ECCU Assurance Designated Activity Company

Solvency and Financial Condition Report

For year ending 31st December 2024

EXECUTIVE SUMMARY

This Solvency and Financial Condition Report, ("SFCR"), is published by ECCU Assurance DAC ("ECCU", "the Company"), and relates to the company's performance in the year to 31st December 2024.

ECCU is a life insurance undertaking, wholly owned by the Irish League of Credit Unions ("ILCU"), incorporated in 1980 to provide insurance to a customer base comprising the credit unions ("CUs") affiliated to the ILCU.

The ECCU group risk product set comprises Loan Protection ("LP"), Life Savings ("LS") and optional riders, e.g. Death Benefit Insurance ("DBI") and Total Permanent Disability from Any Occupation. These policies provide benefits to CUs affiliated to the ILCU upon death or total permanent disability occurring to their eligible members. ECCU also offers a whole-of-life policy, "DBPlus", which provides a lump sum benefit on death and individuals meet the cost of the premiums at their own expense.

ECCU aims, subject to capital requirements and at the discretion of the board, to return group risk underwriting surpluses to its CU policyholders by way of an annual claims experience refund.

ECCU's group risk customer base is located across the island of Ireland which includes ILCU affiliates resident in the Republic of Ireland ("ROI") and Northern Ireland ("NI"). The Central Bank of Ireland ("CBI") is responsible for the financial supervision of the Company. For business in NI, ECCU Assurance is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. ECCU has a branch office in Banbridge, Co. Down. There have been no changes to ECCU's claims management or other customer services following the establishment of its NI Branch.

The business has been successful over its 44-year history in providing cover to CUs to ensure they are not left with bad debts upon the untimely death of members with outstanding loans.

ECCU employs 13 staff.

ECCU outsources certain functions to the ILCU, which undertakes these activities under an Agency & Management Agreement with associated Service Level Agreements. ECCU also outsources the Head of Internal Audit and the Head of Actuarial Function ("HoAF"), key functions, to Deloitte and Willis Towers Watson, respectively. Its investments are managed by Irish Life Investment Managers, ("ILIM"), in accordance with the terms of a mandate defined and regularly reviewed by the ECCU Board of Directors ("the Board").

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administrative Body that has responsibility for all these matters is the Board, which is aided in this by the various governance and control functions that it has put in place to monitor and manage the business.

Business and Performance

Claims incurred, net of reinsurance increased to €73.5m in 2024, up €3.8m on the prior year.

Earned premiums, net of reinsurance, increased to €73.6m in 2024, up €1.4m on the prior year, reflecting an overall increase in sums assured.

In the 2023 premium re-rating exercise the Board sought to smooth rate movements, recognising the uncertainty in relation to future mortality rates as we emerged from the effects of the pandemic. We did not seek to recover the full cost of expected claims in 2024, acknowledging that this would impact the potential for claims experience refunds. Mortality rates in 2024 remained elevated and we incurred an overall loss of €1.6m. The outlook for mortality rates remains uncertain and, in setting premium rates for 2025, the Board has continued to apply the smoothing approach adopted for 2024. ECCU achieved an overall investment return during 2024 of €3.4m (2023: €2.4m positive).

ECCU's balance sheet remains strong; however, the Technical Provisions ("TPs") for outstanding claims are up 13.4% to €30.8m and "Total Equity" is down 3.2%, at €49.3m.

Cover for the Solvency Capital Requirement ("SCR") decreased to 203.3%, at 31st December 2024 (2023: 212.8%).

This was primarily due to an increase in SCR of c. €0.4m and reduction in Own Funds of c. €1.4m. The increase in SCR is driven mainly by an increase in equity SCR (consistent with increase in value of equities) and mortality SCR (consistent with increase in liabilities). The reduction in own funds is driven mainly by a negative underwriting result, expenses and the change in Technical Provisions.

System of Governance Summary

Gerry Jordan retired as CEO on 31st December 2024 and was replaced by Russell Keenan with effect from 1st January 2025.

Risk Profile Summary

ECCU's performance reflects the elevated mortality rates that continue to be experienced post-pandemic, as well as the smoothed rate movements applied for 2024 (which reflected the Board prioritising affordability over the ability to pay claims experience refunds). The outlook for mortality rates continues to be uncertain and the Board has continued to apply the smoothing approach in setting 2025 premium rates.

The Irish League of Credit Unions Republic of Ireland Pension Scheme closed to future accrual in 2022. At the date of closure of the scheme, there was a past service deficit which was allocated to each individual participating employer based on the total benefits earned by their staff. The Company's allocation of that past service deficit was €965,100. The Company entered into a 10 year funding plan in 2022 to pay the deficit: the third instalment was paid in 2024. The Company's outstanding liability under the funding plan is €702,118.

Russell Keenan

Chief Executive Officer

A: BUSINESS AND PERFORMANCE

A1: Business

A.1(a) ECCU Assurance Designated Activity Company is a regulated life assurance undertaking authorised by the CBI under the European Union (Insurance and Reinsurance) Regulations 2015. The Company's financial year-end is at 31st December.

A.1(b) The CBI is responsible for the financial supervision of the Company.

For business in NI, the Company is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. ECCU Assurance, 16 Townsend St., Banbridge, Co. Down BT32 3LF (a branch of ECCU Assurance DAC) is a UK establishment (with registration number FC039503 and BR024609) registered in NI.

A.1(c) The Company's external auditor is KPMG.

A.1(d) The Company is wholly owned by the ILCU, a trade association of affiliated CUs on the island of Ireland. The Company's group risk policyholders are the same CUs.

A.1(e) **Group Policies**

The Company sells single premium group risk products to CUs, affiliated to the ILCU, in the ROI and NI. The relevant policyholders are CUs, and not the CUs' members.

The assurance business written by ECCU is predominantly in the form of monthly renewable term assurance policies. These policies are structured as group risk contracts with the CUs being the policyholders. All CUs affiliated to the ILCU have two main policies in place:

(1) Life Savings Policy

Date of Lodgment Cover: The CU's Life Savings policy pays a benefit on death, subject to terms and conditions of cover, based on the amount of savings made during a member's lifetime. The amount paid will depend on the member's age when the lodgments were made and their savings history with their CU. Withdrawals from savings may reduce the accrued insurance benefits. Savings lodged after age 70 are not insurable but cover remains in place to the date of death once the shares are not withdrawn, the policyholder (CU) maintains their cover level and pays the appropriate premium.

Date of Death Cover: The CU's Life Savings policy pays a benefit on death, subject to terms and conditions of cover. The amount paid will depend on the age of the member at their date of death. Withdrawals from savings may reduce the accrued insurance benefits. Savings lodged after age 70 are not insurable but cover remains in place to the date of death once the shares are not withdrawn, the policyholder (CU) maintains their cover level and pays the appropriate premium.

(2) Loan Protection Policy

The CU's Loan Protection policy protects the CU's loans, subject to terms and conditions of cover, by clearing the outstanding principal loan balance in the event of an eligible member's death or disability (optional, see below). Cover under this policy ceases on the day of the member's 70th birthday.

Each of the above policies has associated rider policies giving a CU the option to enhance the cover/benefit under its main policy of cover. The optional riders, which are subject to terms and conditions of cover, are as follows:

- LS: Accidental Death, Dismemberment & Loss of Sight and Joint Life

- LP: Disability, Over 70's, Over 80's and Joint Life.

DBPlus

ECCU launched a new, individual, whole-of life policy, DBPlus, in December 2020. This aims to provide funeral, or other end of life expenses oriented cover to CU members at their own expense. The volume of this business transacted as at year-end 2024 was 605 policies with a sum assured of €4.5m. DBPlus has been included in the calculation of the TPs at YE2023.

Reinsurance

Arch Re is an Irish based reinsurer and is part of Arch Capital Group Limited, a Bermudan based global reinsurer. Arch Re is rated A+ and ECCU have two treaties in place, an excess of loss treaty and a stop loss treaty. The excess of loss treaty provides cover for individual large claims aggregated across product lines in excess of €40,000 or £30,000 for each life. There is a cap of €1m on each life. ECCU's reinsurance structure was revised during 2022 such that the stop loss treaty now pays claims in excess of 105% of net written premiums and has a cap of 30% of the gross written premium. Cover from 1st January 2025 will be with four counterparties (Swiss Life & Nacional Re for Excess of Loss and Axis Re & DEVK Re for Stop Loss).

A.1(f) There are no other significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking.

A2: Underwriting Performance

Gross premium written during 2024 amounted to €75.3m, which represents an increase of 2.3% when compared to 2023 due to an overall increase in sums assured. LP sums assured increased by 11%. LS sums assured increased by 1% while DBI sums assured increased by 6%. The increase in the gross claims outstanding provision for 2024 was €3.6m (2023: increase of €1.2m). The net cost of reinsurance increased by €0.2m due to a reduction in reinsurance cover purchased for 2023 and an increase in reinsurance claims paid by the reinsurer. Investment returns, including unrealised gains and losses, amounted to a positive result of €3.4m (2023: €2.3m negative). There is no claims experience refund payable to CUs for 2024 (2023: €nil) due to the high mortality rates experienced in 2024. These impacted ECCU's financial performance in 2024, resulting in a loss after tax for the year of €1.6m.

Total Premium Income (€'m)			Sums Assured (€'m)			Paid Claims Ratio (%)		
2022	2023	2024	2022	2023	2024	2022	2023	2024
72.5	73.6	75.3	15,706	15,980	16,864	93%	94%	94%

The Company's performance in respect of life savings, loan protection and death benefit insurance in 2024 is outlined in the tables below.

Savings Assured (€'m)			Insurable Members (€'000)			Claims (€'m)		
2022	2023	2024	2022	2023	2024	2022	2023	2024
7,571	7,356	7,441	3,533	3,551	3,598	32.3	32.1	31.2

There has been a 1.2% increase in savings assured and a 1.3% increase in the number of insurable members since 2023.

Loans Assured (€'m)			Insurable Borrowers (€'000)			Claims (€'m)		
2022	2023	2024	2022	2023	2024	2022	2023	2024
5,836	6,267	6,927	728	735	745	17.1	19.1	20.8

The increase in loans assured of 10.5% primarily reflects the increase in assured borrowings with a slightly higher number of borrowers.

Death Benefits Assured (€'m)			Insurable Members (€'000)			Claims (€'m)		
2022	2023	2024	2022	2023	2024	2022	2023	2024
2,299	2,356	2,496	1,321	1,349	1,392	18.0	18.1	18.8

DBI sums assured were 5.9% higher in 2024 compared with 2023. There has been a 3.2% increase in the number of insurable members since 2023.

A3: Investment Performance

The Company continues to pursue a diversified investment policy, with 32.7% of the Company's invested assets taking the form of deposits with credit institutions. The remainder of ECCU's investment assets are in the form of Eurozone Government bonds (40.1%), units in an equity fund (9.4%), units in a corporate bond fund (6.1%), units in a residential property fund (4.4%), units in an Irish Property fund (2.5%) and units in an infrastructure fund (4.8%).

The Company has invested in a diversified portfolio to reduce volatility in investment returns while also maintaining a reasonable investment return. The Company's investments at year-end had a market value of €65.7m

Investment return which includes unrealised gains and losses amounted to a positive return of €3.4m (2023: €2.4m positive). The overall investment return arises from a number of factors including realised gains of €2.5m (2023: €0.8m gain), which can be largely attributed to the recognition of a realised gain on the disinvestment from a portion of the equity fund. Interest rates in the market improved in 2024 resulting in deposit income of €0.9m in 2024 (2023: €0.6m). There were unrealised gains on ECCU's bond portfolio of €0.3m but at a much lower level than the prior year (2023: €2.6m gain). There were unrealised overall losses on the equity fund, infrastructure fund, Irish property fund, residential property fund, and corporate bond fund totalling €0.9m in 2024 (2023: €2.0m loss). Overall, the Company experienced a 5.1% positive return on its investments in 2024 (2023: 4% positive).

At the end of the financial year, the average maturity of the deposits was 5 months (2023: 5.3 months). The average interest rate was 3.7% (2023: 4.3%). The Company does not engage in any securitisation arrangements.

2024 (€)	Net investment income	Net investment expense	Net realised gains and losses	Net investment result (excl unrealised)	Changes in fair value/ FX revaluation	Net investment result (incl unrealised)
Debt Securities	294,315	(1,398)	36,025	328,942	276,297	605,239
Unit Trusts	78,046	-	2,454,998	2,533,044	(884,813)	1,648,231
Cash and deposits	917,233	-	-	917,233	203,858	1,121,091
Total	**1,289,594**	**(1,398)**	**2,491,023**	**3,779,219**	**(404,658)**	**3,374,561**

2023 (€)	Net investment income	Net investment expense	Net realised gains and losses	Net investment result (excl unrealised)	Changes in fair value/ FX revaluation	Net investment result (incl unrealised)
Debt Securities	255,562	(1,312)	(1,240,855)	(986,605)	2,569,914	1,583,309
Unit Trusts	73,235	-	2,090,297	2,163,532	(2,039,602)	123,930
Cash and deposits	566,434	-	-	566,434	92,701	659,135
Total	**895,231**	**(1,312)**	**849,442**	**1,743,361**	**623,013**	**2,366,374**

A4: Performance of Other Activities, Other Material Income and Expenses

On 31 March 2022, the ILCU ROI Pension Scheme ceased future accrual. While staff retained all benefits earned up to that date, both the Company and employees stopped making contributions and accruing additional benefits. At closure, a past service deficit was allocated to each participating employer based on total benefits earned by their staff. The Company's allocation of that past service deficit was €965,100. The Company also entered into a 10-year funding plan to pay the deficit of which the third year was paid in 2024 amounting to €112,270 (2023: €112,270).

Surplus arising in the technical account in a given year in respect of monthly renewable term assurance cover, after making adequate provision for the TPs and any adjustment necessary to meet the Company's economic capital requirements, over its planning time-horizon, is returned to its policyholders (CUs) by way of a claims experience refund. The claims experience refund is calculated based on the combined effect of the underwriting result and investment income in the technical account. An additional calculation is performed to check that the claims experience refund to policyholders would not result in the release of capital required to be retained by the Company in order to meet the Company's economic capital requirements, as calculated on a Solvency II basis. There is no claims experience refund payable to CUs for 2024 (2023: €nil) due to the elevated number of deaths in 2024.

The ILCU (parent undertaking) acts as agent of the Company. The range of services provided and the basis for the fees in respect of such services provided are set out in the Agency and Management Agreement dated 22nd March 2013, as amended on 21st November 2014, between the ILCU and the Company.

The fees to the ILCU for services provided in accordance with the Agency and Management agreement during 2024 amounted to €2,381,065 (2023: €2,381,065). Remuneration costs amounted to €1,378,164 in 2024 (2023: €1,376,162).

Directors fees, expenses and emoluments amounted to €427,533 in 2024 (2023: €396,848).

A5: Any other information

There is no other material information to disclose regarding the business and performance of ECCU.

B: SYSTEM OF GOVERNANCE

B1: General Information on the System of Governance

B1.1 Overview

The Company is classified as a Low-Risk firm under the CBI's risk-based framework for the supervision of regulated firms, Probability Risk and Impact System, ("PRISM"), and is subject to the CBI's Corporate Governance Requirements for Insurance Undertakings 2015, ("the Requirements").

The Company's Board of Directors is responsible for the oversight of the business and sets its strategy and risk appetite. Mr. Gerry Jordan retired as CEO on 31st December 2024 and was replaced by Mr. Russell Keenan with effect from 1st January 2025. At year end, the Board comprised the CEO, 4 Independent Non-Executive Directors ("INEDs") and 2 Non-Executive Directors ("NEDs").

Board of Directors:	
A Kennedy (Chair)	R Keenan (CEO)
C McDonnell	E Sharkey
J Lyons	H McManus
K Murphy	
Company Secretary:	
L D'Alton	

The Company is committed to high standards of corporate governance. The Company completed an annual review of Governance and its Committee structures in line with the Requirements. ECCU has appointed an independent HoAF.

The Board delegates certain responsibilities to its sub-committees as follows, in accordance with the Requirements and terms of references approved by the Board. The Chair of each Committee is an INED and appointed by the Board.

- **The Audit Committee** (chaired by Caroline McDonnell) works closely with the Risk Committee to ensure the successful operation of the risk management and internal control systems and supports the Board in considering activities that expose or may expose ECCU to material audit, financial or other risk. The Committee consists of four members, all of whom are NEDs, and the majority of whom are independent. There is cross membership between the Audit and Risk Committees to enhance Board consideration of risk-related issues across the undertaking. Specifically, the Chair of each committee is a member of the other. The committee discharges the following key responsibilities:
  - The integrity of the Company's financial statements;
  - The effectiveness of the Company's internal controls;
  - The Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
  - The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system; and
  - Monitoring the effectiveness, independence and objectivity of the external auditor.

- **The Risk Committee** (chaired by John Lyons) comprising four members all of whom are NEDs is responsible for providing oversight and advice to the Board on the current risk exposures of ECCU and future risk strategy. The Committee also provides direction and oversight in relation to regulatory policies and procedures, including those relating to risk identification, assessment, management and monitoring. The committee assists the Board in discharging its responsibilities for:
  - The effectiveness of the Company's risk management systems;
  - The implementation of the Company's risk strategy and maintenance thereof;
  - The oversight of investment issues;
  - The timely reporting of material deviations from defined risk appetite; and

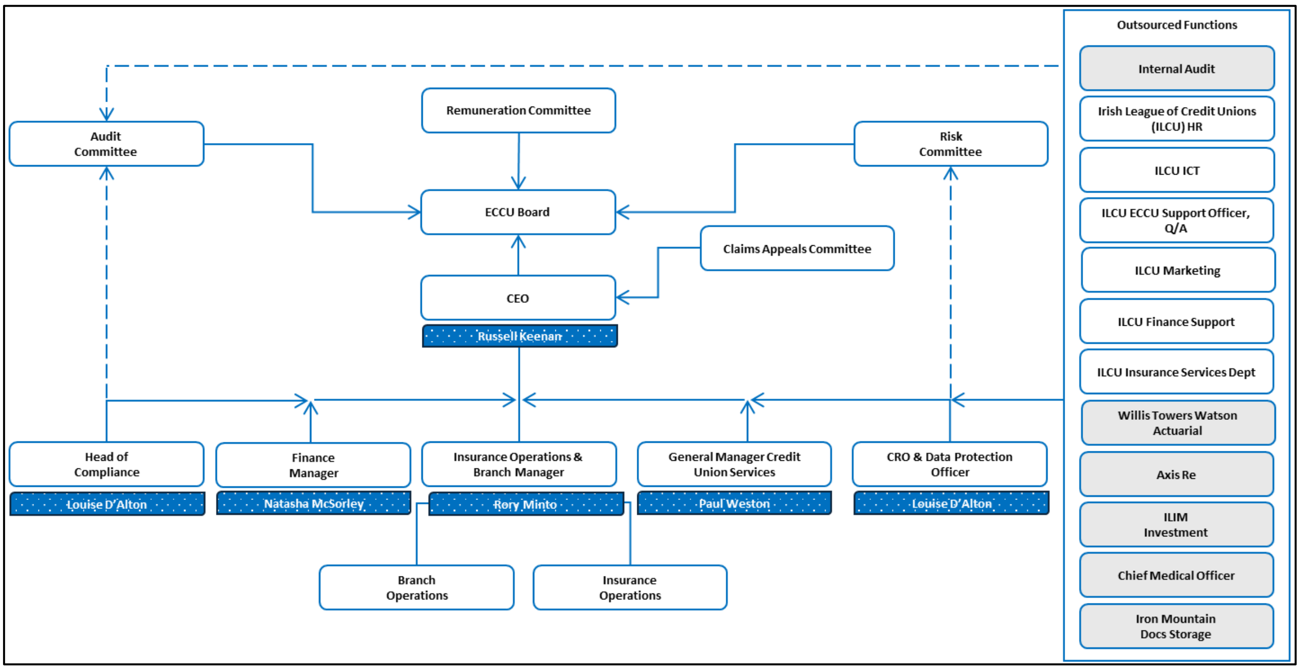
- Monitoring the effectiveness, independence and objectivity of the Risk function.

- **The Remuneration Committee** (chaired by Caroline McDonnell) operates under delegated authority from the Board, advising the Board on broad policy relating to the total remuneration paid to Senior Management and it also has a role in performance management and objective setting for the Senior Management Team ("SMT"), based on best practice and the requirements issued by the CBI in ensuring that no element of reward encourages excessive risk taking. All members of the Committee are NEDs, the majority of whom are independent. The Remuneration Committee and the Risk Committee have at least one shared member.

- **The Claims Appeals Committee** meets regularly to consider appeals from CUs in respect of claims that have been declined because they fail to meet the policy terms and conditions. The Committee comprises three ECCU representatives, one of whom is an INED, and two representatives of the ILCU, and considers the circumstances in which the appealed claims failed in accordance with the policy terms and conditions, the representations by the CU in its appeal, the personal circumstances of the CU members and any events outside the control of the member. Any payments approved by the Claims Appeals Committee are made ex-gratia. The ECCU Board receive the minutes of all Claims Appeals Committee meetings. 17 claims were appealed by CUs in 2024 (2023: 29), of which 6 (2023: 17) received ex-gratia payments.

The SMT comprises the CEO, Finance Manager, Insurance Operations Manager, General Manager Credit Union Services, and the Chief Risk Officer. The Internal Audit and Head of Actuarial Functions are outsourced.

The reporting relationships of the committees and functions are shown below:



B1.2 Independent Control Functions

The Company has established the four key independent control functions required under the Corporate Governance Requirements for Insurance Undertakings 2015, responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework:

B1.2.1 Chief Risk Officer ("CRO"), PCF-14:

The CRO oversees Risk Management Policies, reporting to the Risk Committee, Board, and CEO, and acts as Data Protection Officer, with responsibility for ensuring adherence to the Risk Management system, reporting new and emerging risks, and coordinating the annual ORSA process.

B1.2.2 Head of Compliance, PCF-12 and PCF-52:

The Head of Compliance, also serving as Money Laundering Reporting Officer and Company Secretary manages the Compliance Policy and processes, and reports to the Audit Committee and CEO. Duties involve monitoring regulatory changes, ensuring compliance, recommending changes, and reporting significant non-compliance to management and the Audit Committee, which approves the annual risk-based Compliance Monitoring Plan and tracks progress throughout the year..

B1.2.3 Head of Actuarial Function, PCF-48:

The Actuarial Function and the role of HoAF are outsourced to Willis Towers Watson. The responsibilities of the HoAF (Mr. Eoin Murphy) and the Actuarial Function, in line with guidance from the CBI and the Society of Actuaries in Ireland. Responsibilities include calculating the TPs, monitoring solvency, ensuring data quality, and advising on the ORSA process:

B1.2.4 Head of Internal Audit, PCF-13:

This role is outsourced to Deloitte, responsible for providing independent assurance on governance, risk management, and internal controls. Reports to the Audit Committee. The Audit Committee approves the risk-based Audit Plan, with Internal Audit reports highlighting control weaknesses and management's rectification plans.

B1.3 Other Control Functions

The Company has defined three additional Control Functions:

- **Chief Executive Officer, ("CEO"), PCF-8:** The CEO is the only executive director on the Board, PCF-1, and has ultimate responsibility for the Company's compliance. The CEO also occupies the role of Head of Underwriting, PCF-18.
- **Finance Manager:** The Finance Manager occupies the roles of Head of Finance, PCF-11, and Head of Investment, PCF-19.
- **Insurance Operations Manager:** The Insurance Operations manager occupies the roles of Chief Operating Officer, PCF-42, Head of Claims, PCF-43, and Branch Manager, PCF-16.

B1.4 Remuneration, Employee Benefits and Practices

The Company provides a range of benefits to employees, including contractual salary, life cover, permanent health insurance and paid holiday arrangements. Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the employees render the related service.

The Company pays contributions based on a percentage of salary into a defined contribution pension plan for its employees, under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions to the defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which the employees render the related service. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company. Employees contribute additional voluntary contributions to suit their circumstances.

Remuneration for Key Control Function roles is independent of business performance, weighted towards fixed over variable pay to avoid conflicts of interest.

Remuneration packages balance fixed and variable components, with a 20:80 maximum ratio of variable to fixed pay. The fixed component is sufficient to support a fully flexible bonus policy, including no bonus if necessary. Any variable pay depends on individual and Company performance.

B1.5 Material Transactions

The ILCU is the parent undertaking of the Company and acts as agent of the Company under the Agency and Management Agreement dated 22 March 2013, as amended on 21 November 2014. The fees to the ILCU for services provided in accordance with the agreement during 2024 amounted to €2,381,065 (2023: €2,381,065).

Surplus arising in the technical account in a given year in respect of monthly renewable term assurance cover, after making adequate provision for the TPs and any adjustment necessary to meet the Company's economic capital requirements over its planning time-horizon, is returned to its policyholders (CUs) by way of a claims experience refund, calculated based on the combined effect of the underwriting result and investment income in the technical account. An additional calculation is performed to check that the claims experience refund to policyholders would not result in the release of capital required to be retained by the Company in order to meet the Company's economic capital requirements as calculated on a Solvency II basis. There is no claim experience refund payable to CUs in 2025 for 2024 (2023: €nil).

Remuneration costs amounted to €1,378,164 in 2024 (2023: €1,376,162). Directors fees, expenses and emoluments amounted to €130,000 in 2024 (2023: €99,477).

B2: Fit & Proper requirements

The Company has adopted a Fitness and Probity Policy, aligned with the CBI's published guidance, as contained in:

- Guidance on Fitness and Probity Standards 2014;
- Guidance on Fitness and Probity 2018;
- Dear CEO letters (April 2019 and November 2020);
- Guidance on PCF In-Situ Returns, 2022;
- Guidance on Central Bank (Individual Accountability Framework) Act 2023.

The policy sets out a structured due diligence process to assess whether individuals appointed to Controlled Functions ("CFs") and Pre-Approval Controlled Functions ("PCFs") meet the CBI's Fitness and Probity Standards. The process covers identification, compliance with the Minimum Competency Code, assessment of professional qualifications and experience, continuous professional development, interviews, references, and completion of the Individual Questionnaire.

When appointing a PCF or CF role, the Company evaluates the candidate's competence and capability, focusing on management skills, technical expertise, and adherence to the Minimum Competency Code where required. The assessment also considers the collective knowledge, competence, and experience of the Board and Senior Management Team (SMT), including:

- Market knowledge
- Business strategy and model
- Governance systems
- Financial and actuarial analysis
- Regulatory framework and requirements

The Company evaluates candidates' honesty, integrity, fairness, ethical behaviour, and financial soundness. This includes reviewing criminal, disciplinary, and administrative records, as well as ongoing investigations or enforcement actions. Independence is specifically assessed for director roles.

For financial soundness, the Company considers bankruptcy history and association with insolvent entities. Candidates convicted of financial crimes, such as fraud or money laundering, may be deemed ineligible for PCF roles, with such decisions made by the Board.

PCF appointments require prior regulatory approval. All PCF and CF role holders must annually attest to their continued fitness and probity. The Company conducts an annual reconfirmation process to ensure ongoing compliance, including mandatory certifications for all CFs and PCFs to maintain their roles.

B3: Risk Management System including the Own Risk and Solvency Assessment

The Company's Risk Management System has been developed to enable the Board and management identify, manage and mitigate risks that could impact the Company's short, medium and longer-term objectives, and understand the overall level of risk embedded in functional and operational processes and activities, including those which are the subject of outsourcing arrangements.

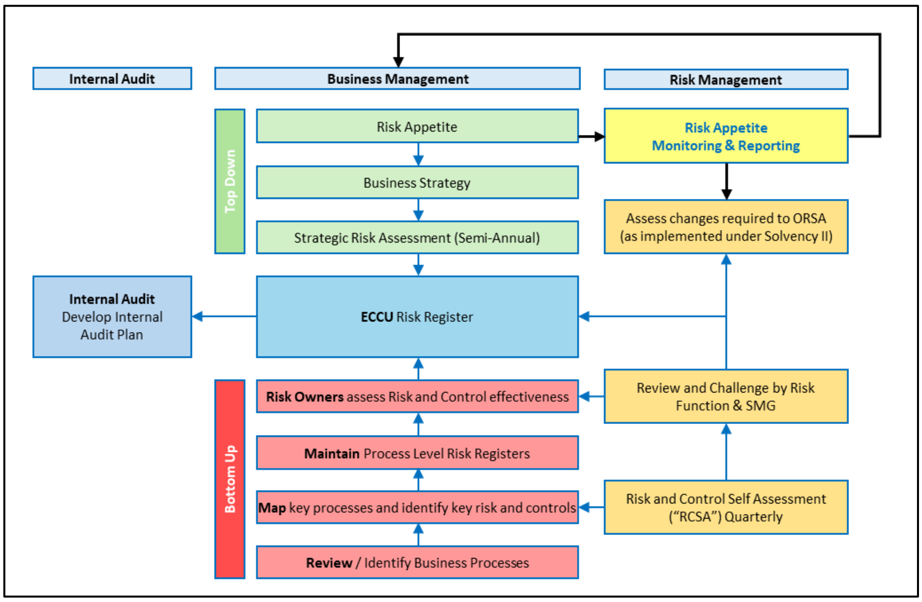
The Risk Committee receives regular reporting from the Company's Chief Risk Officer in relation to the outcome of the periodic risk assessments undertaken by management in line with the ERM framework. The main policy objectives of the ERM framework are:

- **Performance Objectives**: the efficiency and effectiveness of activities, use of assets and other resources and protecting the Company from loss. The ERM framework seeks to ensure that personnel, including those providing services on an outsourced basis, are working to achieve business objectives with efficiency and integrity, without unintended or excessive cost, or placing other interests before those of the Company.
- **Information Objectives**: the preparation and provision of timely, reliable and relevant reports needed for substantive, informed decision-making. Information objectives also address the need for reliable annual accounts, financial statements and other financial-related disclosures, reports to external parties and stakeholders. The ERM framework seeks to ensure the information received by management, the Board of Directors, Shareholders and regulators is of sufficient quality and integrity that recipients can rely on the information in making decisions.
- **Compliance Objectives**: the ERM framework seeks to ensure that all organisational activities and outputs comply with applicable laws and regulations, supervisory requirements and internal policies and procedures.

The result is a risk management strategy, which is led by the Board whilst being embedded in the Company's business systems, strategy and policy-setting processes and the normal working routines and activities of the Company. Consequently, risk management is an intrinsic part of the way business is conducted and allows the Company to respond quickly to evolving risks, which may arise internally or externally.

The ERM framework is intended to reduce, but cannot eliminate, the range of possibilities which might be detrimental to the Company. Similarly, the ERM framework cannot provide protection with certainty against any failure of the Company to meet its business objectives, or guard against material errors, losses, fraud, or breaches of law and regulations. Taking all these factors into account, the ERM framework is intended to provide reasonable assurance that the Company will conduct is business in an orderly and legitimate manner on a continuing basis and that reasonably foreseeable circumstances will not prevent the Company from achieving its business objectives.

The Risk Management Framework within ECCU comprises a multi-phased cyclical process of monitoring, review, reporting, and management of risks employing a "Bottom-Up" and "Top-Down" approach to inform the SMT, the Risk Sub-Committee of the Board, the Board and the ORSA process towards achieving the appropriate capitalisation of the undertaking in respect of its risk exposures.



Key responsibilities under the Company's Risk Management System are defined as follows:

- **The SMT:**
  - Define and document key processes within their areas, identifying associated risks and control owners; and
  - Review and refine key processes periodically, maintaining process-oriented risk registers.

- **Risk Owners:**
  - Annually assess processes including Investment Management, Underwriting, Finance, Support Services, Reinsurance, Policy Administration, and IT;
  - Update risk registers for new and emerging risks;
  - Assign risk statuses (RED, AMBER, GREEN) based on impact assessments;
  - Evaluate control effectiveness to mitigate risks; and
  - Perform quarterly Risk and Control Self-Assessments ("RCSA") and report findings to SMT and CRO.

- **The CRO:**
  - Independently reviews RCSA findings using business knowledge, audits, and compliance reviews;
  - Presents RCSA findings to the Risk Committee through a "Risk Report," including the Risk Dashboard aligned with the Company's Risk Taxonomy;
  - Reports material risk incidents to the Risk Committee, especially those breaching or likely to breach the Risk Appetite; and
  - Coordinates with SMT to recommend remedial actions to address and resolve risk breaches.

- **The Risk Committee:**
  - Reviews risk dashboards and strategic risks at least quarterly and assess potential strategy, ORSA, and capital requirement amendments; and
  - Evaluates strategic risks at least annually and ensure decisions are documented and communicated to the Board promptly.

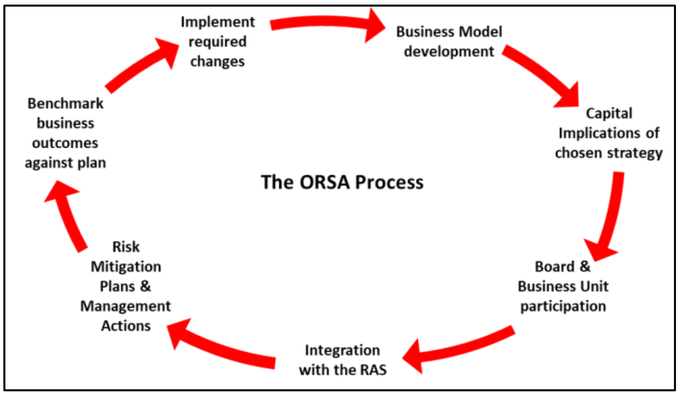
Own Risk Solvency Assessment ("ORSA")

Every year, and on an ad-hoc basis, should circumstances materially change, the Company conducts an ORSA to enable the Board to assess its capital adequacy in the light of its assessment of its risks and the potential impacts of its risk environment and enable it to make appropriate strategic decisions.

The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and risk sensitivities that can be used in shaping strategy and risk appetite.

The ORSA is an ongoing process that relies on key elements of the business:

- Board strategy, policies and plans;
- Solvency II Pillar 1 Balance Sheet standard formula results, and base assumptions used;
- ERM process and its outputs, which identifies the key risks;
- Board reviews, challenges and approves the test scenarios and ORSA output;
- Actuarial Function that runs the tests on the Balance Sheet, for capital adequacy and produces the resultant outputs;
- Risk Function, Actuarial Function and SMT which assess the outputs and prepare the reports;
- Risk Committee and Board's assessment of the output and resultant capital, strategy and risk appetite review;
- ORSA Reporting to the Company's regulator, the CBI.



The Board reviews the ORSA report and considers appropriate action for the business such as:

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;
- Additional risk mitigation actions;
- Reassessment of investment strategy.

The results and conclusions contained in the ORSA Report and the Board's resultant actions and decisions, are communicated to all relevant staff, including outsourced CFs, once the report has been considered and approved by the Board.

The Company determined that the Solvency II standard formula be used to calculate the required solvency capital and to assess the overall solvency needs. A five-year base case projection of the Solvency II Balance Sheets and SCR position is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and by the Board, and where appropriate, potential management actions are noted, and conclusions drawn.

Assessments to date indicate that, under the scenarios presented by management to the Board, the Company is adequately capitalised.

B4: Internal Control System

Internal control is, to a varying degree, the responsibility of everyone within the Company and is therefore an explicit or implicit part of everyone's job description. All staff produce information used in the Internal Control System and / or perform control actions.

All areas of the business have a responsibility to inform the Internal Audit Function, CEO CRO and Head of Compliance of deficiencies in controls, losses that are sustained, or a definite suspicion concerning irregularities:

1. **Board-level Controls:**
   - The Board Charter, policies, reports, and meeting minutes form the primary control framework.
   - The Board and its Audit and Risk committees influence the control environment and set the 'tone at the top'.
   - Independence, scrutiny, and appropriate actions are crucial to maintaining an effective control environment.
2. **SMT:**
   - Led by the CEO, the SMT executes business functions and helps shape the Company's corporate culture.
   - Communicates behavioural standards through formal and informal channels, including an annual compliance manual review and sign-off by all employees.

3. **Risk and Compliance Functions:**
   - The Risk Function is proportionate to the nature, scale and complexity of its business. The responsibilities include oversight activities such as:
     - Evaluating the design and effectiveness of the Risk Management System.
     - Identifying risks, monitoring the Risk Management System, and reporting findings to the Risk Committee and Board.
     - Advising on strategic risks and suggests risk management actions.

   - The Compliance Function is proportionate to the nature, scale and complexity of the business. The Compliance Function operates with organisational authority and operational autonomy and conducts compliance activities from the annual plan approved by the Audit Committee. The responsibilities of the Compliance Function include oversight activities such as:
     - Monitoring compliance risks, focusing on regulatory and legal requirements.
     - Providing compliance training, designing staff guidelines, and investigating potential violations.
     - Reporting compliance issues to the Audit Committee and advising on new products, services, and market impacts.

   - The Actuarial Function, headed by the HoAF:
     - Acts as the Board's key actuarial advisor.
     - Provides guidance on actuarial assumptions and fosters risk awareness and culture.

4. **Outsourced Activities:**
   - Documented outsourcing agreements and SLAs define terms and relationships with service providers.
   - A designated business owner monitors compliance with agreements and reports exceptions to the CRO, Audit Committee, and Board.
   - The CEO ensures appropriate control activities at outsourced providers.

B5: Internal Audit Function

The Internal Audit Function is an independent function which examines and evaluates the functioning of the internal controls and all other elements of the system of governance, and assesses the compliance of activities with internal strategies, policies, processes and reporting procedures.

The Head of Internal Audit, through planned reviews of the Company's processes and those of its service providers, provides an opinion on the internal control framework of the Company's business. Internal Audit plays an important role in evaluating the effectiveness of control systems and contributes to increased effectiveness through the identification of weaknesses and provision of recommendations for improvement. Due to the nature and scale of the Company's activities, the Internal Audit Function has been outsourced to Deloitte.

The Internal Audit Function develops an annual Internal Audit Plan for Audit Committee approval based on the key risks identified and assessed through the Risk Management System. Every activity (including activities performed by outsourced service providers) is within scope and is considered in the design of the Internal Audit Plan.

The Internal Audit Function performs its activities with objectivity and independence.

The Internal Audit Function produces written reports to the Audit Committee. The report covers any deficiencies regarding the efficiency and suitability of the Internal Control System, as well as major shortcomings regarding compliance with internal policies, procedures and processes. It also includes recommendations on how to remedy inadequacies and specifically addresses how past recommendations have been implemented.

The performance of ECCU's Internal Audit Function is assessed annually by the Board.

B6: Actuarial Function

The AF of the Company is outsourced to Willis Towers Watson in accordance with a statement of work approved by the Board. Willis Towers Watson reports to the Board at least annually and attends Board meetings. Willis Towers Watson can draw upon a range of resources to carry out the necessary tasks.

The key responsibilities of the AF and HoAF are defined in the Reserving Policy and are:

- Coordinating the calculation of the TPs. The AF will report to the CEO and Finance Manager every quarter on the results of this calculation;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the TPs;
- Assessing the sufficiency and quality of the data used in the calculation of the TPs;
- Informing the administrative, management or supervisory body of the reliability and adequacy of the calculation of the TPs;
- Providing an Actuarial Opinion on Technical Provisions ("AOTP") to the CBI and an Actuarial Report on Technical Provisions ("ARTP") to the Board on an annual basis;
- Providing an opinion on the Company's underwriting policy;
- Providing an opinion on the adequacy of the Company's reinsurance arrangements;
- Contributing to the ORSA process, providing an opinion to the Board; and
- Carrying out other calculations for ECCU including pricing and scenario projections.

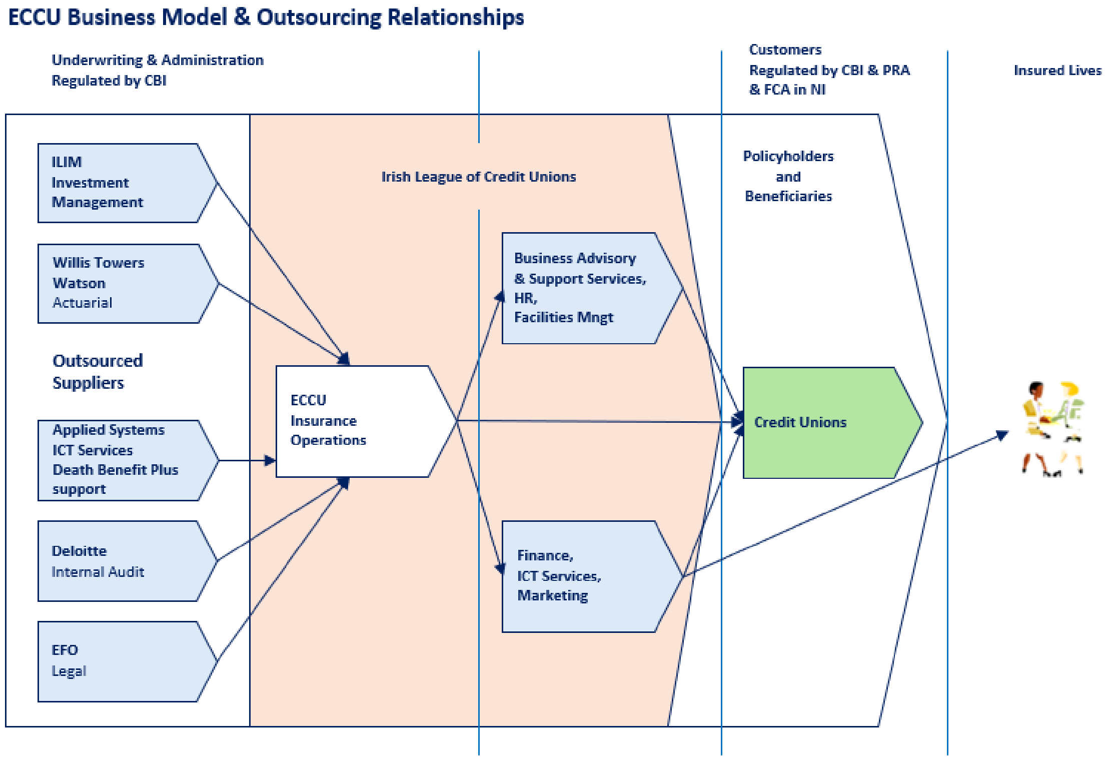
B7: Outsourcing

The Company is wholly owned by the ILCU, an unincorporated association of CUs which exists to represent and service affiliated CUs on the island of Ireland. The Company outsources a number of important functions to the ILCU, with whom it shares a business premises, which undertakes these activities on its behalf in Ireland under an Agency and Management Agreement with respective SLAs.

An arrangement of any form between the Company and an outsourced service provider by which that service provider performs a process, a service or activity which would otherwise be performed by the Company itself and which is essential to its operations, without which it would be unable to deliver its services to policyholders, is considered to be the outsourcing of a critical activity. The Company outsources the following critical activities, carried out in the ROI, to Irish resident service providers with proven competence in their respective fields, in accordance with its Board approved policy:

- **Internal Audit Function**, provided by Deloitte, in respect of which the relevant Business Owner is the Finance Manager;
- **HoAF**, provided by Willis Towers Watson, in respect of which the relevant Business Owner is the CEO; and
- **Investment Management**, provided by Irish Life Investment Managers, in respect of which the relevant Business Owner is the Finance Manager.

In addition, other non-critical functions, e.g., document storage, shredding etc., are also outsourced by the Company.



Potential new Outsourcing arrangements are subject to the following procedural stages:

- Pre-outsource actions;
- Consideration of impact of outsourcing (risk management);
- Due diligence;
- Written agreement including SLAs; and
- Monitoring.

Other areas for consideration shall include contingency planning, exit strategies and internal outsourcing.

Pre-outsource actions

At an early stage in the process a Business Owner is made responsible for the outsourced activity by the Board. The Business Owner shall be adequately experienced and competent and shall be responsible for:

- Negotiating and managing the relationship and procurement processes, conducting fee negotiations within the parameters set by the Board, defining services and developing SLAs;
- Monitoring ongoing compliance with regulations and SLAs;
- Ensuring overall service requirements have been adequately specified and documented;
- Reviewing the need for, extent and adequacy of any guarantees or indemnities provided by or on behalf of the outsourced service provider; and
- Preparing for the smooth transition of operations to the outsourced service provider by assessing the impact of the transfer on current and new operations. This includes developing contingency plans if problems occur during the transfer to the outsourced service provider to ensure that business continuity expectations can always be met.

Consideration of the impact of outsourcing – risk management

The Company does not intend to significantly increase risk exposures as a result of outsourcing. This is achieved by:

- Establishing mechanisms to provide reasonable protection from financial or operational loss as a result of failed or inappropriate outsourcing arrangements. This is achieved through the effective implementation of policy and the enforcement of outsourcing agreements and SLAs;
- Ensuring that all outsourcing arrangements are in the best interests of the Company and;
- Meeting, at a minimum, current legislation, regulatory requirements, and working practices in accordance with the Company's business objectives.

A risk examination shall allow the Company to understand the main risks that may arise from the outsourcing, identify the most suitable strategies for the mitigation of these risks and ensure that the outsourced service provider has the ability and authorisation required by law to perform the outsourced activities reliably and professionally.

Outsourcing activities are monitored in a way that will allow management to make sound quantitative estimates of operational risk capital.

To ensure that the outsourcing of any critical activity does not lead to a material impairment of the quality of ECCU's governance system:

- The Business Owner ensures that the outsourced service provider has adequate Risk Management and Internal Control Systems in place and;
- The outsourced activities shall be adequately addressed within ECCU's Risk Management and Internal Control Systems.

In order to safeguard against an undue increase in operational risk when outsourcing a critical activity, the Business Owner:

- Verifies that the outsourced service provider has adequate financial resources to take on the tasks the Company plans to transfer and to properly and reliably discharge its duties;
- Verifies that the staff of the outsourced service provider are selected based on criteria that give reasonable assurance that they are sufficiently qualified and reliable;
- Verifies that the outsourced service provider properly isolates and identifies the information, documentation and assets belonging to the Company and its clients in order to protect their confidentiality and;
- Makes sure the outsourced service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities, where necessary, having regard to the outsourced activity.

When selecting an outsourced service provider, the Board ensures that outsourcing is not undertaken in such a way as to lead to any of the following:

- A material impairment in the quality of the Company's system of governance;
- An undue increase in the Company's operational risk;
- An impairment in the ability of the CBI to monitor the Company's compliance with its obligations and;
- Disruption to the continuous and satisfactory service to policyholders.

Outsourced service provider due diligence

When choosing a suitable outsourced service provider, the Business Owner carries out the necessary steps to ensure that:

- An examination is performed of the potential outsourced service provider's ability and capacity to deliver the required functions or activities satisfactorily, considering the Company's objectives and needs;
- The outsourced service provider has adopted all means to ensure that no explicit or potential conflicts of interest with the Company exist;
- Persons at the outsourced service provider responsible for Control Functions comply with the Fit and Proper requirements of the CBI;

- The Company enters into a written agreement with the outsourced service provider which clearly allocates the respective rights and obligations of each party;
- The general terms and conditions of the outsourcing agreement are authorised by the Board;
- The outsourcing agreement does not represent a breach of any data protection regulation or other laws; and
- The outsourced service provider is subject to the same provisions that are applicable to the Company regarding the safety and confidentiality of information relating to clients.

Outsourced service provider written agreement

An outsourcing agreement is prepared by the Company which includes, inter alia, the following:

- A description of the scope of the agreement and services provided;
- The commencement date and end date;
- The review date of the agreement;
- The pricing and fee structure;
- The duties and responsibilities of both parties involved;
- The performance monitoring provisions including the terms of use of SLAs;
- A mechanism which will allow recourse to or a penalty against the outsourced service provider for non-performance of their duties and failure to meet service levels under the SLA;
- The contingency and disaster recovery plans to be implemented at the outsourced service provider to ensure continuation of service;
- The outsourced service provider's commitment to comply with all applicable laws, regulatory requirements and guidelines and to cooperate with the CBI in connection with outsourced activities;
- A provision that the outsourced service provider discloses any developments that may have a material impact on its ability to carry out the outsourcing, including any material changes to its financial resources or risk profile;
- A provision that the outsourced service provider is required to maintain an adequate risk and internal control system and provide reasonable evidence and/or assurance upon request by ECCU;
- A provision that the outsourced service provider can only terminate the contract with a notice period sufficiently long to enable ECCU to find an alternative solution;
- A provision that ECCU reserves the right to information about the outsourced activities and the outsourced service provider's performance;
- A provision that the outsourced service provider shall protect any confidential information relating to ECCU and its clients;
- A provision that ECCU, its external auditor and the CBI shall have effective access to all information related to the outsourced functions or activities, as well as to the outsourced service provider's business premises if an on-site inspection or audit is to be performed;
- A provision that the Board has the right to directly address questions to the outsourced service provider.

Provisions for termination are included in the written outsourcing agreement. Non-compliance with any of the requirements outlined within the outsourcing agreement shall be the cause for the termination of the outsourcing contract at the discretion of the Company.

Outsourcing agreements include the provision that it is the responsibility of the outsourced service provider to cooperate with the Company and the CBI in connection with the outsourced activities and to allow the Financial Regulator access to data related to the outsourced function.

Management and monitoring of the outsourced service provider

The CEO:

- has responsibility for all outsourcing activity.
- has day-to-day responsibility for managing and monitoring all outsourcing activity as delegated by the Board; and
- assesses the impact of outsourcing on the risk profile of the Company on an individual and

aggregated basis.

Each outsourced function is managed in accordance with the following minimum standards:

- A Business Owner is responsible for managing and monitoring the arrangement and for reporting to the CEO;
- The Business Owner has appropriate technical knowledge and authority to manage the outsourced arrangement;
- The Business Owner draws upon the resources of the Company, as needed, to assist with any functional area of expertise;
- The Business Owner maintains appropriate levels of contact with the outsourced service provider;
- The Business Owner formally monitors compliance with SLAs and Key Performance Indicators ("KPIs") on a quarterly basis and reports areas of non- compliance to the CEO; and
- The Company ensures that where non-compliance with outsource agreements or SLAs is identified, appropriate action to rectify the non-compliance is taken.

Contingency plans and exit strategy

Contingency and disaster recovery plans are included in all outsourcing agreements to ensure continuity of service to ECCU through any business interruption event which may arise in the supply of outsourced services to ECCU.

The Business Owner ensures that appropriate contingencies and disaster recovery plans have been implemented at the outsourced service provider.

Provisions are included in all relevant outsourcing agreements for the right to terminate the contract where the outsourced service provider is non-compliant with pre-defined SLAs.

The Business Owner develops an exit strategy, to include the identification of potential alternative suppliers in the market, to address the potential risks that may arise if the termination of an outsourced agreement is to be contemplated.

B8: Any Other Information

The Company has assessed the adequacy of its system of governance and has concluded that it effectively provides for the sound and prudent management of the undertaking, being proportionate to the nature, scale and complexity of the risks inherent in its business. In reaching this conclusion the Board has the benefit of consideration of rolling internal audit reviews of the discrete elements of the system of governance over many years.

C: RISK PROFILE

Risk Management Objectives and Risk Policies

The Company's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives.

Overall responsibility for the management of the Company's exposure to risk is vested in the Board. To support it in this role, a risk management system is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board has established several Committees with defined terms of reference. These are the Audit, Risk and Remuneration Committees.

The more significant financial risks to which the Company is exposed are set out below. For each category of risk, the Company has determined its risk appetite and the SMT manages and monitors the performance of the Company within the parameters set out in the Board's Risk Appetite Framework.

C1: Underwriting Risk

Underwriting Risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and/or reserving assumptions which includes the fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the Company at the time of underwriting.

The Company's underwriting strategy is to supply renewable term cover to affiliated CUs of ILCU within regulatory approved classes of Insurance in accordance with the Company's Risk Appetite Framework.

As a life insurance company, the Company is subject primarily to mortality risk.

Reinsurance arrangements are in place to cover a proportion of the sums at risk in the event of a claim. The reinsurance cover is designed to protect ECCU against large individual claims and against significant adverse underwriting experience (such as might arise during a pandemic).

The Company provides monthly renewable loan protection and life savings cover for all CUs affiliated to the ILCU on a group policy basis. The insured lives are members of those CUs affiliated to the ILCU across the island of Ireland. As a result, concentration is minimised as the spread of CUs is diversified in terms of geographic, demographic, and socio-economic risk exposure.

An increase in the mortality rate would lead to an increase in the outstanding claims reserve. An increase of 10% in the mortality rate would lead to an increase in the Best Estimate Liability ("BEL") of €2.8m (2023: €2.8m).The Company's TPs are also sensitive to changes in claims reporting and payment patterns. An increase in lags (between the date the claim was incurred and the date paid) would lead to an increase in the Best Estimate Liability, as more outstanding claims would be expected to materialise. An increase in lags of one month would, if all other assumptions remain unchanged, lead to an increase in Best Estimate Liability for claims outstanding of €6.5m (2023: €6.1m).

C2: Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates, and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Company in managing its market risk is to ensure risk is managed in line with the Company's risk appetite framework.

The Company's risk management objectives in order to minimise its exposure to market risk in line with the overall risk appetite framework are:

- To adopt a diversified approach to investments and seek to safeguard the assets of shareholders;
- To hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due;
- To ensure that there are appropriate policies and strategies in place for liquidity risk management, concentration risk management, counterparty risk management, and asset liability risk management to meet this objective; and
- To manage investment assets subject to the prudent person principle.

Application of the Prudent Person Principle

The Company adopts a diversified approach to investments and seeks to safeguard the assets of the Company. The majority of the Company's investment assets are managed by an external investment manager (ILIM) in accordance with a diversified investment mandate set by the Board.

The concentration risk limits and thresholds within the managed investment portfolio are reviewed by the SMT and the Board of ECCU at least annually. Any changes to the limits require the approval of the Board.

On breach of any Concentration Risk limits, the investment manager will inform the Finance Manager of the breach and the corrective action taken taao remedy the breach.

ECCU's Board approved asset classes consisting of the following:

<table>
<tr><th>Asset Class</th><th>Tolerance Range (as % of portfolio)</th></tr>
<tr><td>Cash (consisting of deposits and Eurozone government treasury (T-bills) with a duration of < 24 months)</td><td>30% - 40%</td></tr>
<tr><td>Cash deposits with any one credit institution</td><td>No more than €5 million (£Stg4.5m for GBP deposits)</td></tr>
<tr><td>Cash deposits with specific Irish Banks</td><td>Maximum €2.5m per institution</td></tr>
<tr><td>Short term cash holding</td><td>Minimum €5m to be held on maturity periods of 0-6 months</td></tr>
<tr><td>Number of deposit counterparties</td><td>Minimum of 3</td></tr>
<tr><td>Number of French deposit counterparties</td><td>Maximum of 2</td></tr>
<tr><td>Country of issue</td><td rowspan="3">OECD only</td></tr>
<tr><td>Cash deposits not to be held with the same Banks employed as ECCU's short term deposit counterparties</td></tr>
<tr><td>Cash deposits to be held with credit institutions other than those specifically mentioned above to have at least one long-term credit rating of A / A2 and at least one short-term rating of A1 / P-1. A notching policy applies in relation to the application of counterparty ratings</td></tr>
<tr><td>Eurozone Government Bonds</td><td>Between 35% and 55%</td></tr>
<tr><td>Eurozone government-backed bonds, minimum credit rating investment grade 0 – 5 Years</td><td>Between 20% and 30%</td></tr>
<tr><td>Eurozone government-backed bonds, minimum credit rating investment grade > 5 Years</td><td>Between 15% and 25%</td></tr>
<tr><td>Growth Portfolio</td><td>0 – 35%</td></tr>
<tr><td>Equity Funds (UCITS only)</td><td rowspan="3">Between 0% and 35%</td></tr>
<tr><td>Infrastructure Funds</td></tr>
<tr><td>Property Funds</td></tr>
</table>

The asset and liability mismatch is analysed for efficiency and effectiveness and to ensure there is appropriate assets to back the liabilities on an ongoing basis. The Actuarial Function performs stress testing on the Asset Liability Management mismatch on a quarterly basis to ensure the Company has sufficient assets to cover liabilities.

A sovereign default and/or bank default are examples of events that could impact on the value of the investments backing policyholder liabilities and hence the interest of policyholders.

ECCU does not engage in non-routine investment activities.

The Board must approve ECCU entering into any agreement which requires the use of derivatives, asset backed securities, or collateralised debt obligations or gearing. ECCU currently does not invest directly in any complex financial instruments, and should it ever do so the Board would ensure that ECCU had access to appropriate expertise to understand, monitor and manage these products.

ECCU evaluates all investments according to Solvency II valuation principles.

The Finance Manager is responsible for the continuous management and monitoring of ECCU's liquidity position. The short-term (less than 1 year) liquidity position is monitored by projecting rolling monthly net cash flows by currency. The effect of managing and monitoring ECCU's liquidity position is to reduce the likelihood of breaching the risk limits as specified in the Risk Appetite Statement.

Given the nature of ECCU's business (monthly renewable term assurance) there is currently no requirement for a long-term liquidity strategy.

In the event of Risk Appetite limit breaches, SMT have an escalation schedule in place to record the breach, the corrective action taken and the timely reporting of the breach where required to the Risk Committee, the Board and the CBI as specified and defined in the "Risk Appetite Framework".

Currency Risk

Currency risk arises when the obligations an entity has promised to fulfil (liabilities) are in a different currency from the assets it holds to cover those liabilities. The Company undertakes certain transactions denominated in foreign currencies hence exposure to exchange rate fluctuations can arise.

The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance contract liabilities.

Carrying amounts of the Company's foreign currency denominated assets and liabilities:

GBP assets denominated in €	2024	2023
Assets	9,919,716	9,526,118
Liabilities	(6,823,542)	(6,000,427)
Total	**3,096,174**	**3,525,691**

The following table details the Company's sensitivity to a 10% increase (appreciation) and decrease (depreciation) in the Euro against GBP. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

10% increase (€)	2024	2023
Pre-tax (loss)/profit	(211,011)	(264,424)
Shareholders' equity	(184,635)	(231,371)

10% decrease (€)	2024	2023
Pre-tax profit/(loss)	211,011	264,424
Shareholders' equity	184,635	231,371

The Company's method for sensitivity to currency rate fluctuations has not changed over the financial year.

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it invests in government bonds. These assets are managed by an external investment manager in accordance with a diversified investment mandate.

The following table details the Company's sensitivity to a 1% increase and decrease in interest rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

1% increase (€)	2024	2023
Pre-tax (loss)/profit	(1,578,275)	(1,584,092)
Shareholders' equity	(1,380,991)	(1,386,080)

1% decrease (€)	2024	2023
Pre-tax profit/(loss)	1,801,912	1,799,769
Shareholders' equity	1,576,673	1,574,798

The Company's method for sensitivity to interest rate fluctuations has not changed significantly over the financial year.

Price Risk

The Company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and risks inherent in all investments.

The Company has no significant concentration of price risk. The risk is managed by the Company maintaining an appropriate mix of financial instruments and adopting a diversified investment policy.

The Company's sensitivity to a 10% increase and decrease in market prices is as follows:

10% increase (€)	2024	2023
Movement in fair value of shares and other variable yield securities in unit trusts	1,782,960	1,416,903
Movement in fair value of debt securities and other fixed income securities	2,626,482	2,577,658

10% decrease (€)	2024	2023
Movement in fair value of shares and other variable yield securities in unit trusts	(1,782,960)	(1,416,903)
Movement in fair value of debt securities and other fixed income securities	(2,626,482)	(2,577,658)

The Company's method for sensitivity to price risk fluctuations has not changed significantly over the financial year.

C3: Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to the following:

- The Company is exposed to reinsurance counterparty risk, being the risk associated with losses from the reinsurer being unable to pay reinsurance claims;
- The Company is exposed to credit risk on third parties where debt securities are held; and
- The Company is exposed to credit risk where it places funds on deposit with credit institutions.

The Company has established policies and procedures in order to manage credit risk and methods to measure it.

The Company monitors the credit risk in relation to its reinsurance arrangement and investment portfolio by monitoring external credit ratings for the reinsurer and investments directly held by the Company on a monthly basis. The Company also maintains an appropriate mix of financial instruments and adopts a diversified investment policy.

There were no changes in the Company's credit risk exposure in the financial year nor to the objectives, policies, and processes for managing credit risk.

The following table shows aggregated credit risk exposure:

2024 (€)	AAA – AA+	AA – A-	BBB+ – BBB-	Not Rated	Total
Debt securities and other fixed income securities	4,303,834	12,822,088	9,256,444	-	26,382,366
Shares and other variable yield securities and units in unit trusts	-	-	-	17,829,603	17,829,603
Deposits with credit institutions	-	21,507,020	-	-	21,507,020
Cash at bank and in hand	-	8,990,746	-	-	8,990,746
Debtors arising out of direct insurance operations	-	-	-	6,609,733	6,609,733
Other debtors	-	-	-	57,971	57,971
Total	**4,303,834**	**43,319,854**	**9,256,444**	**24,497,307**	**81,377,439**

2023 (€)	AAA – AA+	AA – A-	BBB+ – BBB-	Not Rated	Total
Debt securities and other fixed income securities	8,341,954	8,786,985	8,752,350	-	25,881,289
Shares and other variable yield securities and units in unit trusts	-	-	-	14,169,029	14,169,029
Deposits with credit institutions	-	19,772,723	-	-	19,772,723
Cash at bank and in hand	-	13,079,934	-	-	13,079,934
Debtors arising out of direct insurance operations	-	-	-	6,395,914	6,395,914
Other debtors	-	-	-	168,982	168,982
Total	**8,341,954**	**41,639,642**	**8,752,350**	**20,733,925**	**79,467,871**

None of the financial assets are determined to be impaired as at the end of the reporting period.

C4: Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk on its insurance contracts.

The objective of the Company in managing its liquidity risk is to ensure risk is managed in line with the Company's risk appetite framework. The Company has established policies and procedures in order to manage liquidity risk and methods to measure it.

The Company's insurance liabilities and other material liabilities are matched closely with assets of appropriate amount, type, duration, and currency. Rolling monthly cash flow projections by currency are performed and are updated each month based on actual experience and additional information on expected future performance. As a result, the liquidity risk of the Company is mitigated.

There were no changes in the Company's liquidity risk exposure in the financial year, nor to the objectives, policies, and processes for managing liquidity risk.

The following table details the expected maturity profile of the Company's obligations with respect to its financial liabilities:

2024 (€)	1-3 months	3-6 months	6 months-1 year	Greater than 1 year	Total
Creditors arising out of direct insurance operations	550,386	-	-	-	550,386
Other creditors including taxation and social welfare	795,322	23,832	29,554	589,848	795,322
Total	**1,345,708**	**23,832**	**29,554**	**589,848**	**1,988,942**

2023 (€)	1-3 months	3-6 months	6 months-1 year	Greater than 1 year	Total
Creditors arising out of direct insurance operations	423,022	-	-	-	423,022
Other creditors including taxation and social welfare	650,662	30,835	29,757	663,673	1,374,927
Total	**1,073,684**	**30,835**	**29,757**	**663,673**	**1,797,949**

The Company does not hold derivative assets. The following table details the Company's expected maturity for non-derivative assets:

2024 (€)	1-3 months	3 months-1 year	1-5 years	5 years +	Total
Debt securities and other fixed income securities	-	784,830	14,315,999	11,281,537	26,382,366
Shares and other variable yield securities and units in unit trusts	10,183,168	26,102	7,620,333	-	17,829,603
Deposits with credit institutions	5,103,372	16,403,648	-	-	21,507,020
Cash at bank and in hand	8,990,746	-	-	-	8,990,746
Debtors arising out of direct insurance operations	6,609,733	-	-	-	6,609,733
Other debtors	23,339	34,632	-	-	57,971
Total	**30,910,358**	**17,249,212**	**21,936,332**	**11,281,537**	**81,377,439**

2023 (€)	1-3 months	3 months-1 year	1-5 years	5 years +	Total
Debt securities and other fixed income securities	-	-	14,714,847	11,166,442	25,881,289
Shares and other variable yield securities and units in unit trusts	8,507,707	993,373	4,667,949	-	14,169,029
Deposits with credit institutions	3,921,171	15,851,552	-	-	19,772,723
Cash at bank and in hand	13,079,934	-	-	-	13,079,934
Debtors arising out of direct insurance operations	6,395,914	-	-	-	6,395,914
Other debtors	134,095	34,887	-	-	168,982
Total	**32,038,821**	**16,879,812**	**9,382,796**	**11,166,442**	**79,467,871**

None of the financial assets are determined to be impaired as at the end of the reporting period.

There are no future premiums included in the calculation of the ECCU's TPs.

C5: Operational Risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

Operational Risk Categories

Internal Fraud

Internal Fraud is a loss due to acts of a type intended to defraud, misappropriate property, or circumvent regulations, the law or company policy which involves at least one internal party.

Internal Fraud is categorised further into:

- Unauthorised activity;
- Claims fabrication; and
- Theft and fraud

External Fraud

External Fraud is a loss due to acts of a type intended to defraud, misappropriate property or circumvent the law by a third party.

External Fraud is categorised further into:

- Theft and fraud (including claims fraud); and,
- System security.

Employment Practices and Workspace Safety

A loss arising from acts inconsistent with employment, health and safety laws or agreements from payment of personal injury claims, or from diversity/discrimination events.

Employment practices and workplace safety are broken down further into:

- Employee relations – e.g., harassment, terminations, industrial action;
- Safe environment – e.g., health and safety, public liability, employee liability; and,
- Diversity and discrimination – e.g., equal opportunities, human rights.

Clients, products and business practices

A loss arising from an unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

Clients, products, and business practices are broken down further into:

- Improper business or market practices;
- Client data protection and privacy;
- Product flaws;
- Credit control (e.g., management of premiums due from CUs and reinsurance recoveries);
- Failure to adhere to policies and procedures manuals (may be dealt with as part of underwriting risk policy);
- Changes in the industry; and,
- Technological developments.

Damage to physical assets

A loss arising from loss or damage to physical assets from natural disaster or other events.

Business disruption and system failures

A loss arising from disruption or system failures.

Business disruption and system failures are broken down further into:

- Disaster recovery; and
- Business continuity.

Regulatory

Compliance with applicable laws, rules and regulations other than employment laws e.g., money laundering, regulatory reporting etc.

Legal

Some of the legal risks include:

- Defective contracts;
- Litigation; and
- Changes in legislation/court rulings.

Other Operational Risks

- Reliance on Arch Reinsurance Europe Underwriting Designated Activity Company;
- Model error risk;
- Pricing error risk; and
- Staff – Small staff contingent.

Management and monitoring of Operational Risk

The Company's Risk Management System includes a Risk Management Cycle, RCSA and risk management policies and procedures which aim to ensure all risks are managed within the Risk Appetite set out by the Board.

Operational Risk is managed at a process level whereby process and risk owners perform quarterly RCSA's to identify, assess and report on risks and the effectiveness of the controls.

The Chief Risk Officer, ("CRO"), performs an independent review and challenge of the RCSA's for appropriateness.

In addition, Quality Assurance ("QA") frameworks have been established by the respective Risk and Compliance Functions to perform testing over the design and operating effectiveness of controls identified by the risk owners.

Where controls are deemed to be designed or operating ineffectively, action plans are developed to remediate the gap.

The CRO issues a Risk Report to the Risk Committee which includes the results of the RCSA, any issues noted, and the remediation plans which have been put in place to resolve any issues. The report will also include a summary from the CRO of changes to external risks since the last report and the recommended response to deal with the emerging risks.

Operational Risk Monitoring Actions and Reporting

The Company has no appetite for Operational Risk:

All incidents, near-misses and losses, resulting from inadequate or failed internal processes, personnel, systems or from an external event, are recorded in the Incident Log, reviewed by the SMT and material cases reported to the Risk Committee of the Board.

C6: Other material risks

There are two other material risks of concern within the Company at present, including:

1. Cyber Risk

With the increasing dependence on electronic communications, electronic data storage and use of the Internet there arises an increasing cyber security risk of data theft, malicious data interference and service disruption.

The Company outsources its Data Centre services to the ILCU.

Cybersecurity comprises the technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access. In a computing context, the term ‘security’ implies ‘cybersecurity’.

The following are the core elements of cybersecurity:

- Application security;
- Information and data security;
- Network security;
- Business continuity planning; and
- End user education.

Some of the key risks associated with a cybersecurity attack are:

- Reputation damage – declining public confidence and harm to reputation;
- Disruption to critical infrastructure, and damage to service provision to policyholders;
- Theft of funds, data and corporate intellectual property; and
- Cost of responding to a breach – clean-up, legal fees, potential litigation, forensics and potential fines.

Accountability sits with the Board. Directors approach cybersecurity as a company-wide risk management issue, not just an Information and Communications Technology, (“ICT”), issue.

2. Risks and threats to product sustainability

Managing costs continues to be a challenge for CUs. In recent years ECCU responded to the cost challenges faced by its policyholders by launching lower benefit levels for its core LS and DBI product offerings to offer the capability to reduce premiums. ECCU developed an alternative offering to the traditional DBI product for CUs to help to ameliorate their cost challenges. DBPlus, a member-pay, whole of life, insurance policy was launched in December 2020 and provides for a commission to be paid to CUs in return for introducing the product provider to subscribing policyholders. Variants of LS and DBI, including Life Savings (Date of Death) and DBItwo , respectively, are available also.

D: VALUATION FOR SOLVENCY PURPOSES

D1: Assets

The following tables present a summary of the Solvency II valuation of each class of asset. There are only presentation differences between Solvency II and Financial Statement line items, arising from differences in classification between Solvency II and Irish GAAP.

Investments

Solvency II (€)	2024	2023
Government Bonds	26,382,367	25,881,291
Collective Investments Undertakings	17,829,604	14,169,031
Deposits other than cash equivalents	21,507,021	21,468,755
Total	**65,718,992**	**61,519,077**

Valuation Basis

Investments in government bonds and collective investment undertakings are initially measured at fair value, typically the transaction price, and subsequently remeasured at fair value. Fair value reflects the price an asset would fetch in an arm's length transaction, using market quotes when available. If unavailable, valuation techniques incorporating market data are applied, though management estimates may be required. There is no standard model and different assumptions would generate different results.

Financial assets at fair value through profit or loss are classified in the fair value hierarchy:

- Level 1: Valued using quoted prices in active markets[1]. Assets classified as level 1 include the following:
  - Government bonds priced at daily bid prices, with transactions taking place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Valued using the price of a recent transaction for an identical asset, where quoted prices are unavailable Assets classified as level2 include the following:
  - Government bonds traded less frequently than those classified as level 1.
  - Equity fund holdings priced at the last traded price on a daily basis.
- Level 3: Financial assets valued using a valuation technique where recent transactions of an identical asset on their own are not a good estimate of fair value. For investments in funds, the estimates of fair value are based on net asset values of the underlying funds which are described below. Assets classified as level 3 include the following:
  - Residential property fund – The unit value per share is calculated by the funds' administrator, Northern Trust International Fund Administration Services (Ireland) Limited, in line with the funds valuation policy as set out in the prospectus. The valuations of the underlying assets in the fund are carried out by an Independent Valuer in accordance with the Appraisal and Valuation Manual of the Society of Chartered Surveyors. Properties are valued on a market value basis and reasonable estimates of costs which would be incurred in disposing of the property are included in the value of the properties.
  - Irish property fund – Similar valuation approach as the residential property fund, except this fund is administered by Irish Life.

Cash and cash equivalents and other assets

Cash and cash equivalents include funds readily accessible for payments. Deposits, excluding cash equivalents, have fixed maturity dates and cannot be used for immediate payments. Insurance and

[1] An active market in this context means quoted prices are readily and regularly available and the quoted price is usually the current bid price.

intermediaries receivables represent amounts due from policyholders, insurers, and related parties. All are initially measured at transaction price and subsequently at amortised cost.

Solvency II (€)	2024	2023
Cash and cash equivalents	8,990,746	11,383,904
Insurance and intermediaries receivables	6,557,240	6,266,668
Reinsurance receivables	52,494	129,247
Receivables (trade, not insurance)	63,898	64,268
Deferred Tax Asset	505,180	264,863
Any other assets not shown elsewhere[2]	12,025	109123
Total	**16,169,558**	**18,218,073**

D2: Technical Provisions

The table below shows the TPs and reinsurance recoverable at 31 December 2024 on Solvency II basis. The TPs are measured on the same basis as in the Financial Statements. There is a difference in the recoverables from reinsurance contracts as measured on the Solvency II basis compared to the Financial Statements – this is explained in Section D4.

Line of Business	Gross Best Estimate Liability (€'000s)	Risk Margin (€'000s)	Gross Technical Provisions (calculated as a whole)	Total Technical Provisions (€'000s)	Recoverables from Reinsurance contracts and SPVs (€'000s)	Total Technical Provisions net of Recoverables (€'000s)
Life	28,558	1,001	n/a	29,559	(306)	29,865
Health	740	495	n/a	1,234	-	1,234
Total	**29,297**	**1,496**	**n/a**	**30,793**	**(306)**	**31,099**

The methodology and assumptions used in calculating the TPs are in accordance with articles 75 to 86 of Directive 2009/138/EC of the European Parliament, articles 17 to 42 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and the Guidelines on valuation of the TPs, EIOPA-BoS-14/166.

The methodology for calculating the Best Estimate Liability ("BEL") is consistent with the concept of representing the amount that another insurer would need to be paid to assume these policies.

The TPs do not include any allowance for transitional measures, matching adjustment or volatility adjustment.

The key sources of uncertainty associated with the TPs are the number and size of claim payments (in respect of claims incurred prior to the valuation date but not yet paid).

The background to the reserving approach is described below. The approach taken for reinsurance assets and liabilities (excluding creditors/debtors that arise in the normal course of business) is also described.

The BEL for LPLS / DBI products covers outstanding (incurred but not yet paid) claims and expenses in respect of settling those claims. It includes the following four components:

- Outstanding claims reserve in respect of the current year;
- Outstanding claims reserve in respect of previous years;
- Seasonal incurred but not reported ("IBNR") adjustment; and
- Expense reserve

To calculate the BEL for DBPlus, individual policy data is input into the model spreadsheet, which

[2] Other assets comprise amounts such as reinsurance receivables, trade receivables, and a tax refund due.

projects expected best estimate net cashflows per policy for each future month from the valuation date. The BEL for each policy is the discounted present value of its projected net cashflows, referred to as the “base” projection. The total BEL is the sum of all individual policy BELs.

The risk margin is calculated as a function of the projected non-hedgeable SCR and the cost of capital as set out in the Delegated Regulation in line with Method (1) under Guideline 62 of the “Guidelines on the valuation of technical provisions” published by EIOPA.

The reinsurance recoverable is the reinsurer’s share of the outstanding claims less premiums, accounted for in the same period as the related claim, adjusted for the premium payable to the reinsurer to cover potential catastrophe claims in 2024. In the financial statements, this reinsurance premium is accounted for, in accordance with the contract terms, when due, reflecting the period in which risk is transferred.

Reinsurance Recoverables

2024		2023	
Solvency II	Financial Statements	Solvency II	Financial Statements
(306)	198	(544)	198

D3: Other Liabilities

The following table presents a summary of the valuation of each class of other liabilities on a Solvency II basis at 31 December 2024 and 2023. The only presentation differences are between Solvency II and Financial Statement line items, arising from differences in classification between Solvency II and Irish GAAP.

Other liabilities (€)	2024	2023
Insurance & intermediaries payables	392,252	387,902
Pension benefit obligations	702,118	775,943
Reinsurance Payables, Payables (trade not insurance)	558,329	635,469
Total	**1,652,699**	**1,799,314**

Insurance and Intermediaries payables

Insurance and intermediaries payables comprise amounts due to policyholders, insurers, and others linked to the insurance business. These are recognised initially at transaction price and are subsequently measured at amortised cost.

Pension benefit obligations

Up to 2022, The Company paid contributions into a defined benefit pension scheme in respect of staff who transferred under Transfer of Undertakings Protection of Employment arrangements from the ILCU to the Company in 2013. This defined benefit scheme is a post-employment benefit plan. It is a multi-employer scheme in which the Company, the ILCU, and individual CUs participate on an industry-wide basis (The ILCU ROI Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme’s trustees.

On 31 March 2022 the ILCU ROI Pension Scheme ceased to future accrual Although staff retained all the benefits that they had earned in the scheme to that date, the Company and its employees ceased making regular contributions to the scheme and ceased earning any additional benefits from the scheme. At the date of closure of the scheme, there was a past service deficit which was allocated to each individual participating employer based on the total benefits earned by staff in each participating employer. The Company’s allocation of that past service deficit was €965,100. The Company has entered a 10 year funding plan to pay the deficit of which the third year was paid in 2024. The Company’s liability in the Balance Sheet in respect of the funding plan based on outstanding contributions payable under the funding plan is €€702,118. This liability is recognised on the balance sheet in the financial statements and on the Solvency II balance sheet and hence is measured on the same basis as the financial statements and for Solvency II in 2024 and 2023.

Reinsurance Payables & Payables (trade not insurance)

Amounts included here relate to reinsurance and other trade payables.

D4: Alternative methods for valuation

ECCU does not have any material assets or liabilities for which it applies alternative methods of valuation.

D5: Any Other Information

No other material information is reported regarding the valuation of assets and liabilities for solvency purposes.

E: CAPITAL MANAGEMENT

E1: Own Funds

The Company is a single shareholder entity whose shares are fully paid up. It has no debt financing nor does it have any plans to raise debt or issue new shares in the short or medium term.

Restrictions on available capital resources

The Company's risk appetite framework sets economic capital targets to ensure ongoing capital adequacy. Its capital management policy aligns with this framework, the overall risk strategy, and specific risk policies.

If capital falls below the tolerance limits set in the risk appetite framework, the Board assesses the situation and may restrict surplus refunds to policyholders or take risk-reducing actions to restore solvency within acceptable levels.

Capital Management objectives

The Company's objectives in managing its capital are:

- To meet the requirements of its policyholders and the CBI;
- To ensure it holds sufficient capital to meet its overall solvency needs;
- To match the profile of its liabilities, taking into account the risks inherent in the business;
- To provide security for policyholders; and
- To maintain sufficient financial strength to support new business growth.

Other than the amount of the deferred tax asset, the Company's own funds are all Tier 1 capital. There are no plans to change this.

The Company does not use derivative instruments other than those in the equity fund, in which the company holds units, for efficient portfolio management.

Available capital resources

The table below sets out the level of free assets held by the Company compared to the minimum required on a regulatory basis.

€	2024	2023
Total Shareholders' Funds	49,345,914	50,969,648
Adjustments – Regulatory Basis:		
- Reinsurers' share of technical provisions	(545,527)	(741,676)
Total Free Assets available for Regulatory Solvency purposes	48,800,387	50,227,972
Solvency Capital Requirement	24,008,657	23,606,795
Excess of assets over Solvency Capital Requirement	24,791,730	26,621,177
Total Policyholder Liability on Regulatory basis:		
Life assurance provision	30,793,277	27,166,113

The cover for the SCR at 31 December 2024 is strong, with assets of €48,800,387 (2023: €50,227,972) available to cover the SCR. The Company holds 203.3% (2023: 212.8%) of the SCR at 31 December 2024. The MCR at period end is € 10,804,463 (2023: €10,623,058).

As shown in the table below, the Company's own funds consist mostly of Tier 1 own funds along with a small amount of Tier 3 own funds (relating to a deferred tax asset).

€	2024 Total	2024 Tier 1	2024 Tier 3
Ordinary share capital (gross of own shares)	36,599,871	36,599,871	
Reconciliation Reserve	11,695,344	11,695,344	
An amount equal to the value of net deferred tax assets	505,180		505,180
Total	**48,800,395**	**48,295,215**	**505,180**

€	2024 Total	2024 Tier 1	2024 Tier 3
Ordinary share capital (gross of own shares)	36,599,871	36,599,871	
Reconciliation Reserve	13,363,246	13,363,246	
An amount equal to the value of net deferred tax assets	264,863		264,863
Total	**50,227,980**	**49,963,117**	**264,863**

E2: Solvency Capital Requirement and Minimum Capital Requirement

The table below sets out the SCR as at 31 December 2024 and 31 December 2023:

€'m	2024	2023
Market risk	6,049	5,578
Counterparty default risk	1,635	1,707
Life Underwriting risk	14,425	14,031
Health underwriting risk	6,976	6,805
Diversification effect	(8,265)	(7,981)
BSCR	**20,821**	**20,139**
Operational risk	3,011	2,943
Contingent Liability / Pension Scheme SCR	177	525
SCR	**24,009**	**23,607**

The Company uses EIOPA's Solvency II Standard Formula. It does not use Company specific parameters and does not use simplified calculations in its computation.

	2024	2023
Eligible amount of own funds to cover the SCR	48,800,394	50,227,980
SCR	24,009,918	23,606,795
Ratio of eligible own funds to SCR	**203%**	**213%**
Eligible amount of own funds to cover the MCR	48,295,215	49,963,116
MCR	10,804,463	10,623,058
Ratio of eligible own funds to MCR	**447%**	**470%**

E3: Use of the duration-based equity risk submodule in the calculation of the SCR

The Company has opted not to use the duration-based equity risk sub module of the Solvency II regulations.

E4: Difference between the Standard Formula and any internal model used

The Company applies the Standard formula model and does not use the internal model to calculate the SCR.

E5: Non-compliance with the MCR and non-compliance with the SCR

There was no breach of the SCR (or the MCR) over the reporting period.

E6: Any Other Information

There is no other material information to disclose regarding capital management.

Appendix 1: Quantitative Reporting Templates (QRTs)

(Monetary amounts in EUR thousands)

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.12.01.02 - Life and Health SLT Technical Provisions
- S.22.01.21 - Impact of long term guarantees measures and transitional
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

ECCU ASSURANCE DAC

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in EUR thousands)

General information

Undertaking name	ECCU ASSURANCE DAC
Undertaking identification code	635400SOYBXW4XBIRY60
Type of code of undertaking	LEI
Type of undertaking	Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.12.01.02 - Life and Health SLT Technical Provisions

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	505
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	65,719
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	26,382
R0140	*Government Bonds*	26,382
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	17,830
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	21,507
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	-306
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	-306
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	-306
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	6,557
R0370	Reinsurance receivables	52
R0380	Receivables (trade, not insurance)	64
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	8,991
R0420	Any other assets, not elsewhere shown	12
R0500	**Total assets**	81,595

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	
R0550	*Risk margin*	
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	30,793
R0610	*Technical provisions - health (similar to life)*	1,234
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	740
R0640	*Risk margin*	495
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	29,559
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	28,558
R0680	*Risk margin*	1,001
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	702
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	0
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	396
R0830	Reinsurance payables	348
R0840	Payables (trade, not insurance)	555
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	32,794
R1000	**Excess of assets over liabilities**	48,800

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	1,779			73,485					75,265
R1420	Reinsurers' share	38			1,582					1,621
R1500	Net	1,741			71,903					73,644
	Premiums earned									
R1510	Gross	1,779			73,485					75,265
R1520	Reinsurers' share	38			1,582					1,621
R1600	Net	1,741			71,903					73,644
	Claims incurred									
R1610	Gross	477			73,789					74,266
R1620	Reinsurers' share	0			880					880
R1700	Net	477			72,910					73,386
R1900	**Expenses incurred**	130			5,364					5,493
R2510	**Balance - other technical expenses/income**									-111
R2600	**Total technical expenses**									5,382
R2700	Total amount of surrenders									0

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**										0						0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0						0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**						28,558				28,558		740				740
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-306				-306						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re						28,864	0			28,864		740	0			740
R0100	**Risk margin**					1,001					1,001	495					495
R0200	**Technical provisions - total**					29,559					29,559	1,234					1,234

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	36,600	36,600		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	11,695	11,695			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	505				505
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	48,800	48,295	0	0	505
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	48,800	48,295	0	0	505
R0510	Total available own funds to meet the MCR	48,295	48,295	0	0	
R0540	Total eligible own funds to meet the SCR	48,800	48,295	0	0	505
R0550	Total eligible own funds to meet the MCR	48,295	48,295	0	0	
R0580	**SCR**	24,009				
R0600	**MCR**	10,804				
R0620	**Ratio of Eligible own funds to SCR**	203.26%				
R0640	**Ratio of Eligible own funds to MCR**	447.02%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	48,800
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	37,105
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	11,695
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6,100		
R0020	Counterparty default risk	1,649		
R0030	Life underwriting risk	14,548		
R0040	Health underwriting risk	7,036		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-8,335		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	20,998		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	3,011
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	24,009
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	24,009
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCR_{NL} Result	0

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance		
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_{L} Result	12,563

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	29,603	
R0250	Total capital at risk for all life (re)insurance obligations		17,059,503

Overall MCR calculation

		C0070
R0300	Linear MCR	12,563
R0310	SCR	24,009
R0320	MCR cap	10,804
R0330	MCR floor	6,002
R0340	Combined MCR	10,804
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	10,804