

The background of the page is a photograph of three business professionals in a modern office setting. A man in a light blue shirt and tan trousers stands on the left, holding a tablet and pointing towards a woman sitting on a grey sofa. The woman is wearing a white sleeveless top and blue jeans, looking up at the man with a smile. Another woman in a white shirt and black trousers stands on the right, holding a folder and looking towards the other two. Large windows in the background provide a view of a city skyline.

Solvency and Financial Condition Report (SFCR)

Year ended 31 December 2022



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Introduction

This report covers the Cigna Europe Group of Cigna Myrtle Holdings Ltd (Myrtle) and its subsidiaries, which include Cigna Elmwood Holdings SPRL (Elmwood) and the two insurance companies of Cigna Life Insurance Company of Europe S.A./N.V. (CLICE) and Cigna Europe Insurance Company S.A./N.V. (CEIC). The report contains the narrative in respect of the Solvency and Financial condition report (SFCR) required by articles 290-303 and 359-371 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (the “Delegated Acts”) supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

In this report, the term “the Company” refers to the Cigna European Group of Cigna Myrtle Holdings Ltd (Myrtle) and it’s subsidiaries unless otherwise stated.





Summary

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

The Cigna Group's vision to improve the health and vitality of those we serve has never been more relevant. We create a seamless, intuitive and personalised health experience that helps customers to stay healthy and well, based on a deep relationship with our customers, and navigate people quickly and easily to care. We continue to solve for market needs that are ever evolving, including those of our customers and employers, as well as the government and healthcare providers.

Cigna's Growth Framework:

1. Foundational: scaled businesses contributing steady, predictable growth.
2. Accelerated: high-growth businesses in very attractive markets.
3. Cross-Enterprise Leverage: A focus on working together to create even greater value.

The Cigna Group is a global health company committed to creating a better future built on the vitality of every individual and every community. We relentlessly challenge ourselves to partner and innovate solutions for better health. The Cigna Group includes products and services marketed under Evernorth Health Services, Cigna Healthcare, or its subsidiaries. The Cigna Group maintains sales capabilities in more than 30 countries and jurisdictions, and has more than 190 million customer relationships around the world.

Business and Performance

The financial results presented in the following table for CLICE and CEIC for years ended 31 December 2021 and 2022 are derived from the BE GAAP Financial Statements and adjusted for Myrtle intragroup consolidation eliminations. The purpose of the table is to provide an accurate reflection of the Myrtle data which is attributable to the insurance companies in the group.





(EUR'000)	CLICE		CEIC		Myrtle ⁽¹⁾	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Income Statement Data						
Gross Earned Premium	852,845	835,020	402,028	234,516	1,254,873	1,069,535
Result for financial year	29,564	28,195	23,484	12,338	81,882	59,883
Balance Sheet Data						
Total assets	930,034	851,110	451,074	330,790	1,567,892	1,385,314
Shareholders' equity	263,713	214,149	152,883	129,399	512,686	436,033

Summary of financial performance

(1) Unaudited Consolidated figures

System of Governance

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

Over the past few years, the respective Boards in the Company have implemented significant measures to strengthen the corporate governance framework, including the risk management function, to ensure compliance with Solvency II. A self-assessment of the System of Governance is conducted annually with actions taken to address any weaknesses identified.

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

The primary role of the Board of Directors is oversight of management of the Company's business affairs and assets (including at European group level for responsibilities delegated from Myrtle and Elmwood). To fulfil their responsibilities, Cigna's European Boards, both directly and through their specialized committees, regularly engage with management, ensure management accountability and review the most critical issues that face the Company. Among other things, the Boards review the Company's strategy and mission, its execution on financial and strategic plans, and succession planning.

The Board also oversees risk management and approves executive compensation. All directors play an active role in overseeing the Company's business strategy at Board and committee levels.

The company has in place a Risk Management System (RMS), the primary objective of which is to identify, measure, monitor, manage and report the risks that the Company is exposed to on at least a quarterly basis. The RMS comprises the strategies, processes and reporting procedures to meet this objective. The Company has identified five key material risk exposures which form the basis of the Risk Profile: Insurance, Investment, Credit, Business, and Operational risk. Each of these key risks is defined within the Risk Universe which includes all sub risk components. The Risk Universe also defines the primary method adopted internally to identify, assess and measure each material risk.

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

Risk Profile

The Company's Risk Universe provides the basis for all risk assessments conducted by management and the control functions. By utilising the risk universe as a benchmark, it ensures that management considers all material risks within the scope of business operations in a consistent manner. Management can then prioritise the key risk exposures from the Risk Universe and identify and assess the risks relative and most prominent to the business model and operations. For each of these risks, the exposure, the concentration, the mitigation techniques and the sensitivity to stress tests scenarios is analysed in this report.

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

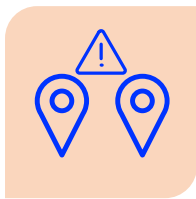
As outlined in the Solvency II Directive, the risk measure is the Value at Risk (VaR) of the basic own funds (BOF) of the Company subject to a confidence level of 99.5% over a one-year period. The components of Cigna Europe's Solvency Capital Requirement (SCR) are detailed in the following table.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
SCR	134,742	139,273	82,846	61,103	208,470	197,081
Market Risk	27.3%	26.9%	34.0%	29.6%	33.9%	32.8%
Credit risk	21.4%	17.4%	13.7%	10.2%	22.3%	19.0%
Life Underwriting risk	1.0%	1.4%	0%	0%	0.6%	1.0%
Health Underwriting risk	31.1%	36.5%	33.1%	47.5%	24.9%	31.0%
Non-Life Underwriting risk	0%	0%	0.4%	0.4%	0.2%	0.2%
Operational Risk	19.1%	17.8%	18.7%	12.3%	18.1%	16.1%

Cigna Europe's Risk profile

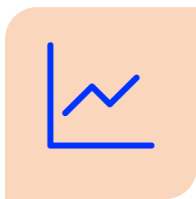


Russia / Ukraine Conflict



The Russian invasion of Ukraine in early 2022 and the subsequent ongoing conflict introduced a number of risks to the Company. Cigna Europe services customers and members all around the world, including in Russia and Ukraine, and our priority was to ensure we were able to respond to the needs of those members and ensure they maintained access to quality healthcare. There was a heightened medical, accident and life insurance risk of customers living in the conflict area, however, most have left the country and consequently, claims have been minimal. In response to the conflict, a large number of individuals and entities were added to European and US sanctions lists. Management took timely actions to ensure our systems and processes were adjusted to take account of this.

Macro-economic environment

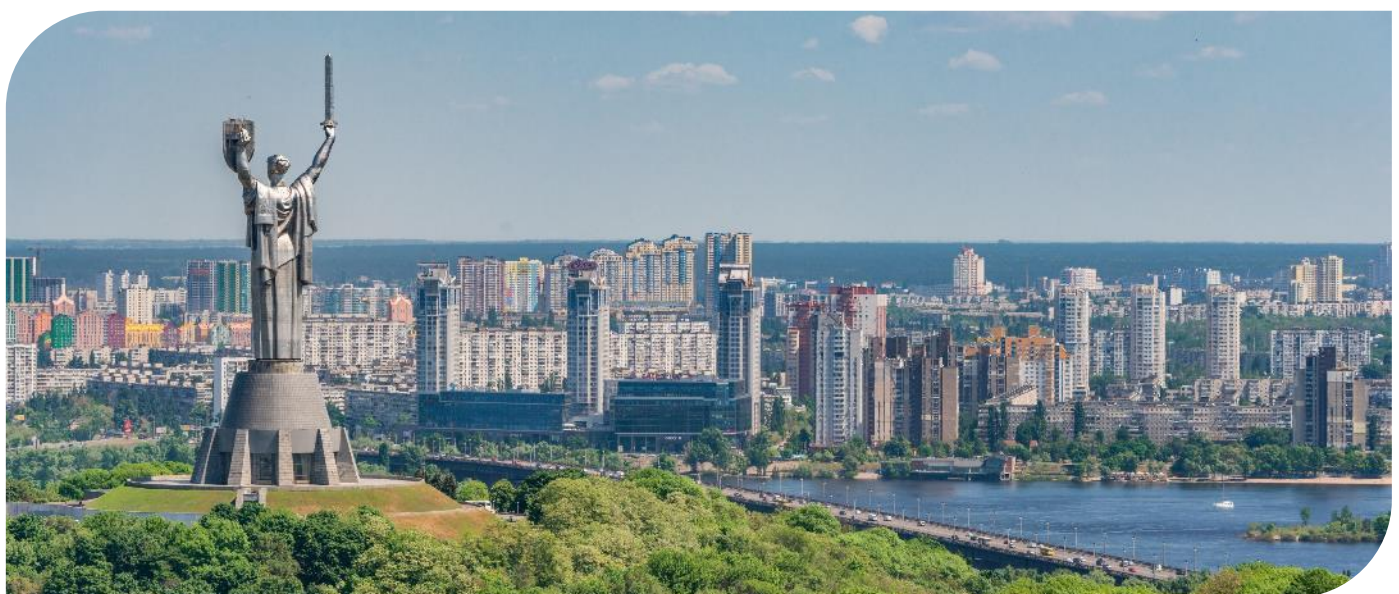


From a macro-economic perspective, the conflict increased existing inflationary pressures which had an impact on the company throughout 2022. Overall, the risk has decreased towards the end of the year as inflation rates started to stabilize. Our contracts are short term in nature and we have been able to price anticipated medical trend figures into our renewal terms without significant persistency effect.

Climate Change



Climate change constitutes a serious risk for society, including insurance and reinsurance undertakings. Whilst the worst effects of climate change may not have an impact for many years, Cigna Europe started to analyse the potential risks as part of our ORSA processes in 2021 and continued to develop this in 2022. Key risks highlighted from our ORSA analysis include investment risks (pressure on investment values, spread risk), insurance risks (likelihood of pandemics and impact on health), commercial risks (reduced global mobility) and reputational risks (from increasing public interest and pressure).





Valuation



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

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

Capital Management

The table below illustrates the Own Funds and the Solvency Capital Requirements for years ended 2022 and 2021.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Own Funds and SCR/MCR Data						
Own Funds	230,554	219,491	148,791	119,079	460,212	412,934
Solvency Capital Requirement (SCR)	134,742	139,273	82,846	61,103	208,470	197,081
Minimum Capital Requirement (MCR)	39,198	37,258	22,761	15,931	61,960	53,189
Ratio of Eligible own funds to SCR	171%	158%	180%	195%	221%	210%
Ratio of Eligible own funds to MCR	588%	589%	654%	747%	743%	776%

Own Funds and Solvency Capital Requirements for year end 2022 and 2021

The Company continues to hold a strong capital base under Solvency II driven by the desire to sustain business growth and reinforce value, strength and security brought to all stakeholders. The Company continues to seek opportunities which offer a good return on solvency capital.





Business and Performance

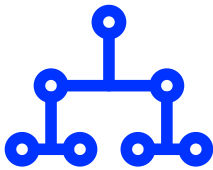


A. Business and Performance

A.1. Business

A.1.1. Legal Group Structure

Cigna Europe is fully compliant with the Solvency II regime, both at the local Belgium and overall European group levels.



Two European holding companies own the shares in CLICE, CEIC and the other European Cigna entities:

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

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

- The insurers CLICE and CEIC;
- Cigna European Services (UK) Ltd (“CESL” ref. 00199739) which is a service company to support the Group on a pan-European basis;
- Cigna International Health Services BV (“CIHS” ref. 0414.783.183) which is an intermediary which also provides products and services to the European Group.

The European Group also includes Cigna Global Wellbeing Holdings Limited (ref. 3976059) which provides health guidance to members (owned 70% by Connecticut General Corporation and 30% by CESL). Cigna Group is the ultimate parent company and is listed on the New York stock exchange under symbol CI.

CLICE is the Responsible Entity for Cigna Europe with most key matters for group supervision being delegated to CLICE through a cascade of delegation from Myrtle to Elmwood and Elmwood to CLICE.

CLICE has active branches in Spain, UK, Italy, France and Bahrain and CEIC has active branches in Switzerland, UK and Singapore. In addition to these active branches, CLICE has a branch in Germany which has been dormant since it was created.

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

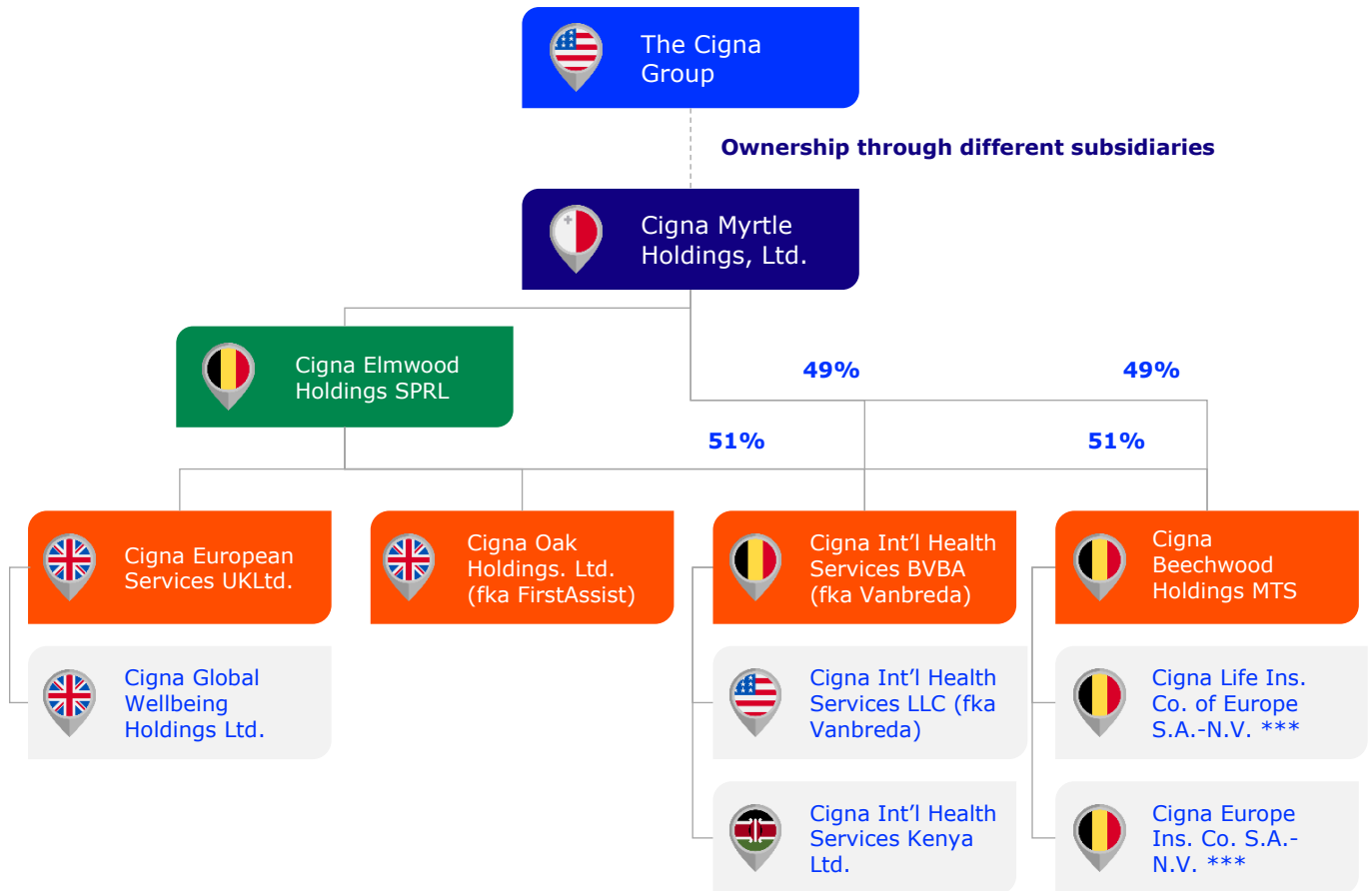


Exhibit A.1: Simplified Group Structure of Cigna Europe at YE 2022

CLICE was incorporated on February 18, 1981 and CEIC was founded on March 27, 2001. Their registered offices are located at Plantin en Moretuslei 309, 2140 Antwerp. Both are registered with the Crossroad Bank for Enterprises under numbers 0421.437.284 and 0474.624.562 respectively. The subscribed capital of CLICE at Year End 2022 amounts to €127,460,896.51, and for CEIC €104,401,460.00.

The shareholders of the insurance entities CLICE and CEIC are:

SHAREHOLDER	CLICE	CEIC
Cigna Beechwood Holdings "Maatschap" / "Société de droit commun", Plantin en Moretuslei 309, 2140 Antwerp, Belgium	139,911 shares	142,089 shares
Ownership (%)	99.9993%	92.52%
Cigna Myrtle Holdings, Ltd., 171 Old Bakery Street, Valletta VLT 1455, Malta	1 share	11,493 shares
Ownership (%)	0.0007%	7.48%

Exhibit A.2: YE 2022 Shareholders CLICE and CEIC

No material transactions with shareholders, with persons who exercise a significant influence on the undertaking, or with members of the administrative, management or supervisory body occurred during 2022.



A.1.2. Regulator and External Auditor



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

The external auditor for Myrtle is Ernestino Riolo, Mazars (Malta), The Watercourse, Level 2, Mdina Road, Zone 2, Central Business District, Birkirkara CBD2010, Malta. For CLICE and CEIC, the external auditor is Philippe Gossart, Mazars (Belgium), Manhattan Office Tower, Avenue du Boulevard 21/b8, 1210 Brussels, Belgium.

A.1.3. Business Structure



The Cigna Group is one of the largest publicly owned employee benefits organisations in the United States. With more than 70,000 employees, Cigna Group and its subsidiaries serve millions of people worldwide. In Europe, the Company provides specialist individual and group healthcare, both within Europe and globally.

As shown in Exhibit A.3 below, the Company operates through seven business units. The diagram illustrates the operational geographies, business units and the Solvency II products.

Business Units	UKEH	SEH	GEH	IOH	GIH	CISEL / HLA
Geographical Footprints	UK	SPAIN	GLOBAL	GLOBAL	EUROPE / UK	UK / EUROPE
Solvency II Products	Medical Expenses	Medical Expenses	Medical Expenses	Medical Expenses incl. Life Protection	Medical Expenses	Medical Expenses Income Protection Misc. NL. Legal

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

A.1.4. Business Units



Cigna’s European business operates primarily from the UK, Spain and Belgium, with global service centres in Malaysia, Kenya and the US. The European business includes the following Business Units:

- Global Employer Health (GEH): healthcare coverage for expatriates from major corporate groups with globally mobile employees.
- IGO, NGO and Governmental Health (IOH): cross-border medical insurance and employee benefit programs and products for Intergovernmental Organisations (IGO), Non-Governmental Organisations (NGO) and Governmental Organisations across the globe.
- UK Employer Health (UKEH): domestic healthcare coverage for corporate groups and a very small number of individuals. This business was largely migrated to CEIC and is now being managed as a runoff business.
- Spain Employer Health (SPEH): domestic healthcare coverage in Spain for corporate groups and individuals.



- Global Individual Health (GIH): healthcare coverage for individual expatriates.
- Health, Life & Accident (CISEL / HLA): individual health and accident products sold through affinity partners in the UK market by CISEL and sold via Direct Marketing plus Payment Protection Insurance sold in selected European markets (HLA). This business is being managed as a runoff business.

A.1.5. Key changes during 2022

During 2022 the decision was taken to run off the UKEH business with effect from 1 January 2023.

A.2. Underwriting Performance

The appendix includes a link to the information by line of business and by country where business is written, in accordance with the Solvency II Quantitative Reporting Template (QRT) S.05.01.02 'Premiums, claims and expenses by line of business'.

The following tables summarize the underwriting performance in 2022 on a gross of reinsurance basis, together with the prior year comparison, for the legal entities and for those countries where the volume of business written is material.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Gross Earned Premium	852,845	835,020	402,028	234,516	1,254,873	1,069,536
Claims Incurred	654,500	638,159	283,338	175,628	937,838	813,787
Commission	56,179	53,338	29,501	20,918	85,680	74,256
Expenses	115,032	128,578	64,705	37,258	179,737	165,836
Operating Profit	27,134	14,945	24,484	712	51,618	15,657
Loss Ratio	76.7%	76.4%	70.5%	74.9%	74.7%	76.1%
Combined Ratio	97.7%	97.7%	93.9%	99.7%	95.9%	98.5%

Exhibit A.4: Underwriting Performance by Legal Entity

CLICE

CLICE writes business mainly in UK, Belgium, Spain, France, Germany, the Netherlands, Austria and Italy. The detailed underwriting performance information per country can be found in QRT S.05.01.02 in the Appendix.

At total CLICE level, Operating Profit has increased by €12 million in 2022 relative to 2021. Gross Earned Premium has increased by 2.1% (€17.8 million), mainly driven by in group growth and positive rate actions in GEH and IOH segments, coupled with strong persistency and new business wins in the SPEH segment. GIH revenues were also positively impacted by new business wins. Combined Ratio is consistent year on year driven by steady Loss Ratio and Commission Ratio. Favorable Expense Ratio is due to a decrease in allocated costs resulting from migration of non-life business to CEIC and full year benefit of streamlined management structure and efficient operating model initiatives.



CEIC

CEIC writes business mainly in Singapore, the UK and Switzerland. The detailed underwriting performance information per country can be found in QRT S.05.01.02 in the Appendix.

At total CEIC level, Operating Profit has increased by €24 million in 2022 relative to 2021. Earned Premium has increased by 71.4% (€168 million) due to growth in the Singapore Global Employer Health segment and the migration of non-life business from CLICE to CEIC. The combined Ratio for 2022 was 93.9% compared with 99.7% in 2021 due to reduced loss ratio and expense ratio broadly consistent year on year.

MYRTLE

Myrtle only underwrites insurance business through CLICE and CEIC and therefore Myrtle results reflect CLICE and CEIC combined. The detailed underwriting performance information per country can be found in QRT S.05.01.02 in the Appendix.





A.3. Investment Performance

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Investment Income by Class						
Bonds	3,531	5,451	2,108	1,481	5,639	6,932
Investment Funds	5,858	2,915	522	610	6,380	3,525
Investment Income	9,389	8,366	2,630	2,091	12,019	10,457
Realized Capital Gains/losses	(2,281)	(42)	(1,044)	(184)	(3,326)	(226)
Gain on Sale (Intercompany shares)	-	-	-	631	-	-
Net Investment Income	7,107	8,324	1,586	2,538	8,693	10,231
Investment Expenses	432	285	119	143	550	428
Unrealized Gains and Losses	(31,752)	11,789	(7,141)	570	(38,893)	12,359

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Government Bonds	55,904	67,736	55,316	52,406	111,220	120,142
Corporate Bonds	378,150	400,749	98,131	88,487	476,281	489,236
Collateralized Securities	-	-	-	-	-	-
Private Debt Lending	47,632	15,689	-	-	47,632	15,689
Short-Term Deposits	41,547	32,101	6,523	10,979	48,070	43,080
Total Investments	523,233	516,275	159,970	151,872	683,203	668,147

Exhibit A.8: Investment by Class – Statutory Basis

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Opening Balance	484,174	404,837	140,893	129,509	625,346	534,346
Acquisitions	113,840	154,650	47,255	40,216	161,095	194,866
Disposals / Maturities	(111,847)	(80,925)	(38,767)	(32,294)	(150,614)	(113,219)
FX + Amortisation of Premium	(4,481)	5,612	4,066	3,462	(415)	9,074
Total Investments (less Short - Term Deposits)	481,686	484,174	153,447	140,893	635,133	625,346

Exhibit A.9: Investment Movements – Statutory Basis

A.4. Performance of other activities

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

A.5. Any other information





System of Governance



B. System of Governance

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

B.1. General Information on the System of Governance

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



Organisational Structure (as disclosed in section A Exhibit A.1 and A.2);



Regulatory Supervisory Report, supporting policies and sub-committee structure;



Functions of Control;



Fit and Proper requirements;



Risk Management System; and



Internal Control Environment.



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

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

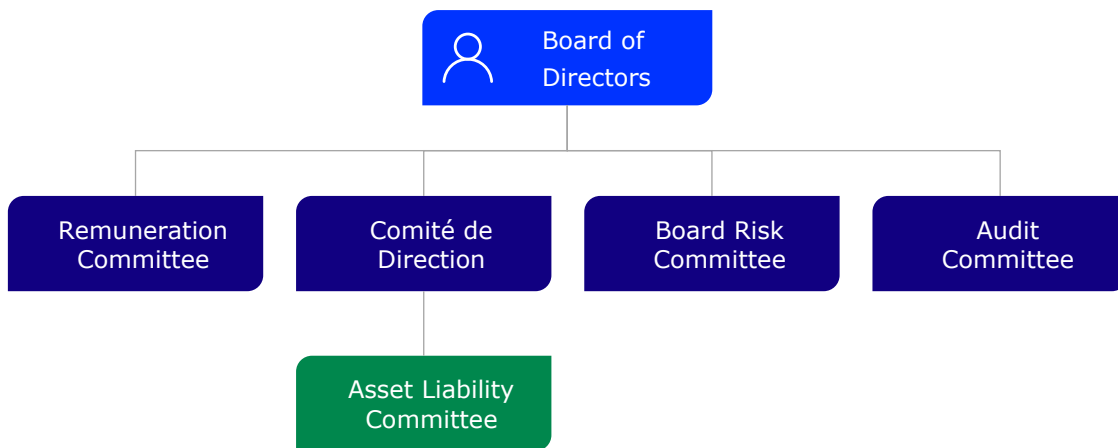


Exhibit B.1: The Company Committee Structure

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



B.1.2. Board of Directors

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

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



B.1.2.1. Audit Committee



The Audit Committee is made up of at least 2 members and must have a majority of independent directors within the meaning of Article 526ter of the Belgian Company Code. All the other members must be non-executive. The members shall have collective expertise in the activities of the Company as well as in the fields of financial management, financial reporting, accounting and audit.

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

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

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

B.1.2.2. Board Risk Committee (BRC)



The Board Risk Committee requires at least four members, all of whom must be non-executive directors. The chairman of the BRC is an independent non-executive director of the Board of Directors. Permanent guests of the BRC, who do not have any voting rights, are the Executive Directors, the Chief European Counsel, representatives of Cigna Investment Management, the International Health Chief Risk Officer, the European Compliance Officer and the European Internal Audit Senior Manager.

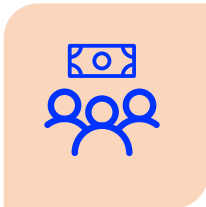
The Committee's main responsibilities are to:

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



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

B.1.2.3. Remuneration and People Resources Committee



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

B.1.2.3.1. Remuneration principles

Non-Executive Directors of the Board of Directors are not remunerated by the Company as they are employees of other Cigna group entities. Independent Directors are remunerated for their roles with an annual fee which is agreed on a yearly basis. They are not part of the remuneration policy and do not receive any stock options or long term incentive plan.

The Remuneration Policy is applicable to all employees and Executive Directors. Cigna's 'Rewards for Contribution' approach means the remuneration package each employee earns represents the value they return to the Company and its shareholders. The reward package consists of a competitive base pay and a performance-based variable pay. The remuneration package is also indirectly based on seniority and promotion. Remuneration related to such seniority is set in a multi-year framework in order to ensure that the overall assessment process is based on longer term performance.

Competitive Base Pay



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

There are Company retirement benefit plans in place for employees, and members of the Comité de Direction (Executive Directors) have plans for self employed individuals which are designed to mirror the company plans. The Non-Executive members of the Board of Directors do not have a Retirement Plan offered by the Company.

There are no plans for any members of the Board of Directors to retire in the coming year.

No lump sum contributions are paid by the Company to either individual or all employees, or to Executive Directors.

Variable Pay



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

B.1.2.3.2. Employee Assessment

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



Of the individual;



Of the business unit concerned; and



Of the overall results of the Company.

The final level of variable pay awarded takes into account each of these 3 factors.

B.1.2.3.3. Variable Pay Claw Back



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

B.1.2.3.4. Independent Control Functions



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

B.1.3. Comité de Direction

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

- the Chief Executive Officer;
- the Chief European Counsel;
- the Chief Risk Officer; and
- the Chief Finance Officer.

The Comité de Direction is chaired by the Chief Executive Officer. The Company ensures that the Comité de Direction is composed, at all time, of at least 3 Executive Directors. No legal entity "management company" can be a member of the Comité de Direction. The collective and individual skills and competencies of the Comité de

Direction and its individual members are subject to an annual assessment. If needs are identified, appropriate measures are taken to provide training.

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

Advising the Board of Directors



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

Day-to-Day Management



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

Risk Management



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

Internal Control and Governance



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



Reporting



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

Policy Implementation



- Implement the Integrity Policy and update it regularly;
- Implement the Remuneration Policy and update it regularly;
- Implement the Subcontracting Policy and update it regularly;
- Implement the Investment Policy and update it regularly;
- Implement the Reserving Policy and update it regularly;
- Implement the Asset and Liability Management Policy and update it regularly;
- Implement the Underwriting Policy and update it regularly;
- Implement the Deferred Tax Policy and update it regularly; and
- Ensure the adequacy and application of internal policies.



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

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



B.2. Fit and proper requirements



The Persons responsible for the governance, oversight and management of the Company provide strategic leadership that influences the financial position and future direction. The Company recognises that these roleholders the people in must have the expertise and professional integrity required for their positions that will allow them to perform their duties and carry out their responsibilities in the most effective manner.

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

Responsible Persons".

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

B.2.1. Description of the Fit and Proper requirements

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

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

B.2.1.1. Fitness requirements



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

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

B.2.1.2. Propriety assessment



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

B.2.1.3. Fit and Proper Assessment Process

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



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

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

B.2.1.4. Fit and Proper Declaration



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

B.2.1.5. NBB prior approval and information



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



B.3. Risk Management System Including the Own Risk and Solvency Assessment

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

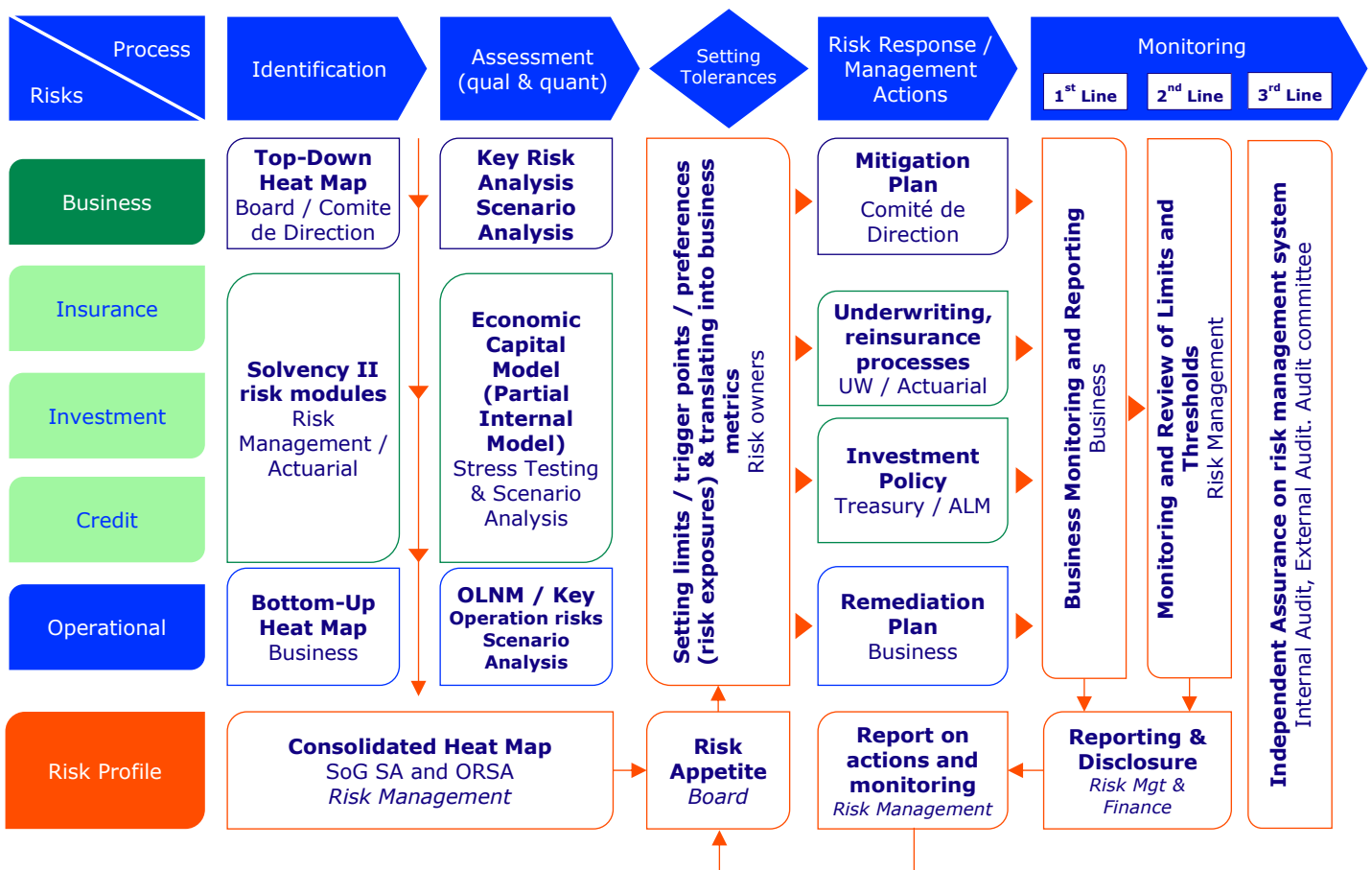


Exhibit B.2: The Company Risk Management System



B.3.1. Risk Management Objectives, Strategies, Process and Reporting Procedures for Each Category Of Risk

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

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

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

The Own Risk and Solvency Assessment (ORSA) brings together each of the key processes that comprise the Company’s Risk Management System.

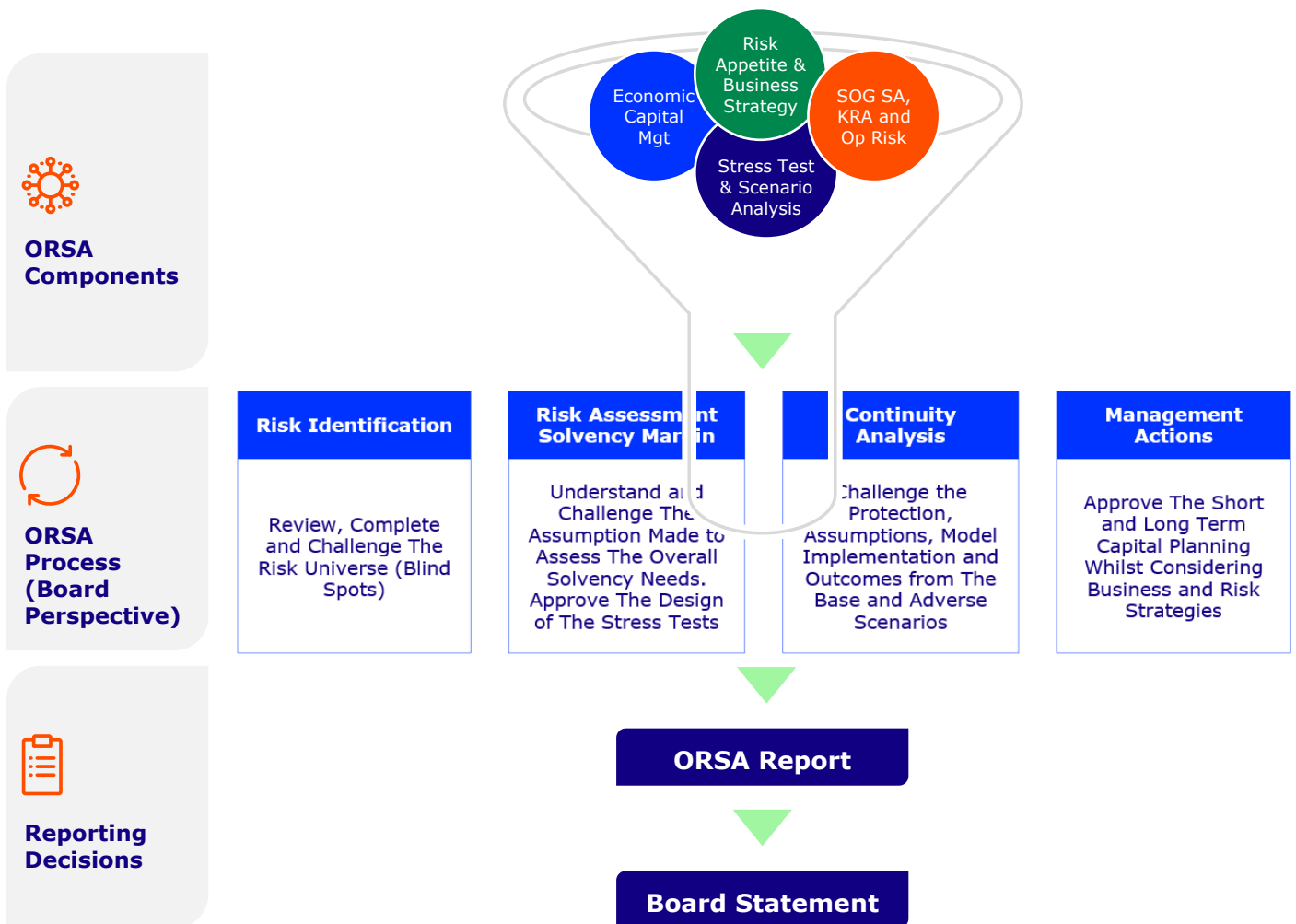


Exhibit B.3: Own Risk & Solvency Assessment



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

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

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

The Company follows its ORSA process holistically at the level of Cigna Europe and the individual insurance companies, with consideration of the underlying entities. This results in one ORSA Report covering the European Group. The single ORSA process for the Group combines the outputs from the 4 risk based processes above, considers the capital, regulatory and operational implications, and evaluates the potential impact on the organisation.

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

Providing assurance regarding material and foreseeable future risks;

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

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

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



B.3.3. Risk Universe

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

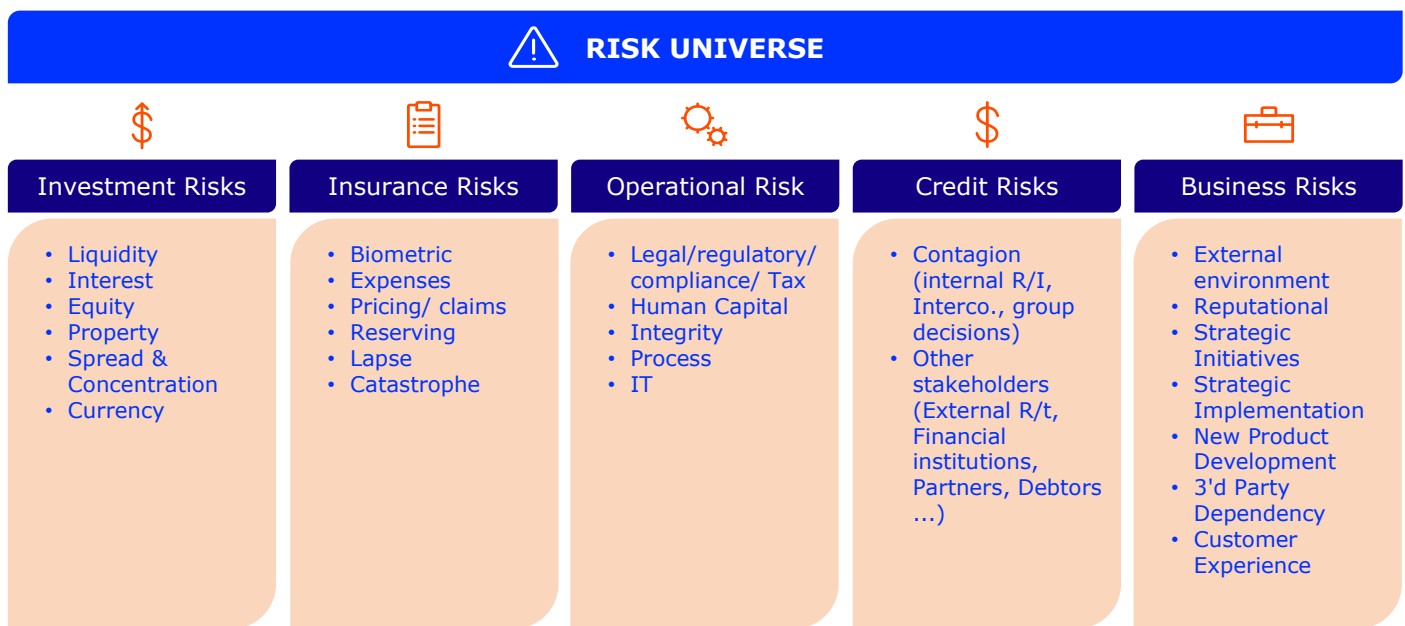


Exhibit B.4: Risk Universe

B.4. Internal Control System

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

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

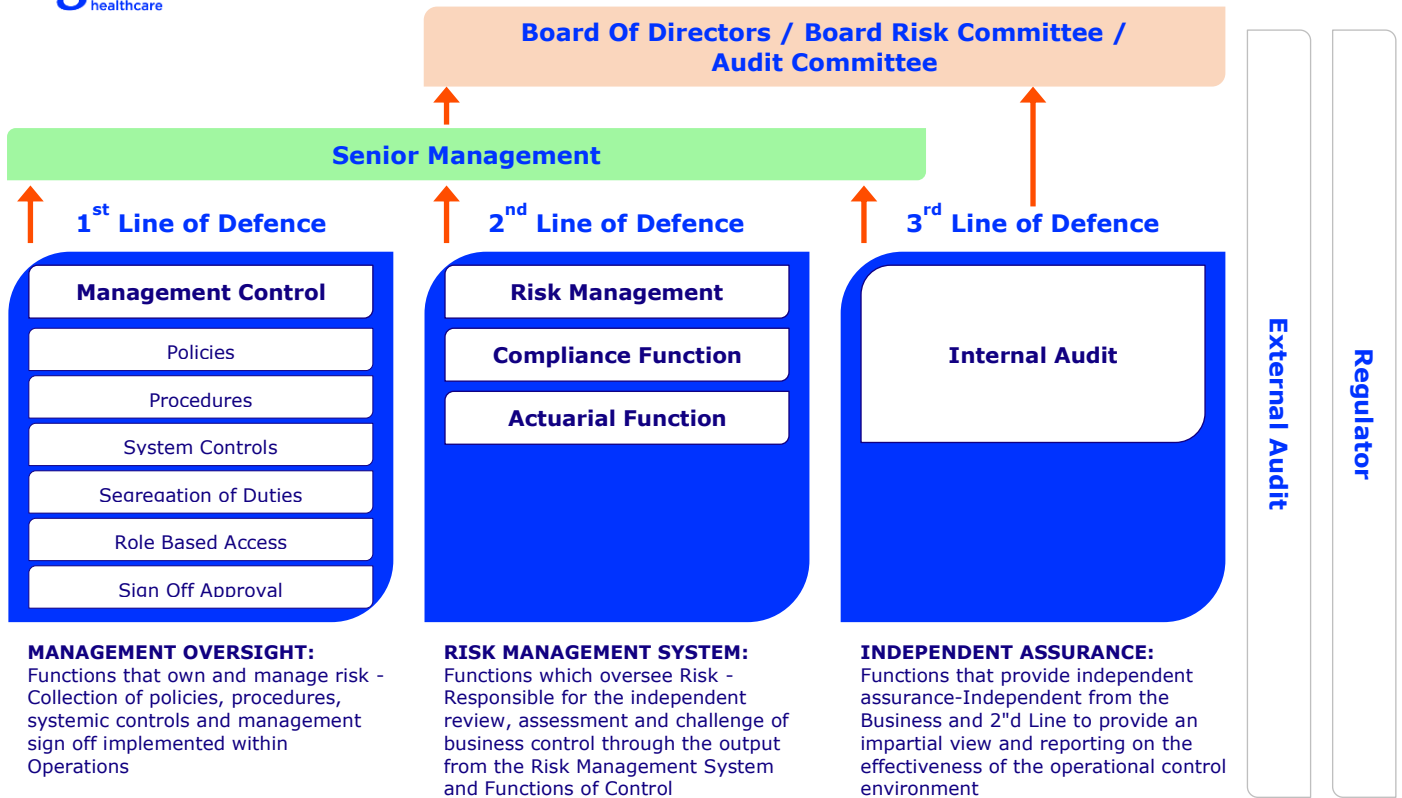


Exhibit B.5: Lines of Defence

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

B.4.1. First Line of Defence - Management Oversight

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

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

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

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



B.4.2.1. Economic Capital Management

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

B.4.2.2. Internal Control

Internal Control is assessed as part of the annual System of Governance Self-Assessment and reported to the Belgian Regulator to fulfil the requirements of Circular 2016-31 (updated in 2020). The approach to assessing the internal control environment has evolved over a number of years. Previously built upon the externally recognised Committee of Sponsoring Organisations (COSO) internal control framework, the self-assessment is now tailored to assess the key components of the System of Governance and is mapped directly to the content of memorandum. By adopting this approach, the Company assesses the internal control environment in a consistent manner and is able to produce the following:

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

B.4.2.3. Key Risk Assessment

The Key Risk Assessment (KRA) is conducted on a quarterly basis by each of the Company's business units and functions of control to identify and assess the key risk exposures. The KRA is a qualitative assessment which includes all risk categories (Strategic, Operational, Financial, Insurance, and Business), aligned with the risk appetite framework and ultimately provides the Company and the Board of Directors with a qualitative Risk Profile of the organisation. The KRA is reviewed and assessed on a quarterly basis to allow the business to review key risk exposures, identify and assess emerging risks and enable Risk Management to analyse the evolution of the Risk Profile.

B.4.2.4. Operational Risk Management

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

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



B.4.2.5. Compliance

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

B.4.2.6. Actuarial Function

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

B.4.2.7. Third Line of Defence - Independent Assurance

Independent Assurance is provided through Internal Audit, the Audit Committee and the Board of Directors. All output from the qualitative risk processes (KRA, ORR, and OLNM) is shared with Internal Audit to ensure that what is being identified and assessed is consistent with their interpretation of the controls environment throughout the internal audit engagements. Internal Audit provides to the other control functions any information deemed to be relevant for them. Internal Audit retain independence and the right to challenge all risk based information provided from the business based on experience, information and past audits. The full approach from Internal Audit is disclosed in Section B.5 of this report.





B.5. Internal Audit Function

As for the other independent control functions, internal audit is established at the Company level but is entrusted to carry out internal audit tasks at all other companies under Myrtle.

B.5.1. Mission statement

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

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

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

B.5.2. Audit Cycle

Annually, the European Internal Audit Senior Manager develops a risk informed annual audit plan taking account of all the Company's activities and its entire governance system. The European annual audit plan is discussed with the Comité de Direction and submitted to the European Audit Committee for approval. It includes a summary of the audit, their schedule and the budgeted man-hours. The audit plan also includes time for additional assurance or advisory engagements.

The annual audit plan is developed based on broad consultation across the companies, prioritisation of the audit universe using a risk informed approach for alignment with significant risks identified by the European Risk Management function and, when possible, leveraging from other second line of defence functions. The audit plan aims to cover all significant activities of the Company and the entire governance system of the Company within a reasonable timeframe (at most every five years) and includes specific process audits, procedure reviews, IT audits and assignments that are a combination of all three.

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

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

The status and closure of all audit findings and their respective management action plans are monitored by Internal Audit and reported to entity leadership. On a monthly basis, the European Internal Audit Senior Manager reports on the progress of the audit plan and the status of the open audit findings, and respective management action plans, to the Comité de Direction. Additionally, Internal Audit issues a quarterly report of all open and closed audit findings per management action plan to the Senior Leadership Team.



B.5.3. Reporting

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

- The status and results of the annual audit plan; and
- The resolution status of the management action plan per audit findings.

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

B.5.4. Methodology

Cigna's global risk based internal audit methodology complies with guidance from the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA) and ensures consistency of audit planning, execution and reporting. A process is in place to continue refinement of the methodology on a global level which the European team is linked into.

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





B.5.5. Preservation of Independence

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

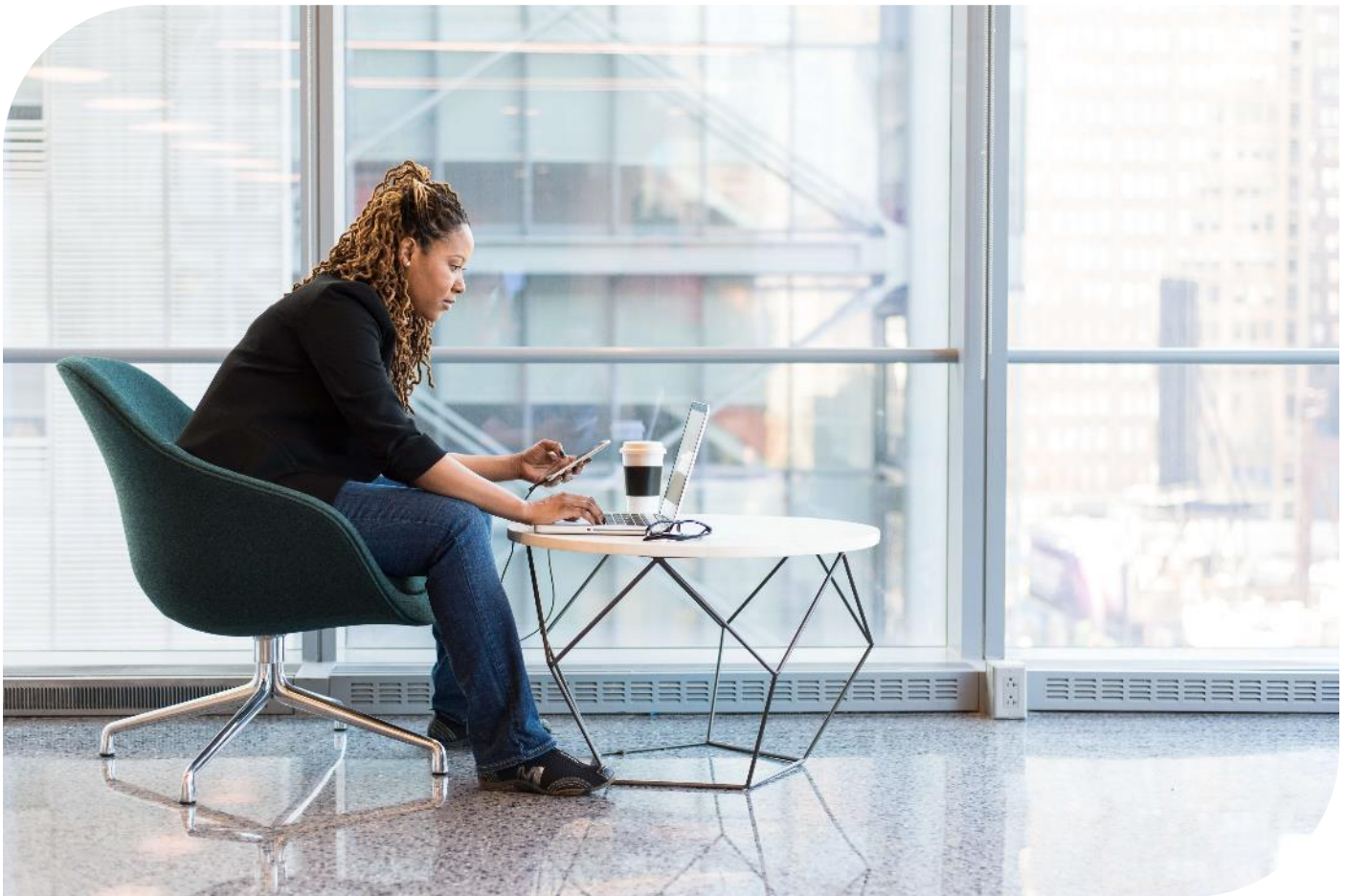
In accordance with the European Internal Audit Charter, no member of the Internal Audit team holds any other key functions. The internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Additionally, they shall not develop or install systems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

B.6. Actuarial Function

The Actuarial Function of Cigna Europe is led by the European Head of Actuarial Function and is independent from the Actuarial Department. The Actuarial Function's responsibilities are to:

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

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



B.7. Subcontracting

The Company has in place an Outsourcing Policy with general guidelines on subcontracting as well as a document describing the operational procedures followed when considering Subcontracting of activities or processes. This is called the “Third Party Management Policy” and has been approved by the Board of Directors. Subcontracting means the recourse to third parties in order to carry on activities or carry out processes which are intrinsic to the Company. Subcontracting of processes includes the subcontracting of the development of such processes where this is material to the Company or for their strategic development. Subcontracting may cover a variety of services and functions, for example services to policyholders (e.g. a call centre), administrative functions (e.g. accounting, pricing, acceptance of risk, premium collection, claims handling and payment, investment policy, etc.), services where (medical) sensitive data is involved and specialist functions, such as IT, internal audit and data management. In the Company’s daily operations, regular reference is made to both “external entities” and “third party management”. These entities and providers and their management come within the definition of subcontracting. When engaging in subcontracting activity, the Company takes into consideration that the subcontracting arrangement cannot:

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



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

Service Provided	Organisation
Intra Cigna Group Subcontracting	
Shared Service Centre - Sales, Underwriting, Claims Handling, HR, IT and Real Estate	Internal Organisation
Sales, Underwriting and Claims Handling (Regulated intermediary)	Internal Organisation
Internal Reinsurance Program	Internal Organisation
Independent Control Functions	Internal Organisation
External to Cigna Group Subcontracting	
Management of investments including discretion to manage portfolio creation and credit underwriting (Europe).	Subcontractor providing European wide service
Management of investments including discretion to manage portfolio creation and credit underwriting for below investment grade assets (Europe).	Subcontractor providing European wide service
Management of investments including discretion to manage portfolio creation and credit underwriting (Singapore).	Subcontractor providing European wide service
Provision of a single, integrated platform for refined Management Information (Sales, Customer Service, Business Analysis)	Subcontractor providing European wide service
Provision of backup services for Management Information platform above.	Subcontractor providing European wide service
Evacuations and assistance with remote provider services	GEH
Scanning, indexing and document storage services for Member and Provider Claims	IOH / GEH
Speech analytics	GIH

Exhibit B.6: Main Subcontractors List



B.8. Any Other Information

All material facts regarding the Company's system of governance are covered in the sections above. As demonstrated quantitatively in Section E, the SCR for the insurance entities CLICE and CEIC makes up more than 90% of the Group SCR thus covering the material financial risks within the Company. All risks not in the scope of the regulatory SCR are captured through the Own Risk and Solvency Assessment (ORSA) process for the individual insurance companies as well as the non-insurance entities.

As part of the regulatory System of Governance (SOG) requirements, the Company conducts an annual self-assessment exercise of the key control components in the SOG. This includes a large number of individual checks across all operational Business Units and Functions of Control, including the operation of the key governance bodies, and is designed to be proportionate and adequate to the nature, scale and complexity of the risks inherent to the Company. For the 2023 assessment, covering the 2022 calendar year, this assessment was revised to aligned to newly defined SOG components. Some areas of improvement have been identified and updates are regularly monitored by the Comité de Direction.



Risk Profile



C. Risk Profile

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

The development of sophisticated quantitative and qualitative risk assessment tools has been primarily driven through the risk-based European regulatory requirements of the Solvency II Directive. In order to meet Solvency II requirements, the Company uses a Partial Internal Model (PIM) for the two insurance companies CLICE and CEIC (approved in 2015), with internally developed risk modules for key exposures where the Standard Formula is deemed insufficiently accurate in reflecting Cigna Europe's specific risk exposures. This PIM has also been deployed at the holding insurance company level following approval in 2017. Cigna Europe has thus transitioned from a Deduction & Aggregation method towards a Full Consolidated approach, the latter method being applied since January 1, 2018.

As outlined in the Solvency II Directive, the risk measure is the Value at Risk (VaR) of the basic own funds (BOF) of the Company subject to a confidence level of 99.5% over a one-year period. The components of Cigna Europe's Solvency Capital Requirement (SCR) are detailed in the following table.





(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
SCR	134,742	139,273	82,846	61,103	208,470	197,081
Market Risk	27.3%	26.9%	34.0%	29.6%	33.9%	32.8%
Credit Risk	21.4%	17.4%	13.7%	10.2%	22.3%	19.0%
Life Underwriting Risk	1.0%	1.4%	0%	0%	0.6%	1.0%
Health Underwriting Risk	31.1%	36.5%	33.1%	47.5%	24.9%	31.0%
Non-life Underwriting Risk	0%	0%	0.4%	0.4%	0.2%	0.2%
Operational Risk	19.1%	17.8%	18.7%	12.3%	18.1%	16.1%

Exhibit C.1: Cigna Europe's Risk profile

Risk Not Captured Within SCR

Two risks are not assessed through the PIM: liquidity risk and business risks, for all three entities. Those risks are considered within the implemented risk management system and are assessed using other tools such as scenario analysis or key risk assessment.

In the context of Myrtle, the operational risk capital charge is also not completely captured within the SCR. The ancillary services companies provide mainly business support for internal clients CLICE and CEIC. Consequently, operational risk stemming from these ancillary companies is included when considering underlying premiums for CLICE and CEIC.

In addition, the Company is required to challenge the regulatory framework with an own assessment of risks for which, taking the business plan into account, the future capital margins are highlighted and a number of sensitivities are applied. From this analysis, management has concluded that the Company holds the capital margins required to absorb significant shocks. The scenarios are further detailed in following sections.

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

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



C.1. Underwriting Risk

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

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

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

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

C.1.1. Risk Exposure



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





(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Health Underwriting Risk	31.1%	36.5%	33.1%	47.5%	24.9%	31.0%
Premium Risk	20.6%	26.1%	29.4%	43.0%	20.2%	23.3%
Reserve Risk	8.9%	8.5%	3.0%	4.0%	3.3%	6.2%
Lapse Risk	0.4%	0.2%	0.3%	0.0%	0.4%	0.2%
Catastrophe Risks	1.2%	1.7%	0.4%	0.5%	0.9%	1.3%
Life Underwriting Risk	1.4%	1.4%	Not applicable		1.0%	0.6%
Mortality/ Longevity Risk	0.4%	0.7%			0.2%	0.5%
Expenses Risk	0.1%	0.1%			0.1%	0.1%
Lapse Risk	0.0%	0.0%			0.0%	0.0%
Catastrophe Risk	0.5%	0.6%			0.3%	0.4%
Non-life Underwriting Risk	Not applicable		0.4%	0.4%	0.2%	0.2%
Premium Risk			0.2%	0.2%	0.1%	0.1%
Reserve Risk			0.0%	0.0%	0.0%	0.0%
Lapse Risk & Catastrophe Risks			0.1%	0.2%	0.0%	0.0%

Exhibit C.2: Cigna Europe's underwriting risk

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

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

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

The underwriting strategy is continuously monitored by each concerned entity and overseen by the Risk Management function using a risk dashboard providing specific limits per type of business.

C.1.2. Risk Concentration



As the Company sells medical and non-medical (death benefits, disability benefits, etc.) group insurance to the employer segment, there is a risk of having many people located in one building at the same time, resulting in a concentration of accidental deaths, disabilities and injuries in the event of a catastrophic scenario such as terrorism, nuclear explosion or natural disaster.

Even though the calculation of regulatory capital requirements under Solvency II already captures such concentration risk, the Company has developed an additional concentrated catastrophe scenario where both claims and expenses are impacted. This is considered both at solo entity (CLICE and CEIC) level and at group level. In the example, Myrtle benefits from the mitigation effect brought by the different subsidiaries. The Company actively monitors this risk in respect of tailored risk appetite limits determined at solo entity and group levels. Specific governance processes are in place within each business line and each legal entity to ensure the immediate identification of any potential source of risks.

C.1.3. Risk Mitigation



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

The Company's reinsurance program includes coverage on an individual event basis and an aggregate basis. Reinsurers are selected based primarily on pricing and counterparty default risk considerations. Underwriting guidelines set the limits to be respected with regards to underwriting value of the business, in terms of expected margin targets.

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

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

C.1.4. Risk Sensitivity



The Company has identified two key scenarios affecting the underwriting risks:

- Pandemic scenario; and
- Concentration scenario.

	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Solvency position						
Pandemic scenario ⁽¹⁾	-41.3%	-43.1%	-13.9%	-12.7%	-35.7%	-33.6%
Concentration scenario ⁽²⁾	-4.9%	-2.4%	Not applicable		-7.9%	-4.4%

Exhibit C.3: Cigna Europe’s sensitivity to underwriting risk scenarios

1. The scenario considers the occurrence of a severe flu pandemic in an integrated worldwide context
2. The scenario considers the occurrence of a high impact accident for the most concentrated exposure in the same building inspired by the World Trade Center Terrorist attack in terms of severity

The sensitivity of the solvency position to the Pandemic scenario decreased for CLICE and increased for CEIC and Myrtle in 2022 compared to last year. Although still having a significant impact, the materialization of such a scenario would not threaten the Solvency position of CLICE, CEIC or Myrtle given the high Solvency positions at YE22. Furthermore, the modelled scenario is far more conservative compared to the impact experienced of the COVID-19 pandemic as it assumes significantly higher attack and death rates. Cigna Europe retains a strong solvency position under each of the underwriting scenarios as a result of high initial capital levels and various risk mitigating actions undertaken.





C.2. Market Risk

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

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

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



(EUR'000) CLICE	31-Dec-22			31-Dec-21		
	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds	8,865	44,794	85	14,379	61,833	0
AAA	3,238	28,702	85	8,426	35,123	0
AA	5,628	15,910	1	5,954	26,408	0
A	0	182	0	0	302	0
BBB	0	0	0	0	0	0
Below BBB	0	0	0	0	0	0
Corporate bonds	274,480	46,201	28,103	292,316	76,744	35,013
AAA	2,343	8,072	0	3,785	9,931	0
AA	30,229	9,456	16	25,596	17,156	0
A	81,195	16,743	100	91,979	26,930	0
BBB	114,232	10,621	761	113,054	22,726	440
Below BBB	46,482	1,309	27,226	57,902	0	34,573
Investment Funds	73,104	9,935	6,140	41,109	1,710	515
Collateralized Securities	0	0	0	0	0	0
Loans	0	0	0	0	0	0
Equity	0	0	0	0	0	0
Short-Term deposits	0	0	5,892	0	0	4,456

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

(EUR'000)	31-Dec-22			31-Dec-21		
CEIC	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds	2,378	3,143	48,081	2,569	2,423	47,524
AAA	0	2,409	48,080	1,177	1,222	47,524
AA	1,242	735	0	1,393	1,200	0
A	0	0	0	0	0	0
BBB	0	0	0	0	0	0
Below BBB	1,136	0	0	0	0	0
Corporate bonds	16,018	10,880	65,950	18,811	7,232	62,903
AAA	887	1,693	55,515	1,193	0	51,257
AA	4,125	1,898	10	4,421	3,145	526
A	8,330	5,576	64	10,236	2,879	0
BBB	2,675	1,512	435	2,962	1,208	210
Below BBB	0	201	9,927	0	0	10,911
Investment Funds	6,107	258	157	10,719	140	140
Collateralized Securities	0	0	0	0	0	0
Loans	0	0	0	0	0	0
Equity	0	0	0	0	0	0
Short-Term deposits	0	0	0	0	0	0

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

(EUR'000)	31-Dec-22			31-Dec-21		
Myrtle	EUR	GBP	Others	EUR	GBP	Others
Sovereign bonds	11,244	47,937	48,166	16,949	64,256	47,524
AAA	3,238	31,111	48,165	9,602	36,346	47,524
AA	6,870	16,645	1	7,346	27,608	0
A	0	182	0	0	302	0
BBB	0	0	0	0	0	0
Below BBB	1,136	0	0	0	0	0
Corporate bonds	290,498	57,082	94,053	311,128	83,976	97,916
AAA	3,230	9,765	55,515	4,978	9,931	51,257
AA	34,355	11,354	25	30,017	20,300	526
A	89,525	22,319	164	102,215	29,809	0
BBB	116,907	12,133	1,195	116,016	23,935	650
Below BBB	46,482	1,510	37,153	57,902	0	45,484
Investment Funds	79,211	10,193	6,297	51,828	1,850	635
Collateralized Securities	0	0	0	0	0	0
Loans	0	0	252	0	0	139
Equity	0	0	0	367	0	0
Short-Term deposits	1,056	0	7,482	1,056	0	5,949

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

(1) The loans reflected in this table are intragroup transaction exposures

C.2.1. Risk Exposure



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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Market risk	27.3%	26.9%	34.0%	29.6%	33.9%	32.7%
Interest rate risk	7.0%	2.4%	2.9%	1.6%	6.0%	2.4%
Spread risk	15.2%	18.3%	1.2%	2.1%	9.1%	12.8%
Equity risk	0.0%	0.1%	0.0%	0.0%	0.1%	1.2%
Currency risk	5.0%	6.0%	27.3%	21.7%	18.5%	16.0%
Concentration risk	0.0%	0.0%	2.5%	4.1%	0.3%	0.3%

Exhibit C.7: Cigna Europe's market risk

Interest, equity, concentration and spread risks are modelled through the Standard Formula. Gradual adjustments to the strategic asset allocation have increased the risk level, through the introduction of new asset classes. This investment strategy is in line with the Company's risk appetite.

Currency risk is assessed internally to allow for exchange rate dependencies and adequately reflect the international nature of our business. Currency risk mainly impacts CEIC due to its various non-EEA branches.

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

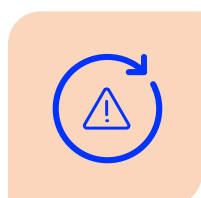
C.2.2. Risk Concentration



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

The main source of concentration risk within Market Risk stems from investments in Great Britain Pounds (GBP), Dollar (USD) and Singapore Dollar (SGD). Both solo entities (CLICE and CEIC) accept currency mismatches arising from ownership of local operating companies in non-euro currencies as a consequence of being an international group. However at the consolidated entity level, the Company aims for a natural hedge of its Solvency II position against exchange rate volatility.

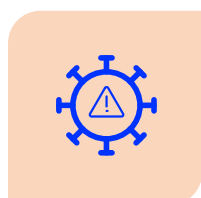
C.2.3. Risk Mitigation



The Company does not sell insurance embedding investment products. The Company's exposure to market risk is further minimised through policies on investment and Asset and Liability risk including selection, diversification and continuous monitoring of investment and cash exposures. This monitoring is performed in accordance with the limits set up by the risk appetite framework. Those metrics cover currency, interest rate, spread, concentration and counterparty risks. The continued adequacy and effectiveness of these metrics are ensured thanks to the

annual review of policies and update of the Risk Appetite framework.

C.2.4. Risk Sensitivity



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

The table below provides an overview of the sensitivity of the solvency II position to a severe Eurozone crisis scenario.

	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Solvency position						
Eurozone crisis ⁽¹⁾	-33.8%	-46.3%	-25.0%	-15.0%	-47.3%	-38.3%

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

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

The Eurozone crisis' scenario covers most of the identified market risks of the Company. It is considered an extreme scenario as it assumes the default of a key banking partner. Movements compared to prior year are mainly driven by changes in banking concentration exposures in each of the companies.



Cigna Europe retains a strong solvency position under the market risk scenario as a result of high initial capital levels and various risk mitigating actions undertaken.





C.3. Credit Risk

Credit risk stems from the potential of losses due to the non-payment or the unexpected failure of a given counterparty to meet its contractual obligations in accordance with agreed terms. The Company is exposed to credit risk due to the possible failure of one or several internal/external counterparties. The scope of credit risk within the Company encompasses both internal contagion risk and external counterparty default risk.

The table below provides a breakdown of the Company's credit risk exposures.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Internal exposures	118,727	128,528	71,273	48,366	205,762	187,492
Internal reinsurer	109,129	105,706	63,681	45,318	172,810	151,024
Intercompany transactions	9,597	22,822	7,592	3,048	32,953	36,468
External exposures	272,041	207,439	205,120	126,541	616,572	490,788
Reinsurers	8,651	7,650	3,982	4,861	12,633	12,510
Cash and cash equivalents	73,613	35,521	124,578	84,049	293,164	228,722
Account receivables from policyholders and brokers	183,970	157,961	71,228	34,244	299,636	239,862
Other receivables from reinsurance	5,590	3,954	3,144	1,454	8,735	5,407
Other receivables from non-affiliates	218	2,353	2,187	1,933	2,405	4,287

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

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

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

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

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

C.3.1. Risk Exposure

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

- Type 1 credit risk encompasses reinsurance mitigation risk, captive risk and cash at bank;



- Type 2 credit risk refers to account receivables’ exposures.
- Type 1 and Type 2 include both internal and external sources of credit risks.



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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Credit risk	21.4%	17.4%	13.7%	10.2%	22.3%	19.0%
Type 1 risk exposures	5.8%	4.4%	6.7%	6.1%	6.9%	5.6%
Type 2 risk exposures	15.6%	13.0%	7.1%	4.2%	15.5%	13.4%

Exhibit C.10: Cigna Europe’s credit risk

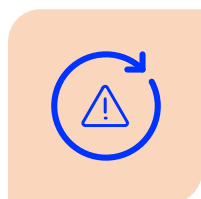
The Company has implemented a sound and robust Risk Management Framework at solo entity level to monitor credit risk. Each solo undertaking has also defined Reinsurance and Liquidity Risk strategies which outline the core processes and procedures which underpin Cigna Europe’s credit risk approach. This ultimately benefits the group.

C.3.2. Risk Concentration



The account receivables of the IOH business are the main contributor to the credit default risk of CLICE. Cash exposure at Myrtle level is not only driven by CLICE and CEIC, as all the other subsidiaries also have significant cash needs. The Company actively monitors this risk in respect of tailored risk appetite limits, at solo and at group levels. Specific governance processes are in place to ensure the immediate identification of any potential source of risks. In case of breach and related magnitude, a set of management actions have already been set up.

C.3.3. Risk Mitigation



The Company minimises this risk through policies on counterparty and bank selection, collateral requirements, diversification and close monitoring of credit exposures. The credit rating applied by the Company is based on ratings provided by external rating agencies.

Specific policies provide guidelines for the proper utilization of reinsurance and ensure that, amongst others review and authorization requirements, reinsurance purchases are appropriate, security meets internal requirements, contractual terms & conditions are reasonable, and the risk strategy is supported by Cigna Europe management. In particular, contracting guidelines clearly define satisfying criteria for a reinsurer to be approved in a partnership, including the need to have an AM BEST rating of at least A- or equivalent.

This risk related to cash exposures is managed through limits which take into account the credit quality and the expected period of holding, and through regular monitoring and early warning systems. Cigna Europe also simulates a scenario for the default of the largest single bank exposures.

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

C.3.4. Risk Sensitivity

The table below shows the impact on Solvency II position as the result of a scenario that could affect the credit risk.

	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Solvency position						
Reinsurer bankruptcy	-33.8%	-50.6%	-44.9%	-54.6%	-43.9%	-46.9%

Exhibit C.11: The scenario considers the bankruptcy of our largest reinsurer

The likelihood of this scenario has been assessed as very low and it is intended to demonstrate resilience of the companies in extreme events.

C.4. Liquidity Risk

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

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

- Market liquidity risk is the risk of not selling assets at their fair value due to adverse market conditions;
- Underwriting liquidity risk is the risk of not having sufficient amount of cash to settle liabilities as they fall due.

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

C.4.1. Risk Exposure

The risk exposure is relatively remote for the Company as:

The investment portfolio of the covering assets is well balanced over high quality bonds with relatively short maturities and money market funds.

- The nature of Cigna Europe's business does not trigger unexpected massive cash reimbursement:
 - limited risk of change in policyholder behavior i.e. more lapses resulting in less profits being generated than foreseen;
 - limited risk in case of large claim as half of the claim payments are paid by the internal reinsurer.
- The Company manages liquidity risk at different levels:
 - management review of Asset and Liability Management indicators on a monthly basis;
 - at the Asset and Liability Committee on a quarterly basis.

C.4.2. Risk Concentration

Risk concentration is not applicable to liquidity.

C.4.3. Risk Mitigation



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

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



Moreover, a cash pooling account has been implemented which allows Cigna European entities to assure liquidity at all times.

C.4.4. Risk Sensitivity

Additionally, the Company models Liquidity Risk through scenario analysis. The Company has for example assessed the time needed to raise liquidity to face potential severe large claims.

	Immediate	0-3 months
Availability of funds CLICE	20.6%	79.4%
Availability of funds CEIC	54.3%	45.7%
Availability of funds Myrtle	33.0%	67.0%

Exhibit C.13: Cigna Europe’s availability of own funds



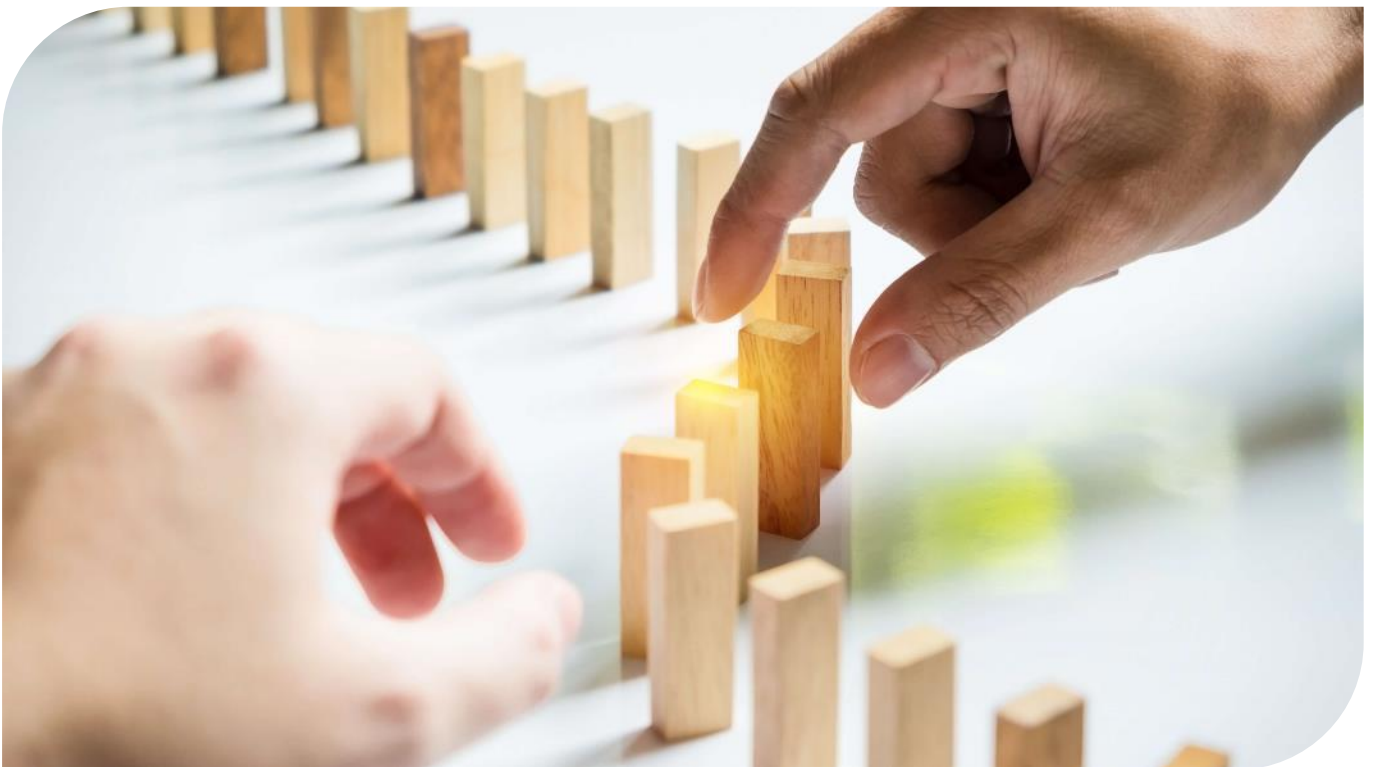


C.5. Operational Risk

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

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

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



C.5.1. Risk Exposure



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

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

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

C.5.2. Risk Concentration



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

In 2022, the Board reviewed the current qualitative scenarios approved from prior years and possible additional scenarios. It was agreed that the following qualitative scenarios would be included in the ORSA this year:

1. Spread of Russia / Ukraine conflict;
2. Climate Risk (modelled both qualitatively and quantitatively); and
3. Hacking / Cyber Security Threat.

For the scenario related to the spread of the Russia / Ukraine conflict, we considered the impact on Cigna of an escalation of the conflict into neighbouring countries. We concluded that a spread of the conflict would have limited impact on Cigna Europe from a financial, operational, commercial or regulatory perspective as many of the key risks emerged and were managed in 2022.

A scenario related to climate change risk was included in our ORSA for the second time this year. This was again based on the 'delayed transition' scenario assuming that there is no major change in world economies related to climate change in the short term but that significant actions are taken at a delayed stage (e.g. around 2030).

We continue to believe that climate change is a lower risk to our business in the short term but we expect the risk level to increase in the medium and longer term. There remain significant uncertainties around the development of this risk and we will continue to refine our assessment and response to climate change risk as further information and more mature tools become available.



C.5.3. Risk Mitigation



The nature of operational risk, inherent external exposures and the scenario analysis undertaken is such that these risks will never be fully mitigated, but the aim is to ensure the Board is fully aware of the potential worst case scenarios. The Company therefore breaks each scenario into key risk exposures or internal control components to ensure the business is taking steps to reduce either the likelihood of the risk occurring, or the impact it would have on the business and to provide assurance on this to the Board. Accordingly, a mixture of action plans and monitoring have been put in place for the risks related to these scenarios.

C.5.4. Risk Sensitivity



For the purposes of Solvency II and ORSA reporting, two qualitative scenarios of Hacking / Cyber Security Breach and Climate Change were both considered to be sufficiently material to threaten the solvency of the company in a worst case scenario. Although one was not quantitatively assessed, the outcome of these scenarios was that the Board agreed to approve capital deployment to support the running of the business.

C.6. Other Material Risks

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





Examples of such risks include:



People risk



Operational performance



Technology – currency projects



Branch management



Medical Network Management



Data Privacy Management



Fraud Management



Legal, Compliance and Regulatory Risk



Inflation Risk



Strategic initiatives



C.7. Any other information

No other information to be disclosed.



Valuation for Solvency Purposes



D. Valuation for Solvency Purposes

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

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

Entity	Domiciled	Statutory basis of Financial Statements	Functional Currency	Total Group Ownership
Cigna Myrtle Holdings Limited	Malta	IFRS	USD	100%
Cigna Elmwood Holdings SPRL ⁽¹⁾	Belgium	BE GAAP	EUR	100%
Cigna Beechwood Holdings Maatschap ⁽¹⁾	Belgium	BE GAAP	EUR	100%
Cigna Life Insurance Company of Europe SA	Belgium	BE GAAP	EUR	100%
Cigna Europe Insurance Company SA	Belgium	BE GAAP	EUR	100%
Cigna International Health Services BV	Belgium	BE GAAP	EUR	100%
Cigna International Health Services LLC	USA	US GAAP	USD	100%
Cigna International Health Services Kenya	Kenya	IFRS	KES	100%
Cigna European Services (UK) Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Oak Holdings Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Willow Holdings Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Legal Protection UK Limited	United Kingdom	UK GAAP	GBP	100%
Cigna Insurance Services Europe Limited	United Kingdom	UK GAAP	GBP	100%
First Assist Administration Limited	United Kingdom	UK GAAP	GBP	100%

Exhibit D.1: Entities within Cigna Group

¹ Treatment of Maatschap within the group level consolidation. Cigna Beechwood Holdings Maatschap ("Beechwood") is owned 51% by Cigna Elmwood Holdings SPRL and 49% by Cigna Myrtle Holdings Limited. For statutory reporting purposes, Cigna Elmwood Holdings SPRL includes 51% of the assets, liabilities and own funds of Beechwood within the reporting of its balance sheet as required under BE GAAP. Cigna Myrtle Holdings Limited, as required under IFRS, records its 49% ownership of Beechwood at historical cost less impairment. For the purposes of the group consolidation, Myrtle's 49% ownership of Beechwood has been removed from the Solvency II consolidation via a participation adjustment and has been replaced with the 49% of Beechwood's assets, liabilities and own funds per Beechwood individual financial statements.



Note: Indented entities have both individual financial statements and group consolidated financial statements available under their parent, Cigna Oak Holdings Limited.

The individual entities' statutory results have been converted to the group's Solvency II reporting currency of Euros using recognized, publically available exchange rates as at 31st December 2022. Euros have been determined to be the Group's chosen reporting currency as it is the currency in which the majority of the Group's transactions are conducted, and in which the majority of the Group's assets and liabilities are held.

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

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

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

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

Eight of the 14 consolidated entities included in the Myrtle Group are subject to an annual external audit:

- Cigna Life Insurance Company of Europe S.A – N.V ("CLICE");
- Cigna Europe Insurance Company S.A – N.V ("CEIC");
- Cigna International Health Services BV ("CIHS Belgium");
- Cigna International Health Services Kenya Ltd ("CIHS Kenya");
- Cigna Elmwood Holdings SPRL ("Elmwood");
- Cigna European Services UK Ltd. ("CESL");
- Cigna Oak Holdings Ltd ("Oak"); and
- Cigna Myrtle Holdings Ltd ("Myrtle").



D.1. Assets

D.1.1. Summary of Assets by Class

The tables below show the composition of assets in the balance sheet as at 31 December 2022 measured on a Solvency II basis (as per the Quantitative Reporting Templates (QRTs)) and, for comparison, as measured on a statutory basis.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Government Bonds	53,659	76,212	53,548	52,516	107,207	128,728
Corporate Bonds	348,636	404,073	92,754	88,947	441,390	493,020
Investment funds	83,287	43,333	6,523	10,979	89,810	54,313
Total Investments	485,582	523,618	152,825	152,442	638,407	676,061

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Government Bonds	55,904	67,736	55,316	52,405	111,220	120,141
Corporate Bonds	378,150	400,749	98,131	88,487	476,281	489,236
Investment funds	83,287	43,333	6,523	10,979	89,810	54,313
Total Investments	517,341	511,818	159,970	151,871	677,311	663,690

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

D.1.1.1. CLICE Assets

CLICE Solvency II Assets are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis. Please note that there may be some differences compared to the Solo Solvency II submission due to the removal of intra-European group balances.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	-	-	Historic Cost less amortisation
Deferred tax assets	-	-	Fair value	-	-	Fair value
Pension benefit surplus	-	-	Fair value	-	-	Fair value
Property, plant & equipment held for own use	61	85	Historic Cost less depreciation	61	85	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	-	-	Fair value	-	-	Historic Cost
Bonds	402,295	480,285	Market Value	434,054	468,485	Historic Cost/Market Value
Deposits other than cash equivalents	5,892	4,456	Fair value	5,892	4,456	Fair value
Other investments	83,287	43,333	Fair value	83,287	43,333	Fair value
Loans & mortgages	-	-	Fair value	-	-	Fair value
Reinsurance recoverable	114,115	106,963	Fair value	151,070	133,913	Fair value
Insurance & intermediaries receivables	158,654	141,868	Fair value	158,654	141,868	Fair value
Reinsurance receivables	6,957	7,813	Fair value	6,957	7,813	Fair value
Receivables (trade, not insurance)	-	75	Fair value	-	75	Fair value
Cash and cash equivalents	72,877	34,886	Mix of nominal and market value	72,877	34,886	Nominal value
Any other assets, not elsewhere shown	17,182	16,196	Fair value	17,182	16,196	Fair value
Total Assets	861,320	835,960		930,034	851,110	

Exhibit D.3: Summary of Assets for CLICE

D.1.1.2. CEIC Assets

CEIC Solvency II Assets are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis. Please note that there may be some differences compared to the Solo Solvency II submission due to the removal of intra-European group balances.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	-	-	Historic Cost less amortisation
Deferred tax assets	-	-	Fair value	-	-	Fair value
Pension benefit surplus	-	-	Fair value	-	-	Fair value
Property, plant & equipment held for own use	75	97	Historic Cost less depreciation	75	97	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	-	-	Fair value	-	-	Historic Cost
Bonds	146,302	141,463	Market Value	153,447	140,892	Historic Cost/Market Value
Deposits other than cash equivalents	-	-	Fair value	-	-	Fair value
Other investments	6,523	10,979	Fair value	6,523	10,979	Fair value
Loans & mortgages	-	-	Fair value	-	-	Fair value
Reinsurance recoverable	63,184	47,838	Fair value	84,638	58,688	Fair value
Insurance & intermediaries receivables	68,030	27,715	Fair value	68,030	27,715	Fair value
Reinsurance receivables	7,623	2,997	Fair value	7,623	2,997	Fair value
Receivables (trade, not insurance)	81	77	Fair value	81	77	Fair value
Cash and cash equivalents	124,569	84,049	Mix of nominal and market value	124,569	84,049	Nominal value
Any other assets, not elsewhere shown	6,089	5,294	Fair value	6,088	5,296	Fair value
Total Assets	422,476	320,509		451,074	330,790	

Exhibit D.4: Summary of Assets for CEIC

D.1.1.3. Myrtle Group Assets

Myrtle Solvency II Assets are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Assets are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Intangible assets	-	-	Historic Cost less amortisation	1,195	2,417	Historic Cost less amortisation
Deferred tax assets	-	-	Fair value	6,366	9,791	Fair value
Pension benefit surplus	2,049	3,993	Fair value	2,049	3,993	Fair value
Property, plant & equipment held for own use	10,287	11,270	Historic Cost less depreciation	10,287	11,270	Historic Cost less depreciation
Property (other than for own use)	-	-	Historic Cost less impairment	-	-	Historic Cost less impairment
Participations	-	367	Fair value	-	227	Historic Cost
Bonds	548,597	621,748	Market Value	587,501	609,377	Historic Cost/Market Value
Deposits other than cash equivalents	8,538	7,006	Fair value	8,538	7,006	Fair value
Other investments	89,810	54,313	Fair value	89,810	54,313	Fair value
Loans & mortgages	-	-	Fair value	-	-	Fair value
Reinsurance recoverable	177,299	154,801	Fair value	235,709	192,600	Fair value
Insurance & intermediaries receivables	239,289	177,367	Fair value	239,289	177,367	Fair value
Reinsurance receivables	14,580	10,811	Fair value	14,580	10,811	Fair value
Receivables (trade, not insurance)	23,200	35,200	Fair value	47,518	53,360	Fair value
Cash and cash equivalents	292,419	228,087	Mix of nominal and market value	292,419	228,087	Nominal value
Any other assets, not elsewhere shown	56,951	42,853	Fair value	32,631	24,695	Fair value
Total Assets	1,463,019	1,347,816		1,567,892	1,385,314	

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

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

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

- The valuation of investments at market value under Solvency II instead of at historic cost for bonds on a statutory basis. An exception to this is the limited amount of preference stocks held within the bond portfolio of the Company that are already included at market value under Belgium GAAP.
- Intangible assets such as IT licenses and software have been included within the financial statements of Cigna International Health Services B.V. and Cigna European Services (UK) Limited. Under the Solvency II guidelines intangible assets have no value.
- Loans held between entities within the Cigna Group are held at book cost in the statutory accounts of Cigna European Services (UK) Limited, Cigna Europe Insurance Company SA/NV and Cigna Beechwood Holdings Maatschap as per relevant local generally accepted accounting principles. However, under Solvency II these loans have to be disclosed at market value. Consequently, adjustments are made to ensure the loans are shown at market value for Solvency II.
- The pension benefit assets (and liabilities in section D3 below) are currently being measured under UK GAAP and BE GAAP requirements which calculate the net defined benefit asset/liability to be the net total of:
 - the present value of the defined benefit obligation at the end of the reporting period
 - minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly
 - minus any unrecognized past-service costs.
- For Solvency II purposes, pension benefit assets (and liabilities) are to be measured under IAS 19, which also includes any actuarial gains (less any actuarial losses) not recognized due to the corridor approach (IAS 19 para 54). Cigna Europe has made no adjustment to take into account the actual gains and losses due to the corridor approach as it deems this economic adjustment to be immaterial in nature.
- Following implementation of the updated Deferred Tax Policy, deferred taxes recognized in the statutory accounts of a legal entity are only recognized under Solvency II if they amount to a net Deferred Tax Liability (DTL). In the event of a net Deferred Tax Asset (DTA), deferred taxes are considered to be nil.

D.1.3. Key changes since previous reporting period

There have been no changes during 2022 to the approach for valuing assets.



D.2. Technical Provisions

D.2.1. Summary of Technical Provisions

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

(EUR'000)	Medical Expenses	Income Protection	Legal Expenses	Miscellaneous Financial Loss	Non-Proportional Health Reinsurance	Life	Total
CLICE							
Gross of Reinsurance	214,226	27,564		Not applicable		21,549	263,338
Reinsurance Ceded	89,349	20,323		Not applicable		4,444	114,115
Net of Reinsurance	124,877	7,241		Not applicable		17,105	149,223
Risk Margin	9,214	1,186		Not applicable		927	11,326
Total Net TP	134,091	8,427		Not applicable		18,032	160,549
CEIC							
Gross of Reinsurance	131,485	842	334	161	1,518	Not applicable	134,341
Reinsurance Ceded	61,486	206	0	0	1,493	Not applicable	63,184
Net of Reinsurance	69,999	636	334	161	25	Not applicable	71,156
Risk Margin	3,901	25	10	5	45	Not applicable	3,986
Total Net TP	73,900	661	344	166	70	Not applicable	75,142
Myrtle							
Gross of Reinsurance	345,710	28,406	334	161	1,518	21,549	397,679
Reinsurance Ceded	150,835	20,528	0	0	1,493	4,444	177,299
Net of Reinsurance	194,876	7,877	334	161	25	17,105	220,379
Risk Margin	13,115	1,210	10	5	45	927	15,312
Total Net TP	207,991	9,088	334	166	70	18,032	235,692



D.2.2. Methodology

D.2.2.1. Introduction

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

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

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

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

Since the 2018 year-end, Cigna Europe has performed the annual reset of assumptions underlying the SII BEL calculations at year end on an off-cycle basis, and assumptions are modified during non-off cycle when a material deviation from existing assumption is observed and can be justified.

D.2.2.2. Reinsurance



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

D.2.2.3. Non-Life Claim Provision Methodology



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

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

Due to the off-cycle methodology, Statutory Claim Provisions are calculated at year end then SII/Statutory ratios from end Q3 full valuation are applied to the year end Statutory Claim Provisions to generate year end Solvency II Claim Provisions. In a scenario where a material deviation is observed between actual experience and the off-cycle assumption set based on Q3 data, the assumptions can be re-set in course of the year to ensure best estimate liabilities remains appropriate and reasonable.

D.2.2.4. Non-Life Premium Provision Methodology



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

Due to the off-cycle methodology, UPR and PVFP are calculated at year end then Loss Ratios, Expense Ratios etc. from Q3 update are applied to the yearend UPR and PVFP to calculate the Premium Provision, gross of Reinsurance. For Reinsurance ceded, the Q3 Loss Ratio and year end Ceding Commission Ratio are applied to ceded year end UPR and ceded year end PVFP. Assumptions may be updated during non-off cycle to represent a revised best estimate provided appropriate justification.

D.2.2.5. Life Provision Methodology



The BEL for life insurance business is calculated on a policy-by-policy basis as the present value of:

claim outflows + expense and commission outflows – premium cash inflows

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

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

D.2.2.6. Un-Modelled Business



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



D.2.2.7. Risk Margin Methodology



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

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

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

D.2.3. Assumptions

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

D.2.3.1. Claim Provisions



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

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

D.2.3.2. Premium Provisions

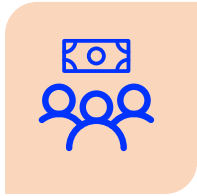
Since the claims ratio simplification method has been used to calculate the best estimate premium provision, the following are the key assumptions required to complete the calculation:



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

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

D.2.3.3. Life Provisions



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

D.2.3.4. Risk Margin



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

D.2.4. Expert Judgement

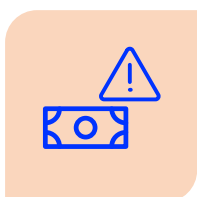


The application of expert judgement is required throughout the production of Technical Provisions from the assessment of data quality to the choice of methodology to apply, to the setting of assumptions underlying the calculations, through to the final assessment that the Technical Provisions are accurate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

D.2.5. Uncertainty in Technical Provisions

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

D.2.5.1. Uncertainty in Non-Life Claim Provision



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

D.2.5.2. Uncertainty in Non-Life Premium Provision



Small changes to the assumptions to calculate the Premium Provision can have a significant impact on the resulting reserve particularly for CLICE. For example a 1% change in Loss Ratio will increase the reserve by around €6.6m gross of reinsurance or €3.3m net of reinsurance. Changing the Operating Expense Ratio by 1% similarly impacts the gross reserve and here there is no reinsurance relief because a share of expenses is not passed on to the reinsurers. The impact of changing assumptions for Acquisition Expenses or Commission ratio is not so significant since not all Business Units are impacted by this change. CEIC behaves similarly although the financial impact is considerably slower, due to a lower volume of PVFP.

The total PVFP within the best estimate, gross of reinsurance, was €592.7m in CLICE and €174.0m in CEIC at end 2022 and so a 1% change in expected profit margin through change to Loss Ratio or Expense Ratio will change the gross reserve estimate by €5.9m in CLICE and by €1.7m in CEIC. Choice of ratios and indeed estimation of PVFP (in relation to allowance for persistency and tacit renewals) is therefore very important in the final reserve balance.

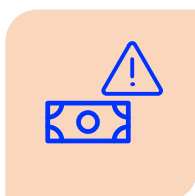
D.2.5.3. Uncertainty in BEL Life Provision



For death benefits, the most financially significant impact is a change to the mortality experience assumption where a 10% strengthening would increase the gross reserve by €0.9m and therefore have 30% impact relative to the base gross reserve for Death benefit. The remaining sensitivities are much less significant and impact the base gross reserve by no more than 5%.

For the survival benefit, the most financially significant impact is a change to the mortality experience assumption where a 10% strengthening would increase the gross reserve by €1.0m and therefore have around 5% impact relative to the base gross reserve for Survival benefit. Other sensitivities such as changes to the operating expense or discount rates are much less significant and impact the base gross reserve by no more than 2%.

D.2.5.4. Uncertainty in Risk Margin



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

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

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

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



(EUR'000)	Solvency II (SII)	SII / Statutory	Statutory	
CLICE				
Total Gross BEL	263,338	84.80%	310,552	Total TP Gross
Total Net BEL	149,223	93.57%	159,474	Total TP Net
Risk Margin	11,326			
Total Net TP	160,549	100.67%	159,474	Total TP Net
CEIC				
Total Gross BEL	134,341	82.94%	161,966	Total TP Gross
Total Net BEL	71,156	92.04%	77,312	Total TP Net
Risk Margin	3,986			
Total Net TP	75,142	97.19%	77,312	Total TP Net
Myrtle				
Total Gross BEL	409,111	84.44%	484,523	Total TP Gross
Total Net BEL	231,812	93.18%	248,790	Total TP Net
Risk Margin	15,884			
Total Net TP	247,696	99.56%	248,790	Total TP Net

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

The Myrtle table above is the sum of the CLICE and CEIC tables plus claims handling reserves in the service entities CIHS and CISL for an amount of €12 million.

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

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

D.2.7. Key Changes Since Previous Reporting Period

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

D.2.8. Other Disclosures

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



D.3. Other Liabilities

D.3.1. Summary of Other Liabilities

The tables below show the composition of Other Liabilities in the balance sheet as at 31 December 2022 measured on a Solvency II basis (as per the Quantitative Reporting Templates (QRTs)) and, for comparison, as measured on statutory basis.

D.3.1.1. CLICE Other Liabilities

CLICE Solvency II Other Liabilities are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis. Please note that there may be some differences compared to the Solo Solvency II submission due to the removal of intra-European group balances.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	-	-	Actuarial valuation	-	-	Actuarial valuation
Deposits from reinsurers	159,942	132,828	Fair value	159,942	132,828	Fair value
Deferred tax liabilities	410	2,612	Fair value	-	-	n/a
Debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Financial liabilities other than debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Insurance & intermediaries payables	120,330	146,692	Fair value	120,330	146,692	Fair value
Reinsurance payables	14,830	12,017	Fair value	14,830	12,017	Fair value
Payables (trade, not insurance)	26,148	38,858	Fair value	26,148	38,858	Fair value
Any other liabilities, not elsewhere shown	5,653	5,919	Fair value	5,653	5,919	Fair value
Total Assets	327,313	338,926		326,903	336,314	

Exhibit D.8: Summary of Other Liabilities for CLICE

D.3.1.2. CEIC Other Liabilities

CEIC Solvency II Other Liabilities are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis. Please note that there may be some differences compared to the Solo Solvency II submission due to the removal of intra-European group balances.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	-	-	Actuarial valuation	-	-	Actuarial valuation
Deposits from reinsurers	79,537	55,078	Fair value	79,537	55,078	Fair value
Deferred tax liabilities	843	312	Fair value	-	-	n/a
Debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Financial liabilities other than debts owed to credit institutions	-	-	Nominal value	-	-	Nominal value
Insurance & intermediaries payables	16,739	2,257	Fair value	16,739	2,257	Fair value
Reinsurance payables	8,927	5,562	Fair value	8,927	5,562	Fair value
Payables (trade, not insurance)	25,498	8,144	Fair value	25,498	8,144	Fair value
Any other liabilities, not elsewhere shown	8,143	4,155	Fair value	8,143	4,155	Fair value
Total Assets	139,687	75,508		138,844	75,196	

Exhibit D.9: Summary of Other Liabilities for CEIC

D.3.1.3. Myrtle Other Liabilities

Myrtle Solvency II Other Liabilities are prepared as of December 31, 2022 in compliance with the Solvency II Regulations. Liabilities are valued based on the assumption that the Company will pursue its business on a going concern basis.

(EUR'000)	Solvency II Basis			Statutory Basis		
	31-Dec-22	31-Dec-21	Methods and main assumptions	31-Dec-22	31-Dec-21	Methods and main assumptions
Provisions other than technical provisions	-	-	Fair value	-	-	Fair value
Pension benefit obligations	30	40	Actuarial valuation	30	40	Actuarial valuation
Deposits from reinsurers	239,479	187,906	Fair value	239,479	187,906	Fair value
Deferred tax liabilities	1,253	2,925	Fair value	-	-	Nominal value
Debts owed to credit institutions	2,605	8,411	Nominal value	2,605	8,411	Nominal value
Financial liabilities other than debts owed to credit institutions	-	-	Fair value	-	-	Nominal value
Insurance & intermediaries payables	137,069	148,950	Fair value	137,069	148,950	Fair value
Reinsurance payables	23,756	17,579	Fair value	23,756	17,579	Fair value
Payables (trade, not insurance)	149,351	152,831	Fair value	149,351	152,831	Fair value
Any other liabilities, not elsewhere shown	19,177	16,142	Fair value	19,177	16,142	Fair value
Total Assets	570,988	534,784		571,467	531,859	

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

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

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

D.3.3. Key changes since previous reporting period

There have been no changes during 2022 to the approach for valuing other liabilities.



D.4. Alternative Methods for Valuation

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

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



D.5. Any Other Information

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

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



Capital Management



E. Capital Management

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

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





E.1. Own funds

The following tables are as at 31 December 2021 and 31 December 2022 and are shown on a Solvency II basis. Under Solvency II, the excess of assets over liabilities is called "Own Funds" in the following exhibits and is all classed as Tier 1 in the own funds structure as detailed below. The differences between "Own Funds" (here from an economic perspective) and Shareholder's Equity under BE GAAP as shown in the Company's financial statements are due to the "reconciliation reserve" that comprises:

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Reconciliation reserve	-33,159	5,341	-5,824	-10,319	-47,349	-17,972
Total best estimate impact	10,336	11,738	6,150	-7,035	16,486	4,703
Claims provision, net of reinsurance ⁽¹⁾	13,540	11,568	3,209	1,213	16,749	12,781
Premium provision, net of reinsurance ⁽²⁾	-4,615	-4,702	2,941	-8,247	-1,674	-12,950
Life provision, net of reinsurance ⁽³⁾	1,411	4,872	0	0	1,411	4,872
Risk margin (4)	-11,326	-15,585	-3,986	-3,543	-16,118	-20,053
Investment (5)	-31,759	11,800	-7,145	570	-38,904	12,510
Other Economic Adjustments linked to Service Companies (6)	0	0	0	0	-7,561	-12,208
Tax impact on valuation differences	-410	-2,612	-843	-312	-1,253	-2,925

Exhibit E.1: Cigna Europe's Reconciliation reserves

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

Own Funds Structure

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

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

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

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



(EUR'000)	Tier ⁽²⁾	CLICE		CEIC		Myrtle	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Basic own funds	T1	230,554	219,491	148,791	119,079	460,212	412,934
Ordinary share capital		124,078	104,078	102,401	92,401	493,993	493,995
Share premiums		8,551	8,551	0	0	62,058	62,058
Other reserves from accounting balance sheet ⁽¹⁾		12,225	10,747	4,060	2,799	43,064	40,323
Retained earnings		118,860	90,774	48,153	24,198	274,215	200,214
Reconciliation reserve		-33,159	5,341	-5,824	-10,319	-47,349	-17,972
Participation adjustments		Not applicable		-365,683		-365,683	
Unpaid capital, initial fund not paid-up	T2	0	0	0	0	0	0
Deferred Tax Assets	T3	0	0	0	0	0	0
Eligible capital to cover SCR		230,554	219,491	148,791	119,079	460,212	412,934
Eligible capital to cover MCR		230,554	219,491	148,791	119,079	460,212	412,934

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

1. Legal reserve
2. Tiering with respect to Capital Eligibility



E.2. Solvency Capital Requirement and Minimum Capital Requirement

At 31 December 2022, the solvency II position of the Group stood at 221% of the SCR (31 December 2021: 210%) and at 743% of the required minimum (31 December 2021: 776%).

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21
Solvency Capital requirement (Partial Internal Model)						
Eligible capital to cover SCR	230,554	219,491	148,791	119,079	460,212	412,934
SCR	134,742	139,273	82,846	61,103	208,470	197,081
Solvency position	171%	158%	180%	195%	221%	210%
Minimum Capital requirement						
Eligible capital to cover MCR	230,554	219,491	148,791	119,079	460,212	412,934
MCR ⁽²⁾	39,198	37,258	22,761	15,931	61,960	53,189
Solvency position	588%	589%	654%	747%	743%	776%

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

- Solvency Capital Requirement is still subject to final approval by the auditor.
- The Minimum Capital requirement for Myrtle is calculated as the sum of the MCRs of CLICE and CEIC, where the latter have been individually calculated as max (MCRSF; MCRPIM)

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21
Solvency Capital Requirement	134,742	139,273	82,846	61,103	208,470	197,081
Market risk	51,797	54,243	37,360	25,808	93,226	87,596
Counterparty risk	43,997	40,280	20,005	12,136	70,460	60,474
Health underwriting risk	56,522	66,253	36,836	35,179	75,986	84,593
Life underwriting risk	3,670	5,118	Not applicable		5,118	3,670
Non-Life Underwriting risk	Not applicable		1,062	1,059	1,059	1,062
Diversification between risks	-46,656	-49,209	-27,254	-20,307	-72,615	-71,118
Operational risk	25,815	25,199	15,679	7,540	37,876	32,235
Loss absorbing effect of deferred taxes	-404	-2,612	-843	7,540	-1,195	-2,876

Exhibit E.4: Cigna Europe's risk profile

1. Solvency Capital Requirement is still subject to final approval by the auditor.

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

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

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

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



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

The following table shows the Solvency II position under respectively the Partial Internal Model and the Standard Formula.

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21
Partial Internal Model						
Eligible capital to cover SCR	230,554	219,491	148,791	119,079	460,212	412,934
Solvency Capital Requirement	134,742	139,273	82,846	61,103	208,470	197,081
Solvency position	171%	158%	180%	195%	221%	210%
Standard Formula						
Eligible capital to cover SCR	229,475	218,490	148,312	119,075	458,824	412,272
Solvency Capital Requirement	156,793	149,034	91,045	63,722	247,976	217,409
Solvency position	146%	147%	163%	187%	185%	190%

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

1. Solvency Capital Requirement is still subject to final approval by the auditor.

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

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



Premium and reserve risks: the Company developed a simulation-based approach allowing to produce a full probability distribution.



Pandemic risk: the Company designed a stochastic scenario generator for pandemic risk based on Monte-Carlo simulations.



Currency risk: the Company built a currency scenario generator simulating scenarios for all currency exposures over a one year period, accounting for their own dependencies. Each of these simulations is therefore applied on the relevant exposure and then the model aggregates all exposures to drive a different possible outcome.

All lines of business are considered in the scope of the PIM for the Company to avoid any form of cherry picking. Materiality thresholds determine whether a business segment is internally modelled versus the standard formula approach.

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

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

(EUR'000)	CLICE		CEIC		Myrtle	
	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21	31-Dec-22 ⁽¹⁾	31-Dec-21
Solvency Capital Requirement						
Partial Internal Model ⁽²⁾	134,742	139,273	82,846	61,103	208,470	197,081
Impact of internal model on:						
Market risk	1,344	-2,630	361	3,334	-1,471	605
Counterparty risk	-64	24	1,145	546	-19	3
Health underwriting risk	26,819	14,226	9,322	-53	53,767	26,092
Life underwriting risk	0	0	Not applicable		0	0
Non-Life Underwriting risk	Not applicable		-99	-58	-99	-58
Diversification between risks	-6,064	-1,928	-2,596	-1,150	-12,702	-6,271
Loss absorbing effect of deferred taxes	16	68	65	1	29	-42
Standard Formula	156,793	149,034	91,045	63,722	247,976	217,409

Exhibit E.6: Impact of internal model

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

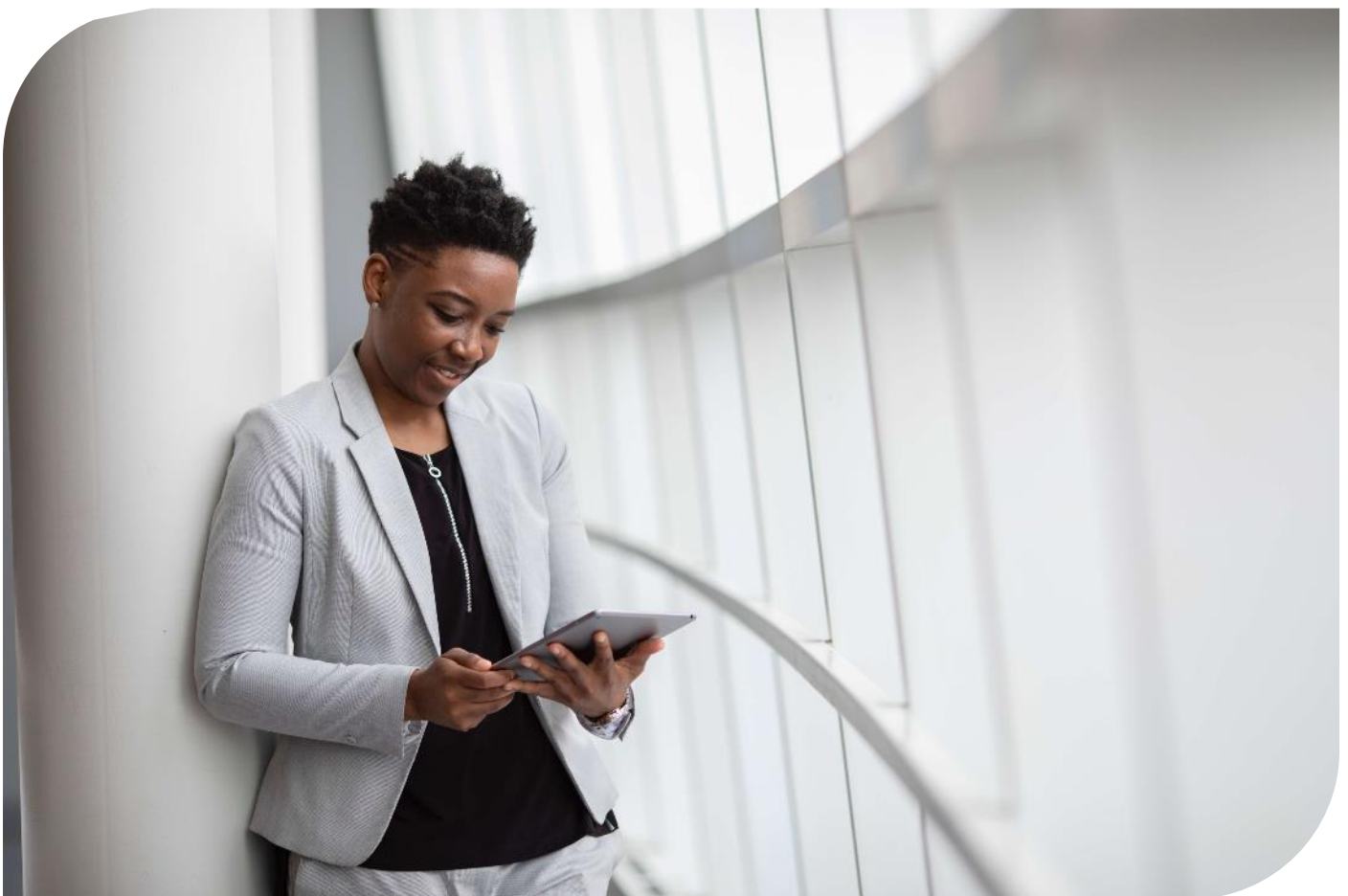


E.5. Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement

There is no non-compliance with the MCR or SCR for the undertaking.

E.6. Any other information

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





Glossary

Beechwood	Cigna Beechwood Holdings MTS
CEIC	Cigna Europe Insurance Company S.A./N.V.
CESL	Cigna European Services (UK) Ltd
CIHS	Cigna International Health Services BV
CISEL	Cigna Insurance Services (Europe) Limited
CLICE	Cigna Life Insurance Company of Europe S.A./N.V.
EGS	Europe and Global Segments
Elmwood	Cigna Elmwood Holding SPRL-BVBA
GEH	Global Employer Health
GEP	Gross Earned Premium
GIH	Global Individual Health
HL&A	Health, Life & Accident
IG	Intra Group
IGT	Intra Group Transaction
IOH	IGO Health, NGO Health and Government Health
KRA	Key Risk Assessment
MCR	Minimum Capital Requirements
Myrtle	Cigna Myrtle Holdings Limited
NBB	National Bank of Belgium
Op Risk	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
QRT	Quantitative Reporting Templates
SCR	Solvency Capital Requirements
SFCR	Solvency and Financial Condition report
SOG SA	System of Governance Self-Assessment
SI	Solvency I
SII	Solvency II
SPEH	Spain Employer Health
UKEH	UK Employer Health



Appendix – Reporting Templates

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

Click [here](#) for CLICE QRTs

- QRT S.02.01.02 specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC.
- QRT S.05.01.02 specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.05.02.01 specifying information on premiums, claims and expenses by country using the valuation and recognition principles used in the undertaking's financial statements.
- QRT S.12.01.02 specifying information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business as defined in Annex I to Delegated Regulation (EU) 2015/35.
- QRT S.17.01.02 specifying information on non-life technical provisions, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.19.01.21 specifying information on non-life insurance claims in the format of development triangles for the total non-life business.
- QRT S.23.01.01 specifying information on own funds, including basic own funds and ancillary own funds.
- QRT S.25.02.21 specifying information on the Solvency Capital Requirement calculated using the standard formula and a partial internal model.
- QRT S.28.02.01 specifying the Minimum Capital Requirement for insurance undertakings engaged in both life and non-life insurance activity.

Click [here](#) for CEIC QRTs

- QRT S.02.01.02 specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC.
- QRT S.05.01.02 specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.05.02.01 specifying information on premiums, claims and expenses by country using the valuation and recognition principles used in the undertaking's financial statements.
- QRT S.17.01.02 specifying information on non-life technical provisions, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35.
- QRT S.19.01.21 specifying information on non-life insurance claims in the format of development triangles for the total non-life business.



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

Click [here](#) for Myrtle QRTs

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



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