

The following text has been elaborated by the CAA for information purposes. The French version of this Circular letter is the only authentic version.

## **Circular letter 09/1 of the Commissariat aux Assurances, as amended, relating to the separate report to be provided by the approved auditor of direct insurance undertakings**

**Consolidated version of 25 February  
2020<sup>1</sup>**

«In accordance with Article 94 of the law of 7 December 2015, as amended, on the insurance sector, every Luxembourg insurance undertaking is required to submit itself to an external accounting audit to be performed on annual basis, at the undertaking's expense, by an approved auditor of companies (“Réviseur d’entreprise agréé”).

Article 95 of the same law involves the approved auditor in the prudential control to be exercised by the Commissariat aux Assurances. »

It is for this reason that the approved auditor must produce for any insurance undertaking under Luxembourg law, in addition to the audit report on the annual accounts, a separate report to be sent to the audited undertaking with a copy to be sent directly to the Commissariat aux Assurances.

The separate report has been requested since the accounts relating to the 1996 financial year and its content has been regularly updated.

To facilitate its use by the Commissariat aux Assurances, as of financial year 2008, the separate report is divided into two distinct sections:

- Section 1 is an Excel file with a list of questions mainly of the yes/no type. (<sup>2nd</sup> sentence deleted by LC19/3)
- Section 2 is a paper document signed by the approved auditor with additional explanations.

*(LC19/3)*

«The modalities for transmitting the two sections are communicated on an annual basis to the insurance undertakings when the annual reporting files are to be transmitted. »

Depending on the answer given to a question in Section 1, a message appears to indicate that

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<sup>1</sup> Circular letter LC09/1 has been amended by Circular letters LC13/3, LC19/3 and LC20/3.

further explanations should be given in Section 2. This does not mean that in the absence of such a message the approved auditor cannot provide comments in Sections 2. Indeed, not only the approved auditor is always free to comment on a voluntary basis, but some questions are only dealt with in Section 2 without a corresponding question in Section 1.

The date of submission of the separate report is communicated each year when the reporting files are distributed.

The separate report should include the following chapters.

### **1. Assignment of the approved auditor**

Section 1 indicates the name of the approved auditor in charge and the number of hours worked on the statutory audit of the annual accounts as defined in note 1 of the IRE's opinion dated 15 February 2007 by breaking down the total between the number of hours worked by approved auditors and the number of hours worked by other professionals.

It should be noted that the other tasks covered by the IRE's opinion, such as other insurance services or tax advisory services, are not covered. It is understood that the work of the approved auditor in relation to this separate report is part of the assignment regarding statutory audit of the annual accounts.

Section 1 also indicates whether the legal assignment involves infra-annual audits, the audit of the consolidation package or other work in the context of group consolidation instructions.

### **2. Audit report**

In Section 1 the following 4 questions will be answered:

a) Has the audit report been completed and signed on the date of completion of the separate report?

*(LC13/3)*

b) «If so, does the audit report contain any reservation (qualifications or «matters of emphasis»)?

c) If not, does the approved auditor intend to express any reservation (qualifications or «matters of emphasis»)? »

d) Does the management report include all the information referred to in Article 85 of the law of 8 December 1994, as amended, on the annual and consolidated accounts of insurance undertakings?

Under point d), the information in the separate report goes beyond the scope of the provisions of Article 86 of the Law of 8 December 1994 on the annual accounts of insurance undertakings, which explicitly only aims at certifying the consistency of the management report with the annual accounts.

Section 2 will include details of any reservation, including both qualifications and «matters of emphasis», issued or projected, explanations for delays in issuing the audit report and a description of the nature of any shortcomings in the management report.

### **3. Publication of the accounts for the previous financial year**

Section 1 will indicate whether the undertaking has complied with all the obligations to publish its accounts for the previous financial year and whether the legal deadlines have been met.<sup>2</sup>

### **4. Compliance with the Commissariat aux Assurances' instructions given during the previous year's reporting period**

In order to avoid the same objections, requests for corrections and requests for additional information having to be made each year by the Commissariat aux Assurances, the approved auditor is responsible for an initial analysis of the reporting. This role is primarily educational and preventive in the sense that, rather than reporting in the separate report the repetition of past errors, the approved auditor should draw the undertaking's attention in a timely manner to the adjustments necessary to ensure that the reporting to the Commissariat aux Assurances meets the latter's expectations as much as possible.

In order to do so, the undertaking shall provide to the approved auditor all letters exchanged with the Commissariat aux Assurances regarding the previous year's reporting. In the event that all the points relating to a reporting have been resolved, the Commissariat aux Assurances sends a letter closing the review of the reporting to the undertaking concerned.

The approved auditor's comments are to be given only in Section 2 which:

- refers to all correspondence exchanged between the undertaking and the Commissariat aux Assurances in the framework of the previous year's reporting that came to the approved auditor's attention;
- finds out to what extent the year's reporting may be subject to the same objections and observations as those made by the Commissariat aux Assurances in relation to the previous year's reporting.

### **5. Valuation of the assets of items C II, III and IV**

In Section 1 the following 4 questions will be answered:

- a) Are there depreciations on assets other than fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting?
- b) If so, what is the total amount of the corresponding unrecognized capital losses?
- c) Are there depreciations on fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting for reasons relating to the quality of the issuers?
- d) If so, what is the total amount of the corresponding unrecognized capital losses?

Section 2 will deal with the criteria used by the undertaking to decide whether an unrealized loss of value is long-lasting or not and whether these criteria have changed since the previous financial year. This information shall be given irrespective of the existence or otherwise of such losses.

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<sup>2</sup> In accordance with Article 87 of the Act on the Annual and Consolidated Financial Statements of Insurance and Reinsurance Undertakings, the financial statements, the annual report and the auditor's report must be submitted within one month of their approval and no later than seven months after the end of the financial year.

## 6. Register of Representative Assets

In Section 1 it will be indicated whether the insurance undertaking has a register in accordance with Circular letter 08/4 of the Commissariat aux Assurances and whether all the assets representing the technical provisions as at 31 December of the financial year are entered in this register pursuant the aforementioned Circular letter.

(LC13/3)

"Recurring mistakes that must be pointed out concern the fact of filling in excluded accounts in contradiction with Circular letter 08/4, the fact of forgetting to enter in the register a change in the depositary's corporate name, the fact of maintaining closed agreements or maintaining two agreements in the event of a merger of two depositories. In the latter case, the insurance undertaking will have to terminate one of the two agreements and notify the Commissariat aux Assurances. »

The second question is not so much about the completeness of the entries in the register as about the form of those entries. It is recalled, however, that interest accrued and not yet due on assets entered in the register must be the subject of a special entry in order to be admitted as assets representing technical provisions.

If any of the questions are answered in the negative, in Section 2 the deficiencies found will be detailed.

## 7. Statement of assets representing technical provisions

In Section 1 the following questions will be answered:

- a) Was the statement prepared in accordance with the provisions of chapter 3 of the Circular letter 08/4 of the Commissariat aux Assurances, with particular reference to the asset classes?
- b) Does the statement include all the assets entered in the register?
- c) Does the statement include any assets that are not entered in the register?
- d) On the basis of an exhaustive check or on the basis of a survey, are there breaches of the limits per issuer as defined in Article 11 of the amended Grand-Ducal Regulation of 14 December 1994 which result in under-coverage of technical liabilities?
- e) On the basis of an exhaustive control or a survey, are there breaches other than purely passive<sup>3</sup> of the overall or per issuer limits as defined by Circular letter 08/1 of the Commissariat aux Assurances and, if applicable, by the stricter rules governing an internal fund or a contract?
- f) Does the undertaking have written internal procedures to ensure compliance with the investment rules of Article 11 of the amended Grand-Ducal Regulation of 14 December 1994 and Circular letters relating to unit-linked contracts?
- g) If so, are these procedures considered adequate by the approved auditor?

(LC13/3)

- h) «If the answer to question g) is in the affirmative, are these procedures applied in practice? »
- i) For assets deposited with a credit institution, is the total value of said assets the same as the value recorded on the statement related to deposit agreements?

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<sup>3</sup> A breach shall be deemed to be passive if it results exclusively from the divergent price development of the underlying assets of an internal fund or a contract

j) If not, has the undertaking been able to provide justification deemed relevant by the approved auditor?

Point j) implies that the responsibility for reconciling the annual statement of assets covering technical provisions with the statement of deposit agreements lies with the insurance undertaking and that the approved auditor is only entrusted with a control and validation task.

Section 2:

- will provide details of any deficiencies found;
- indicate whether the approved auditor has carried out, in relation to questions d) and e), an exhaustive control or a survey and in the latter case it will specify the size of the sample on which the audit was based.

## **8. Status of deposit agreements**

In Section 1 the following questions will be answered:

a) Are all deposits reported in the annual statement relating to deposit agreements covered by an agreement duly approved by the Commissariat aux Assurances at the end of the financial year?

b) If not, were the deposits covered by an agreement approved by the Commissariat aux Assurances at the time the separate report was issued?

c) Is the value of the deposits reported for each credit institution identical to the value entered on the bank statements relating to the accounts covered by the deposit agreement (i.e. without taking into consideration the accounts excluded from the deposit agreement)?

d) In case of deviations, has the undertaking been able to provide justifications deemed relevant by the approved auditor?

With regard to question c) it should be noted that the values shown on the statement of deposit agreements should be identical to those resulting from bank statements. However, this requirement is not absolute, as in the case of unquoted assets valued at zero by the bank. Differences should nevertheless remain exceptional.

As in Chapter 6, the responsibility for reconciling the bank statements with the statement relating to deposit agreements lies with the insurance undertaking and the approved auditor is only entrusted with a control and validation tasks.

Section 2 of the separate report:

- provide details and figures regarding assets not covered by a duly approved custody agreement;
- calculate for each agreement the differences between the bank statements relating to the accounts covered by the deposit agreement and the indications of the annual statement relating to deposit agreements;
- will break down the overall gap related to the agreements according to the main sources of variance;
- indicate the reasons, if any, why the approved auditor was not in a position to validate the reconciliation performed by the undertaking.

## **9. Approval of internal collective funds (life insurance undertakings only)**

In Section 1 the following questions will be answered:

- a) Does the undertaking include in its products internal collective funds not included in the information sheet related to the financial year?
- b) If so, has the situation been rectified by the date of issuance of the separate report?
- c) Are internal collective funds listed on the information sheet being used under a different name, without an acknowledgement of the change of the name by the Commissariat aux Assurances?

Section 2 will provide information on the funds which are not regularized at the date of issuance of the separate report.

## **10. Breach of the obligation of confidentiality**

Section 1 will indicate whether the approved auditor has become aware of facts or practices that may, in his opinion, constitute an infringement of the provisions of Article 111-1 of the amended law of 6 December 1991 on insurance secrecy.

The approved auditor will pay particular attention:

- the disclosure of confidential information to intermediaries after the conclusion of the contract without the express written mandate of the policyholder,
- the sharing of information between Luxembourg insurance undertakings without the existence of a reinsurance contract or service provision agreement,
- the communication of confidential information to service providers not having the appropriate authorization as Luxembourg PSF.

In section 2 any possible breach will be reported.

## **11. Breach of the principle of specialization**

Section 1 indicates whether the insurance undertaking carries on activities which are not directly related to the insurance business itself, whereas if the answer is in the affirmative, Section 2 provides the corresponding details.

(LC13/3)

## **« 12. Simplified organization chart of the group of which the insurance undertaking forms part**

Section 1 indicates whether

- a) the simplified organization chart shows all the direct and indirect holdings of the insurance undertaking in another undertaking, whatever its field of activity, all the undertakings with a direct holding of 10% or more in the insurance undertaking and all the direct or indirect parent undertakings of the direct shareholders as required by Circular letter 03/2;
- (b) whether all participation rates are reported and whether they are correct. »

(LC20/3)

c) «if the undertaking has informed and is up to date with the registration of its beneficial owners in accordance with the law of 13 January 2019.

If any of the three questions are answered in the negative, Section 2 will provide details of the incorrect or missing information. »

### **13. Use of derivative instruments**

In Section 1 the following questions will be answered:

- a) Has a policy on derivative financial instruments been approved by the Board of Directors?
- b) Is a policy on derivative financial instruments documented in a set of written procedures?
- c) If the answer is yes, do the procedures provide for a definition of the derivatives at hand?
- d) Is the compliance with this policy monitored on a regular basis?
- e) Does the undertaking directly hold derivative instruments at the end of the financial year:
  - among the assets representing technical provisions other than those of contracts for which the investment risk is borne by the policyholder
  - among the assets representing the technical provisions of contracts for which the investment risk is borne by the policyholder
  - among the assets not representing technical provisions
- f) Has the undertaking issued any derivative financial instruments?
- g) If during the financial year derivative instruments are used for assets other than contracts for which the investment risk is borne by the policyholder, how much is:
  - the total of the purchases in the financial year
  - the total of the sales in the financial year
  - the market value of the instruments held at the end of the financial year
  - the market value of the instruments issued at the end of the financial year
  - the notional exposure for the instruments issued at the end of the financial year
  - the maximum notional exposure for the instruments during the financial year
- h) Is a potential expense resulting from the issuance of derivative instruments disclosed in the closing balance sheet?
- i) Is a potential expense resulting from the issuance of derivative instruments disclosed off balance sheet?

The undertaking is free to adopt its own definition of the concept of derivative financial instrument, it being understood that these instruments must at least include all kinds of options on financial instruments, futures, swaps and swaptions, forward exchange contracts and repo transactions. At the end of the financial year, swaps are to be regarded as derivative instruments held if they constitute an asset for the insurance undertaking and as issued instruments if they constitute a liability, regardless of whether the asset or liability is recorded on or off the balance sheet.

This section as a whole only covers derivative financial instruments held directly and not those held by external funds in which the undertaking holds units or those underlying structured products issued by third parties.

## 14. Off-balance sheet commitments

Section 1 will indicate whether the off-balance sheet commitments in the notes to the accounts include commitments other than those resulting from rental of real estate, leasing of equipment and software used for own use, rental guarantees granted to the undertaking's staff and derivative instruments.

Section 2 shall indicate the nature and extent of these commitments.

## 15. Intra-group transactions

In section 1 the following questions will be answered:

a) Does the undertaking have written internal procedures enabling it to list all the transactions that the undertaking carries out with the companies referred to in Article 79-3 of the amended Law of 6 December 1991 on the insurance sector?

b) If so, are these procedures considered adequate by the approved auditor?

(LC13/3)

c) «If the answer to question b) is in the affirmative, are these procedures applied in practice? »

d) Are intra-group transactions carried out under normal market conditions?

The term "intra-group transaction" is to be understood here in a broad manner and covers both positions recorded in the balance sheet at any time during the financial year and transactions recorded in the profit and loss account or off-balance-sheet commitments that existed at any time during the financial year.

Transactions to be taken into account include

- loans (balance sheet) and the corresponding financial income and expenses (profit and loss account)
- deposit agreements (balance sheet)
- transactions relating to solvency margin items (balance sheet)
- reinsurance transactions (balance sheet and profit and loss account)
- overhead allocation agreements. (balance sheet and profit and loss account)
- guarantees and off-balance sheet transactions.

(LC13/3)

«Holdings in the capital of the insurance undertaking are not to be reported. »

Section 2 describes the material intra-group transactions reported in the closing balance sheet, off-balance sheet or profit and loss account of the financial year between the insurance undertaking and the companies referred to in the aforementioned Article 79-3. This description shall deal with the nature and volume of these transactions and shall indicate whether the latter were carried out under normal market conditions and, if not, the economic justification for them.

Material transactions shall include all the above-mentioned transactions and all other transactions between the insurance undertaking and the undertakings referred to in the above-mentioned Article 79-3 which exceed in value:

- 2% of the balance sheet at the beginning of the year for transactions affecting balance sheet and off-balance sheet items
- 10% of gross written premiums for transactions affecting profit and loss account items.

For the application of the above numerical criteria, transactions of the same nature shall be taken into account for the cumulation of their value.

## **16. On-the-spot inspection**

If the information sheet refers to an on-the-spot audit report sent within 24 months prior to the end of the financial year, Section 1 indicates whether all recommendations and injunctions issued by the Commissariat aux Assurances have been implemented in practice. The purpose is not to determine whether the undertaking has simply responded to the audit report by claiming to remedy the deficiencies reported, but to verify whether the commitments made have been fulfilled.

In the event of a negative answer, Section 2 will give indications on the nature of the recommendations and injunctions not yet implemented, the justifications put forward by the undertaking and the timetable for the - possibly residual - measures envisaged.

*(LC19/3)*

## **« 17. Obligations relating to the fight against money laundering and terrorist financing**

The answers to the questions under point 17 are not intended to replace the activities to be carried out by the approved auditor pursuant to CAA Regulation n° 13/01 of 23 December 2013 on the fight against money laundering and terrorist financing.

For non-life insurance undertakings not authorized for “credit” or “suretyship” classes only an answer to question 17.7 will be required.

Reference should be made:

- with regard to questions from 17.1 to 17.6, to the law of 12 November 2004, as amended, on the fight against money laundering and terrorist financing

and

- with regard to question 17.7, to the law of 27 October 2010 on the implementation of United Nations Security Council resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities and groups within the framework of the combat against terrorism. »

(LC20/3)

**« 18. Application of Regulation (EU) No. 1286/2014 on Key Information Documents relating to packaged retail and insurance-based investment products ("PRIIPs Regulation")**

In Section 1 the following questions will be answered:

- a) Does the undertaking have key information documents as provided for in the PRIIPs Regulation for each product marketed on or after 1 January of the financial year under review?
- b) Are the existing key information documents published in accordance with Article 5 of the Regulation PRIIPs?
- c) On the basis of an exhaustive check or a sample, are there any breaches as regards the compliance of key information documents with the Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing the PRIIPs Regulation?

In the event of a negative answer to one of the first two questions or a positive answer to the third question, in Section 2 the products concerned and the shortcomings found will be detailed »

**Final provisions**

Although the preparation of the separate report is the responsibility of the approved auditor, insurance undertakings must fully cooperate with the approved auditor in this respect. Therefore, insurance undertakings are invited to prepare the file of exchanges between the Commissariat aux Assurances in connection with the previous year's reporting, to reconcile the statement of representative assets with the statement of deposit agreements, to draw up the list of derivative instruments with the breakdowns required under point 13 or to prepare the list of intra-group transactions.

Circular letter 02/1 of the Commissariat aux Assurances relating to the separate report to be provided by the approved auditor of direct insurance undertakings is repealed.

**Separate Report - Section I**  
relating to the undertaking's 2018 financial year

INSURANCE ABCDE

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**0.1 Approved auditor's name:**

**0.2 Personal professional email address of the approved auditor:**

**1. Assignment of the approved auditor**

- 1.1 Number of hours worked for the statutory audit of the annual accounts as defined in the IRE's opinion of February 15, 2007
- by approved auditors
  - by other professionals
- 1.2 Does the above-mentioned legal assignment include
- Intra-year revisions
  - the audit of the consolidation package
  - other activities within the framework of group consolidation instructions
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**2. Audit report**

- 2.1 Has the audit report been completed and signed at the date of completion of the separate report?
- 2.2 If yes, does the audit report contain any reservation (qualifications or matters of emphasis)?
- 2.3 If not, does the approved auditor intend to express any reservation (qualifications or matters of emphasis)?
- 2.4 Does the management report include all the information referred to in Article 85 of the law of 8 December 1994, as amended, on the annual and consolidated accounts of insurance undertakings?
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**3. Publication of the accounts related to the previous financial year**

- 3.1 At the date of signature of this separate report, has the undertaking fulfilled all its obligations to publish its accounts related to the previous financial year?
- 3.2 Have the legal deadlines been met?
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**5. Valuation of the assets of items C II, III and IV**

- 5.1 Are there depreciations on assets other than fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting?
- 5.2 If so, what is the total amount of the corresponding unrecognized capital losses?
- 5.3 Are there depreciations on fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting for reasons relating to the quality of the issuers?
- 5.4 If so, what is the total amount of the corresponding unrecognized capital losses?
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## **6. Register of Representative Assets**

- 6.1 Does the insurance undertaking have a register in accordance with Circular letter 08/4 of the Commissariat aux Assurances?
- 6.2 Are all the assets representing the technical provisions as at 31 December of the financial year entered in this register in the form specified in the aforementioned Circular letter?
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## **7. Statement of assets representing technical provisions**

- 7.1 Has the statement been prepared in accordance with the provisions of Chapter 3 of Circular letter 08/4 of the Commissariat aux assurances, with particular reference to the asset classes?
- 7.2 Does the statement include all the assets entered in the register, up to the amount of their allocation in the columns of assets allocated to the representation of technical provisions?
- 7.3 Does the statement include any unrecorded assets other than those entered in the column related to unrestricted assets?
- 7.4 (question deleted as of the reporting of the 2010 financial year)
- 7.5 On the basis of an exhaustive check or a survey, are there breaches other than purely passive breaches of the overall or per issuer limits as defined by Circular letter 15/3 of the Commissariat aux Assurances?
- 7.6 Does the undertaking have written internal procedures in place to ensure compliance with the investment rules in the Circular letters relating to unit-linked contracts?
- 7.7 If the answer to question 7.6 is yes, are these procedures considered adequate by the approved auditor?
- 7.8 If the answer to question 7.7 is yes, are these procedures applied in practice?
- 7.9 For assets deposited with a credit institution in accounts covered by a deposit agreement, is the total value of said assets the same as the value recorded in the statement related to the deposit agreements?
- 7.10 If not, has the undertaking been able to provide justifications deemed relevant by the approved auditor?
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## **8. Status of deposit agreements**

- 8.1 Are all deposits reported in the annual statement relating to deposit agreements covered by an agreement duly approved by the Commissariat aux Assurances at the end of the financial year?
- 8.2 If not, were the deposits covered by an agreement approved by the Commissariat aux Assurances at the time the separate report was issued?
- 8.3 Is the value of the deposits entered for each credit institution identical to the value entered on the bank statements relating to the accounts covered by the deposit agreement (i.e. without taking into consideration the accounts excluded from the deposit agreement)?
- 8.4 In case of deviations, has the undertaking been able to provide justifications deemed relevant by the approved auditor?
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## **9. Approval of internal collective funds (life insurance undertakings only)**

- 9.1 Does the undertaking include in its products internal collective funds not listed in the information sheet related to the financial year?
- 9.2 If so, has the situation been rectified at the date of issuance of the separate report?

- 9.3 Are internal collective funds listed on the information sheet used under a different name, without an acknowledgement of the change of name by the Commissariat aux Assurances?
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## **10. Breach of the obligation of confidentiality**

- 10.1 Has the approved auditor become aware of any facts or practices that may, in his opinion, constitute a breach of the provisions of Article 300 of the amended law of 7 December 2015 relating to insurance secrecy?
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## **11. Breach of the principle of specialization**

- 11.1 Does the insurance undertaking carry on activities which are not directly related to the insurance business itself?
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## **12. Simplified organization chart of the group to which the undertaking belongs**

- 12.1 Does the simplified organization chart attached to the report give details of all the direct and indirect holdings of the insurance undertaking in another undertaking, irrespective of its field of activity, all companies with a direct holding of 10% or more in the insurance undertaking and all direct or indirect parent undertakings of the direct shareholders?
- 12.2 For all participation links in the organization chart, have the correct participation rates been filled in?
- 12.3 Is the undertaking up to date with the registration of all its beneficial owners in the Register of Beneficial Owners in accordance with the law of 13 January 2019 on the day this report was completed?
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## **13 Use of derivative instruments**

- 13.1 Has a policy on derivative financial instruments been approved by the Board of Directors?
- 13.2 Is a policy on derivative financial instruments documented in a set of written procedures?
- 13.3 If the answer is yes, do the procedures provide for a definition of the derivatives covered?
- 13.4 Is the compliance with this policy monitored on a regular basis?
- 13.5 Does the undertaking directly hold derivative instruments at the end of the financial year:
- among the assets representing technical provisions other than those of contracts for which the investment risk is borne by the policyholder?
  - among the assets representing the technical provisions of contracts for which investment risks are borne by the policyholder?
  - among the assets that are not representative of technical provisions?
- 13.6 Has the undertaking issued any derivative financial instruments?
- 13.7 If during the financial year derivative instruments are used in respect of assets other than contracts for which the investment risk is borne by the policyholder, how much is:
- the total of purchases in the financial year
  - the total of sales in the financial year
  - the market value of the instruments held at the end of the financial year
  - the market value of the instruments issued at the end of the financial year
  - the notional exposure for the instruments issued at the end of the financial year
  - the maximum notional exposure for the instruments issued during the financial year
- 13.8 Is a potential expense resulting from the issuance of derivative instruments disclosed in the closing balance sheet?

13.9 Is a potential expense resulting from the issuance of derivative instruments disclosed in off-balance sheet?

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**14. Off-balance sheet commitments**

14.1 Are there any off-balance sheet commitments stated in the notes to the balance sheet other than those resulting from the rental of real estate, the leasing of equipment and software used for own use, rental guarantees granted to the undertaking's employees and derivative instruments?

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**15. Intra-group transactions**

15.1 Does the undertaking have written internal procedures enabling it to list all the transactions that the undertaking carries out with the undertakings referred to in Article 89 of the Regulation of the Commissariat aux Assurances N° 15/03 of 7 December 2015 relating to insurance and reinsurance undertakings, as amended?

15.2 If the answer to question 15.1 is yes, are these procedures considered adequate by the approved auditor?

15.3 If the answer to question 15.2 is yes, are these procedures applied in practice?

15.4 Are intra-group transactions carried out under normal market conditions?

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**16. On-the-spot inspection**

No on-the-spot audit report was sent during the 24 months preceding the end of the financial year.

16.1 All the recommendations and injunctions of the Commissariat aux Assurances have been followed up in practice?

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**17. Obligations relating to the fight against money laundering and terrorist financing**

17.1 Does the undertaking have written internal procedures in place for  
a) customer due diligence  
b) cooperation with the authorities, including the Commissariat aux Assurances  
c) keeping of documents and records  
d) internal control  
e) risk assessment and management  
f) customer acceptance  
g) staff training and awareness

17.2 If the answer to question 17.1 is in whole or in part is in the affirmative, are the existing procedures deemed adequate by the approved auditor in relation to the applicable legal and regulatory provisions?

17.3 If the answer to question 17.2 is in the affirmative, are these procedures applied in practice?

17.4 If the undertaking is part of a group, are there policies and procedures in place that are coordinated at the group level?

17.5 Has the undertaking carried out an assessment regarding money laundering and terrorist financing risks to which said undertaking is exposed to?

17.6 If the answer to question 17.5 is in the affirmative, does the approved auditor consider the risk assessment to be adequate with regard to the following risk factors: customers, countries or geographical areas, products,

services, transactions and distribution channels (including intermediaries)?

- 17.7 Has the undertaking put in place adequate arrangements to implement United Nations Security Council Resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities or groups in connection with the fight against terrorism?

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**18. Application of Regulation (EU) No. 1286/2014 on Key Information Documents relating to packaged retail and insurance-based investment products ("PRIIPs Regulation") (only life insurance undertakings)**

- 18.1 Does the undertaking have key information documents as provided for in the PRIIPs Regulation for each product marketed on or after 1 January of the financial year under review?
- 18.2 Are the existing key information documents published in accordance with Article 5 of the Regulation PRIIPs?
- 18.3 On the basis of an exhaustive check or a sample, are there any breaches as regards the compliance of key information documents with the Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing the PRIIPs Regulation?
-