub) risk type	31-12-2022	31-12-2023
Market risk	2.084	2.626
Counterparty default risk	1.912	1.653
Life risk	0	0
Health risk	0	519
Non-Life risk	4.009	4.784
Sub-total (before diversification)	8.006	9.582
Diversification	1.849	2.493
Sub-total (after diversification)	6.158	7.089
Intangible assets risk	0	0
Basic SCR	6.158	7.089
Operational risk	718	1.166
LAC-DT	0	0
SCR	**6.875**	**8.255**

6.2.2. MCR calculation

The tables below shows the calculation of the MCR.

MCR Amounts in € thousands Technical Provisions	31-12-2022	31-12-2023
MCR	4,000	4,000

MCR Amounts in € thousands Technical Provisions		31-12-2023
MCR (Linear apprach)	A	1,084
AMCR	B	4,000
SCR	C	8,255
MCR (lower bound 25%of SCR)	D=25%*C	2,064
MCR (upper bound 45%of SCR)	E=45%*C	3,715
MCR	F=	**4,000**

The MCR is equal to the maximum of the $MCR_{combined}$ and the AMCR. The AMCR is equal to 4.000 as at year end 2022.

The $MCR_{combined}$ is equal to the minimum of:

- The Maximum of the MCR_{linear} and 25% of the SCR
- 45% of the SCR

For Maaslloyd, the MCR_{linear} is calculated using a factor-based approach on the net technical provisions.

6.3. E.3 use of duration based equity submodule

Maaslloyd does not use the duration based equity submodule.

6.4. E.4 difference between standard formula and internal model used

Maaslloyd does not use an internal model.

6.5. E.5 Non-compliance with MCR and SCR

Maaslloyd has been continuously compliant with both the MCR as well as the SCR throughout 2023.

6.6. E.6 Any other information

In Solvency II, the DTL regarding the technical provisions should be recalculated, if the discounted best estimate of the technical provisions is lower than the held technical provisions.

The table below provides the calculation of the DTL adjustment:

Deferred tax liabilities Amounts in € thousands	Formula	31-12-2022	31-12-2023
Statutory: Net reserves	(A)	9,596	7,474
Solvency II: Net Best Estimate	(B)	8,203	4,564
Solvency II: Risk Margin	(C)	577	626
Difference statutory and SII	(D)=A-B-C	816	2,285
SII Tax Adjustment (25.8% difference)	(E) 25.8%*(D)	210	589
Deferred tax liabilities (Statutory)	(F)	0	570
Calculated DTL SII	G=max(0;E)+F	**210**	**1,160**
Unabsorbed losses		n/a	n/a
Tax absorb due to losses		n/a	n/a
Selected DTL SII	**(H)**	**210**	**1,160**

Statutory: Net reserves Amounts in € thousands	Formula	31-12-2022	31-12-2023
Gross undiscounted claim reserves (statutory)	(A)	13,315	16,665
Gross undiscounted ULAE (statutory)	(B)	2,468	1,368
Gross Adjustment Risk Margin (statutory)	(C)	577	626
Undiscounted Ceded Reserves (statutory)	(D)	7,497	11,729
Net claim reserves (statutory)	**(E)=A+B+C-D**	**8,863**	**6,929**
Gross premium reserves (statutory)	(F)	-1,176	1,891
Ceded premium reserves (statutory)	(G)	-1,910	1,346
Net premium reserves (statutory)	**H=(F)-(G)**	**733**	**545**
Statutory: Net Reserves (Claim + Premium)	**(I)=E+H**	**9,596**	**7,474**

Maaslloyd has defined a Capital Management policy. Maaslloyd aims to operate at a solvency ratio, calculated according to the standard formula. The minimum threshold level is defined at 150% of the Solvency Capital Requirement, whereby the target threshold level is defined as 180% of the Solvency Capital Requirement (''SCR'').