

Circular letter 19/6 of the Commissariat aux Assurances amending and completing the quarterly statements of assets underlying technical provisions

Following the entry into force of the Law of 10 August 2018 transposing Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution and amending the modified Law of 7 December 2015 on the insurance sector, the system of the privilege of policyholders, insured and beneficiaries on assets underlying technical provisions has been amended. A distinction was made between different types of liabilities of insurance undertakings and the latter are obliged to assign sufficient assets to each type of liability.

As a result, the statements of assets underlying technical provisions should not only give indications on the coverage of technical liabilities as a whole, but must provide proof of the adequacy of the coverage for each type of liability.

Allowing this more detailed monitoring is the first motivation for the new version of the quarterly reports.

A second objective is to align the information requested on a quarterly basis with the information required for the annual return of assets underlying technical provisions and to extend the collection of information on unaffected assets. The additional data collected will allow the Commissariat aux Assurances to refine the stress tests performed each quarter on the basis of the quarterly statements collected.

Thirdly, as regards the collection of information on the evolution of the staff employed, a breakdown by place of work is introduced.

Finally, the report on the collection of information on the application of Article 111bis of the Income Tax Law was extended to collect information on old-age savings contracts in the benefit phase. When this statement was introduced in 2004, the majority of these contracts were in the accumulation phase. This is no longer the case today, as a significant proportion of contracts expire every year.

This Circular Letter applies from the quarterly statements for the first quarter of 2019, which must be returned to the Commissariat aux Assurances by the end of April 2019. The corresponding files will be provided during February 2019.

In case of difficulties, it is advisable to contact at the Commissariat aux Assurances the person in charge of the last annual report of the undertaking.

For the Executive Board

signed by Claude WIRION, Director

The following text has been elaborated by the CAA for information purposes.
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INSURANCE UNDERTAKING S.A.		Assets affected	Assets affected or unaffected
Non Life (EUR)			
Statement of Quarter 01/2019		TOTAL	TOTAL
I.	Premiums earned since the beginning of the financial year	0	0
	Premiums earned during the quarter	0	0
II.	Claims paid since the beginning of the financial year	0	0
	Claims paid during the quarter	0	0
III.	Gross technical provisions at the end of the quarter	0	0
	Prepaid premiums at the end of the quarter	0	0
	Debts to policy-holders and beneficiaries at the end of the quarter	0	0
	Total liabilities to be covered by underlying assets	0	0
1.	Bonds issued by a public issuer within the European Union (EEE)	0	0
2.	Bonds issued by a public issuer within the OECD but outside the European Union (EEE)	0	0
3.	Bonds issued by international organisations	0	0
3a.	Bonds of banks issuing mortgage bonds	0	0
4.	Bonds issued by a private issuer within the European Union and traded on a regulated market	0	0
5.	Bonds issued by a private issuer within the European Union and not traded on a regulated market	0	0
6.	Private bonds issued by an issuer within the OECD but outside the European Union and traded on a regulated market	0	0
	Total A	0	0
7.	Shares issued by an issuer within the European Union and traded on a regulated market	0	0
8.	Shares issued by an issuer within the European Union and not traded on a regulated market	0	0
9.	Shares issued by an issuer within the OECD but outside the European Union and traded on a regulated market	0	0
10.	Units of compliant bond UCIs	0	0
10a.	Units of non-compliant Luxembourg bond UCIs	0	0
11.	Units of compliant monetary UCIs	0	0
11a.	Units of non-compliant Luxembourg monetary UCIs	0	0
12.	Units of compliant share UCIs	0	0
12a.	Units of other compliant or non-compliant Luxembourg share UCIs	0	0
	Total B	0	0
13.	Property located within the European Union	0	0
	Total C	0	0
14.	Loans guaranteed by mortgages	0	0
15.	Current, call or term deposit accounts	0	0
16.	Accrued and non-overdue interest	0	0
17.	Outstanding premiums and claims on intermediaries	0	0
18.	Advances on "life" contracts	0	0
19.	Deferred acquisition costs	0	0
20.	Reinsurance receivables net of deposits received	0	0
30.	Assets admitted after CAA approval	0	0
	Total D	0	0
40.	Financial assets and deposits with ceding undertakings not admitted by the Commissariat aux Assurances	0	0
	Total E	0	0
	Grand total of assets	0	0
	Grand total of underlying assets	0	0
	Excess (+) or shortage (-) of coverage	0	0

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<i>Calculation of technical provisions in non-life insurance at the end of the quarter by the global method defined in Article 10(2)(A) of the Grand-Ducal Regulation of 14 December 1994</i>		
INSURANCE UNDERTAKING S.A. Non Life (EUR) Statement of Quarter 01/2019	TOTAL	Assets affected or unaffected TOTAL
First result		
A. Technical provisions of the balance sheet of the previous accounting year	0	
B. Technical provisions of the balance sheet of the penultimate accounting year	0	
C. 25% of the difference A-B	0	0
Second result		
D. Premiums earned, net of cancellations, during the last quarter	0	
E. Premiums earned, net of cancellations, during the corresponding quarter of the preceding financial year	0	
F. 65% of the difference D-E	0	0
G. Increase in the technical provisions during the quarter (the higher amount of C and F)	0	0
H. Amount of technical provisions at the beginning of the quarter	0	
I. Amount of technical provisions at the end of the quarter	0	0

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INSURANCE UNDERTAKING					Annexe C
Estimated profit & loss account - 1st quarter 2019					
(estimated cumulated figures)					
Account reference according to article 46 of the law of 8 December 1994 on the annual and consolidated accounts of insurance companies		Account name	Gross	Reinsurance	Net
Non Life insurance	Life insurance	(amounts in euro)	Amount		Amount
I.1	II.1	Earned premiums, net of reinsurance			0
III.3+III.5	II.2+II.3+II.9+II.10	Investment income, net of reinsurance			0
I.3	II.4	Other technical income			0
I.4	II.5	Claims incurred, net of reinsurance			0
I.5+I.9	II.6	Change in other technical provisions, net of reinsurance			0
I.6	II.7	Bonus and rebates, net of reinsurance			0
I.7	II.8	Net operating expenses			0
I.8	II.11	Other technical charges			0
III.7+III.11	III.7+III.11	Other income, including extraordinary income	-	-	
III.8+III.12	III.8+III.12	Other charges, including extraordinary charges	-	-	
III.9+III.14+I.16	III.9+III.14+III.16	Tax, including tax on extraordinary profit and loss	-	-	
III.17	III.17	Result of the financial year	-	-	0
		Personnel employed (FTE) at the end of 1st quarter 2019			
Market and book value of investments in balance sheet item C					
			Market value	Accounting value recorded at the end of the quarter	Unrealised gain or loss
I.		Land and buildings			0
II.		Investments in affiliated undertakings and participating interest	0	0	0
	1.	<i>Shares in affiliated undertakings</i>			0
	2.	<i>Debt securities issued by, and loans to, affiliated undertakings</i>			0
	3.	<i>Participating interests</i>			0
	4.	<i>Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest</i>			0
III.		Other financial investments	0	0	0
	1.	<i>Shares and other variable yield transferable securities and units in unit trusts</i>			0
	2.	<i>Debt securities and other fixed income transferable securities</i>			0
	3.	<i>Participation in investment pools</i>			0
	4.	<i>Loans guaranteed by mortgages</i>			0
	5.	<i>Other loans</i>			0
	6.	<i>Deposits with credit institutions</i>			0

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IV.	7.	<i>Other</i>			0
		Deposits with ceding undertakings			0
		TOTAL	0	0	0
<i>Losses to be deducted on the solvency margin statement</i>					0
<i>Maximum gains likely to be taken into account in the solvency margin statement</i>					0

Reconciliation between the annual return of assets underlying technical provisions and Appendix C of the balance sheet

		Excluding « Units of accounts »
	Annual return	
	<i>Assets cat. A</i>	0
	<i>Assets cat. B</i>	0
	<i>Assets cat. C</i>	0
	<i>Assets under items 15, 16, 18, 30 et 40</i>	0
	Total annual return	0
	<i>Balance sheet (market value)</i>	
	<i>Cat. C (market value)</i>	0
	<i>Current and deposit accounts not included in item C</i>	
	<i>Accrued interest not included in item C</i>	
	Total balance sheet	0
	Difference	0

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INSURANCE UNDERTAKING S.A.

Annexe D

Significant exposures by counterparty type at the end of the first quarter of 2019

Indicate for each type of counterparty in the order of decreasing gross exposure the present value of exposures to the 10 largest counterparties; individual counterparties in the same group are to be considered as a single counterparty.

This includes securities of any kind issued by the counterparty (shares, bonds, structured products, etc.) and all receivables from that counterparty for which the investment risk is borne by the insurance undertaking, regardless of whether or not these assets represent the technical provisions

	Name of the group counterparty	Type of counterparty	Direct gross exposure	Indirect gross exposure*	Total exposure totale net of security deposits
1		public issuer			
2		public issuer			
3		public issuer			
4		public issuer			
5		public issuer			
6		public issuer			
7		public issuer			
8		public issuer			
9		public issuer			
10		public issuer			
11	INSURANCE UNDERTAKING S.A.'s group	intragroup issuer			
12		banking group/financial conglomerat			
13		banking group/financial conglomerat			
14		banking group/financial conglomerat			
15		banking group/financial conglomerat			
16		banking group/financial conglomerat			
17		banking group/financial conglomerat			
18		banking group/financial conglomerat			
19		banking group/financial conglomerat			
20		banking group/financial conglomerat			
21		banking group/financial conglomerat			
22		(re)insurance group			
23		(re)insurance group			
24		(re)insurance group			
25		(re)insurance group			
26		(re)insurance group			
27		(re)insurance group			
28		(re)insurance group			
29		(re)insurance group			
30		(re)insurance group			
31		(re)insurance group			
32		other			
33		other			
34		other			

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35		other			
36		other			
37		other			
38		other			
39		other			
40		other			
41		other			

* for example via collective investment schemes, derivatives, structured products, etc. The figures are to be indicated on a best effort basis; however, the insurance undertaking shall ensure that no significant exposure is omitted.

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Annexe
B1

Solvency and adjusted solvency margin statement

of INSURANCE UNDERTAKING S.A. (Non Life)

as at the end of 1st quarter 2019

**I. Available solvency margin
(Currency)**

NOTE - The items under B are eligible following a request from, and justification by, the undertaking, and after agreement from the Commissariat aux Assurances.

A.

(1)	Paid-up capital or effective fund (*)	
(2)	Reserves not corresponding to underwriting liabilities:	
	a - Statutory reserves	
	b - Free reserves	
	c - 70% of temporarily not taxable capital gains	
(3)	Retained profits or losses:	
	a - Retained profits brought forward	
	b - Current year profits or losses available after deduction of dividends to be paid	
(4)	Cumulative preferential share capital and subordinated loan capital and securities with no specified maturity date, up to 50% of the margin (**), no more than 25% may be in securities with a fixed maturity	
TOTAL OF (1) TO (4)		0
(*) In the case of branches, only those items represented by assets localised in Luxembourg are to be taken into account. (**) The term "margin" means the lesser amount of the solvency margin requirement or the available solvency margin.		
TOTAL DE (1) à (4)		0
To be deducted:		
(5)	Own shares	
(6)	Intangible items in the balance sheet	

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(7)	Hidden losses resulting from the over-estimation of assets	
(8)	Difference between discounted and non-discounted claims provisions	
(9)	Participations in credit institutions, financial institutions, investment firms (***)	
TOTAL A (total (1) to (4) minus total (5) to (9))		0

B

(10)	Unpaid half of the share capital or effective initial fund when the part paid in reaches at least one quarter of that capital or fund up to 50% of the margin (*)	
(11)	Half of the possible reminder of variable contributions for the financial year up to 50% of the margin (*)	
(12)	Hidden gains resulting from the underestimation of assets other than bonds	
TOTAL B		0

C

(13)	Deduction to be made in respect of holdings in other companies insurance and reinsurance (chapter 8bis of the law of 6 December 1991) (****)	
TOTAL C		0

AVAILABLE SOLVENCY MARGIN (A + B)		0
ADJUSTED AVAILABLE SOLVENCY MARGIN (A + B - C)		0

(*) The term margin refers here to the lowest amount of the required or available solvency margin

(***) The notion of participation, defined in article 25 of the law of 6 December 1991, presupposes either a lasting link or the holding of 20% of the capital or voting rights

(****) Unless recalculated with justification, the deduction for the last financial year ended must be maintained

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**II Required solvency margin
(in EUR)**

**A. First result
(Reference period: last 12 months)**

	Column A Classes other than 11, 12 and 13	Column B Classes 11, 12 and 13
(1) Direct premiums or contributions due in respect of direct business(*), gross of reinsurance cessions, issued or acquired in respect of all financial years, including accessories		
increased by:		
(2) Amount of premiums (*) accepted for reinsurance (gross of retrocession)		
less:		
(3) Total premiums or contributions (*) cancelled and taxes		
Amount of the difference between (1)+(2) and (3)	0	0
Premium base (column A result + 1.5 times column B result)		0
divided into:		
- up to and including EUR 6130000000 x 0.18		0
- in excess of EUR 61300000 x 0.16		0
TOTAL (a)		0
Ratio (**) of claims remaining to be borne by the undertaking after deduction of amounts recoverable under reinsurance and the gross amount of claims		
Amount of this ratio when it is greater than or equal to 50%, otherwise 50% (b)		100,00%
First result: (a) x (b) =		0
or for health insurance operations managed according to a technique owned by the life insurance company:		
1/3 (a) x (b) = not applicable in Luxembourg		-

(*) The calculation must be based on the higher of the premiums or contributions written or the premiums and contributions earned

(**) The ratio must be determined over the last 3 financial years, i.e. 12 quarters; in the absence of a precise calculation relating to the reference period of the last 12 quarters, the value entered for the last annual solvency margin statement must be entered

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B. Second result		
Reference period (last 36 or 84 months) expressed in number of years (*):		
	Column A Classes other than 11, 12 and 13 ***	Column B Classes 11, 12 and 13
(1) Claims paid in respect of direct business gross of reinsurance increased by:		
(2) Claims paid in respect of reinsurance accepted gross of retrocessions and:		
(3) Provisions for claims outstanding (direct business and reinsurance accepted) established at the end of the first quarter of financial year 2019 (end of the reference period)		
less:		
(4) Amount of recoveries received		
and		
(5) Provision for claims outstanding (direct business and reinsurance accepted) established at the end of the first quarter of fiscal 2016 (beginning of the reference period)		
TOTAL (a): Claims incurred during the reference period: (1) + (2) + (3) - (4) - (5)	0	0
Claims base (column A result + 1.5 column B result)		0
annual average 1/3 or 1/7 of TOTAL (a) (**)		0
divided into:		
- a share up to and including EUR 4290000000 x 0.26		0
- a share in excess of EUR 429000000 x 0,23		0
TOTAL (b)		0
Ratio (***) of claims remaining at the expense of the company after application of the reinsurance cessions in relation to the gross cost of claims		0,00%
Amount of this fraction when it is greater than or equal to 50%, otherwise 50% (c)		50,00%
Second result:	(b) x (c) =	0
or for health insurance operations managed according to a technique related to life insurance:		
1/3 (b) x (c) = not applicable in Luxembourg		

(*) Last 3 financial years as a general rule; last 7 financial years for companies that mainly practice one or more of the credit risks, storm, hail, frost; for companies approved for less than 3 or 7 years, the reference period begins with the actual start of operations.

(**) Use the ratio corresponding to the reference period.

(***) Class 11: Aircraft liability; Class 12: Maritime liability; Class 13: General liability.

(****) The ratio must be determined over the last 3 financial years, i.e. 12 quarters; in the absence of a precise calculation relating to the reference period of the last 12 quarters, the value entered for the last annual solvency margin statement must be entered

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SUMMARY STATEMENT FOR THE COMPANY ELECTRO ASSURANCES S.A.

I. Available solvency margin		0
of which:	elements A: elements B10 and B11 elements B12	0 0 0
II. Deduction for the calculation of the adjusted available margin:	elements C	0
III. Required solvency margin to be constituted		
A.	First result	0
B.	Second result	0
C.	Absolute minimum of the guarantee fund (in EUR)	3.700.000
D.	Solvency margin requirement (highest result of (A), (B) or (C))	3.700.000
E.	Solvency margin requirement at the end of the 1st quarter of 2018	
	Outstanding claims provision net of reinsurance at the end of the 1st quarter of 2018	
	Outstanding claims provision net of reinsurance at the end of the 1st quarter of 2019	
	Ratio between the 2019 and 2018 claims provisions	100,00%
F.	Value of this ratio if it is less than 100%, or 100%	100,00%
G.	Minimum solvency margin requirement at the end of the first quarter of 2019 (E*F)	0
H.	Solvency margin requirement at the end of the 1st quarter of 2019	3.700.000
IV. Coverage of the solvency margin		
	Surplus or insufficient solvency margin	-3.700.000
	Degree of coverage	0,00%
V. Coverage of the adjusted solvency margin		
	Adjusted solvency margin surplus or shortfall	-3.700.000
	Degree of coverage	0,00%
VI. Coverage of the guarantee fund		
	Guarantee Fund (highest amount of C and one-third of H)	3.700.000
	Excess or shortfall of coverage by A items	-3.700.000
	Excess or shortfall of coverage by items A and B12	-3.700.000