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Luxembourg, 15 March 2022

Circular letter 22/6 of the Commissariat aux Assurances on the separate report to be provided by the approved auditor of direct insurance undertakings

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

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

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

To facilitate its use by the Commissariat aux Assurances, the separate report is divided into two distinct parts:

- Part 1 is an Excel file with a list of questions mainly of the yes/no type.
- Part 2 is a paper document signed by the approved auditor with additional explanations.

The modalities for transmitting the two parts and the date of submission are communicated on an annual basis to the insurance undertakings when the annual reporting files are to be transmitted.

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

The separate report should include the following chapters.

1. Assignment of the approved auditor

Part 1 indicates the name of the approved auditor in charge of the audit together with the number of hours worked on the statutory audit of the annual account as defined in note 1 of the IRE opinion of 15 February 2007, breaking down the total between the number of hours worked by approved auditors and the number of hours worked by other professionals.

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

Part 1 also indicates whether the statutory engagement includes intra-year reviews, the audit of the consolidation package or other work in the context of group consolidation instructions.

Part 1 also indicates the number of hours worked on the statutory audit engagement broken down as follows:

- the local teams of the approved auditor in Luxembourg,
- the teams of the network to which the approved auditor belongs (outside Luxembourg),
- other professionals who are not part of the network to which the approved auditor belongs.

2. Audit report

Part 1 answers the following questions:

- a) Has the audit report been completed and signed on the date of completion of the separate report?
- b) If so, does the audit report contain any reservation (qualifications or «matters of emphasis»)?
- c) If not, does the approved auditor intend to express any reservation (qualifications or «matters of emphasis»)? »
- d) Does the management report include all the information referred to in Article 85 of the law of 8 December 1994, as amended, on the annual and consolidated accounts of insurance undertakings?
- e) What is the auditor's materiality for the financial statements as a whole?
- (f) What is the sum of the absolute values of the uncorrected misstatements (excluding inappropriate classification, aggregation or disaggregation of information)?
- (g) What is the number of uncorrected misstatements (excluding inappropriate classification, aggregation or disaggregation of information)?

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

Part 2 will include, if appropriate:

- explanations for delays in issuing the audit report;
- details of any reservation, including both qualifications and «matters of emphasis», issued or projected
- a description of the nature of any shortcomings in the management report
- a description of the uncorrected misstatements.

3. Publication of the previous year's accounts

Part 1 indicates whether the undertaking has complied with all the obligations to publish its accounts for the previous financial year and whether the legal deadlines have been met.¹

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

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

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

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

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

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

In Part 1 the following 4 questions will be answered:

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

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

¹ In accordance with Article 87 of the Act on the Annual and Consolidated Financial Statements of Insurance and Reinsurance Undertakings, the financial statements, the annual report and the auditor's report must be submitted within one month of their approval and no later than seven months after the end of the financial year.

6. Register of Representative Assets

Part 1 indicates whether the insurance undertaking has a register in accordance with Circular letter 09/10 of the Commissariat aux Assurances and whether all the assets representing the technical provisions as at 31 December of the financial year are entered in this register pursuant the aforementioned Circular letter.

Recurring mistakes that must be pointed out concern the fact of filling in excluded bank accounts in contradiction with Circular letter 09/10, the fact of forgetting to enter in the register a change in the depositary's corporate name, the fact of maintaining closed agreements or maintaining two agreements in the event of a merger of two depositories. In the latter case, the insurance undertaking will have to terminate one of the two agreements and notify the Commissariat aux Assurances.

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

If any of the questions are answered in the negative, Part 2 gives details on the deficiencies.

7. Statement of assets representing technical provisions

Part 1 answers the following questions:

- a) Has the statement been drawn up in accordance with the provisions of Chapter 3 of Circular Letter 19/10 of the Commissariat aux Assurances, respecting in particular the categories of assets?
- b) Does the statement include all the assets listed in the register and to the extent of their allocation in the columns of assets allocated to the representation of technical provisions?
- c) Does the statement include assets not listed in the register other than those listed in the unallocated assets column?
- d) On the basis of an exhaustive check or on a sample basis, are there any violations other than purely passive² violations of the overall or issuer limits as defined in the circular letter 15/3 of the Commissariat aux assurances?
- e) Does the undertaking have written internal procedures to ensure compliance with the investment rules of the unit-linked Circular Letters?
- f) If so, are these procedures considered adequate by the approved auditor?
- g) If the answer to question f) is in the affirmative, are these procedures applied in practice?
- (h) For assets deposited with a credit institution in accounts covered by a deposit agreement, is the total value of these assets the same as the value recorded in the statement of deposit agreements?
- i) If not, has the undertaking been able to provide justification deemed appropriate by the approved auditor?

Point (i) implies that the responsibility for reconciling the annual statement of assets representing the technical provisions with the statement of deposit agreements lies with the insurance undertaking and that the auditor only does checks and validations.

² A breach shall be deemed to be passive if it results exclusively from the divergent price development of the underlying assets of an internal fund or a contract.

Part 2:

- provides details of any deficiencies found;
- indicates whether the auditor carried out a full audit or a sample audit for questions d) and e), and in the latter case specifies the size of the sample to which the auditor applied the sample.

8. Status of deposit agreements

Part 1 answers the following questions:

- a) Are all deposits reported in the annual statement relating to deposit agreements covered by an agreement duly approved by the Commissariat aux Assurances at the end of the financial year?
- b) If not, were the deposits covered by an agreement approved by the Commissariat aux Assurances at the time the separate report was issued?
- c) Is the value of the deposits reported for each credit institution identical to the value entered on the bank statements relating to the accounts covered by the deposit agreement (i.e. without taking into consideration the accounts excluded from the deposit agreement)?
- d) In case of deviations, has the undertaking been able to provide justifications deemed relevant by the approved auditor?

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

As in Section 6, the responsibility for reconciling the bank statements with the statement relating to deposit agreements lies with the insurance undertaking and the approved auditor is only does checks and validation.

Part 2 of the separate report:

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

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

Part 1 answers the following questions:

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

Part 2 provides information on the funds which are not regularized at the date of issuance of the separate report.

10. Breach of the obligation of confidentiality

Part 1 indicates whether the approved auditor has become aware of facts or practices that may, in his opinion, constitute an infringement of the provisions of Article 300 of the amended law of 7 December 2015 on insurance secrecy.

The approved auditor pays particular attention to:

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

Part 2 reports any possible breach.

11. Breach of the principle of specialization

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

12. Beneficial owners

Part 1 indicates whether the undertaking has registered the information concerning its beneficial owners in accordance with the provisions of the amended law of 13 January 2019 establishing a register of beneficial owners. The answer given in Part 1 reflects the situation on the day the separate report is finalized. The information recorded in the register of beneficial owners on that date must be adequate, accurate and up-to-date.

The auditor's role is only to check and validate the due diligence carried out by the undertaking. The responsibility for correctly identifying the undertaking's beneficial owners and requesting the entry of the relevant information in the register of beneficial owners lies with the undertaking. In accordance with Article 17(2) of the Act, the undertaking must obtain and keep at its registered office information on its beneficial owners, together with the relevant supporting documents.

Part 2 indicates whether the auditor has verified the consistency between the information recorded in the register of beneficial owners and that kept at the registered office of the undertaking. Where appropriate, the auditor should indicate any doubts or uncertainties that the auditor may have had as to the correct identification of the beneficial owners on the basis of the documentation presented by the undertaking.

In case of a negative answer in Part 1, Part 2 gives indications on the irregularities found by the auditor.

14. Off-balance sheet commitments

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

Part 2 indicates the nature and extent of these commitments.

15. Intra-group transactions

Part 1 answers the following questions:

- a) Does the undertaking have internal written procedures enabling it to list all the transactions that the undertaking carries out with the companies referred to in Article 89 of the Regulation of the Commissariat aux Assurances No. 15/03 of 7 December 2015 on insurance and reinsurance undertakings, as amended?
- b) If so, are these procedures considered adequate by the approved auditor?
- c) If the answer to question b) is in the affirmative, are these procedures applied in practice?
- d) Are intra-group transactions carried out under normal market conditions?

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

Transactions to be considered include

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

The capital holdings in the insurance undertaking are not to be reported.

Part 2 describes the material intra-group transactions reported in the closing balance sheet, off-balance sheet or profit and loss account of the financial year between the insurance undertaking and the companies referred to in the aforementioned Article 89. This description shall deal with the nature and volume of these transactions and shall indicate whether the latter were carried out under normal market conditions and, if not, the economic justification for them.

Material transactions shall include all the above-mentioned transactions and all other transactions between the insurance undertaking and the undertakings referred to in the above-mentioned Article 89 which exceed in value:

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

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

16. On-the-spot inspection

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

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

17. Obligations relating to the fight against money laundering and terrorist financing - International financial sanctions

The answers to the questions in Section 17 are not intended to replace the due diligence to be carried out by the approved auditor under Article 47 of CAA Regulation n° 20/03 of 30 July 2020 on the fight against money laundering and terrorist financing.

Non-life insurance undertakings not authorised for the "credit" or "suretyship" classes should only answer question 17.7.

The relevant legal references for questions 17.1 to 17.6 are the amended law of 12 November 2004 on the fight against money laundering and terrorist financing ("AML/CFT Law"), the amended Grand Ducal regulation of 1 February 2010 clarifying certain provisions of the AML/CFT Law, and the CAA regulation 20/03 of 30 July 2020 on the fight against money laundering and terrorist financing.

The relevant legal references for questions 17.7 are the law of 19 December 2020 on the implementation of restrictive measures in financial matters as well as Article 31 and paragraphs 2 and 3 of Article 37 of the CAA regulation 20/03 of 30 July 2020 on the fight against money laundering and terrorist financing.

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

Part 1 answers the following questions:

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

In the event of a negative answer to one of the first two questions or a positive answer to the third question, Part 2 provides details on the products concerned and the shortcomings found.

19. Derivatives and transactions regulated by EMIR

A derivative is defined as a financial instrument as referred to in Annex I, Section C, points 4 to 10 of Directive 2004/39/EC, in conjunction with Articles 38 and 39 of Regulation (EC) No 1287/2006.

EMIR: Regulation (EU) No 648/2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories and related regulations.

Part 1 will answer the following questions:

(a) Has the board authorised the undertaking to use derivatives by an investment policy or other written instructions?

If so, please provide details:

b) Does the undertaking have written procedures for derivatives that have been approved by the relevant body? If no, please explain which procedures apply.

If yes:

c) Is compliance with the policy and procedures regarding the use of derivatives monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.

d) In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

e) During the financial year, was the undertaking directly exposed to derivatives as defined by EMIR:

a) among the assets covering technical provisions other than those of contracts for which the investment risk is borne by the policyholder?

b) among the assets covering the technical provisions of contracts for which the investment risk is borne by the policyholder?

(c) outside the assets covering technical provisions?

If yes (points a, b or c), please provide in Part 2 of the separate report statistical information on the nature of these derivatives distinguishing between categories a, b and c.

(f) During the financial year, did the undertaking engage in derivative instruments for purposes other than hedging financial risks directly related to its investments?

g) During the financial year, did the firm engage directly in OTC derivatives subject to the clearing obligation under Article 4 of EMIR? (excluding intra-group transactions for which the firm has obtained an exemption)

h) During the financial year, did the firm engage directly in OTC derivatives subject to the risk mitigation techniques requirement under Article 11 of EMIR?

i) During the financial year, did the firm use an exemption for intra-group transactions from its obligations under Articles 4, 9 or 11 of EMIR?

If so, please indicate in Part 2 of the separate report to which Article(s) of EMIR the exemptions used relate.

j) If the firm was directly exposed to derivatives at the year end, did the auditor identify any discrepancies between the QRT S.08.01 required by Solvency II and the trade repository disclosures required under Article 9 of EMIR?

Part 2 of the separate report will provide details of any incorrect or missing information.

20. Financial transactions covered by SFTR

SFTR: Regulation (EU) 2015/2365 on transparency of securities financing transactions and re-use and related regulations.

Part 1 will answer the following questions:

(a) Has the board authorised the undertaking to engage in transactions covered by SFTR by an investment policy or other written instructions?

If yes:

(b) Does the undertaking have written procedures for SFTR transactions approved by the relevant body? If no, please explain which procedures apply.

If yes:

(c) Is compliance with this SFTR policy and procedures monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.

d) In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

e) During the financial year, did the firm engage in any securities financing or collateral reuse transactions covered by SFTR?

If yes, please provide in Part 2 of the separate report statistical information on these transactions (number and amounts, by type of transaction).

Part 2 of the separate report will provide details of any incorrect or missing information.

21. Financial transactions covered by SecReg

SecReg: Regulation (EU) 2017/2402 creating a general framework for securitisation and a concrete framework for simple, transparent and standardised securitisations and related regulations

(a) Has the board authorised the undertaking to engage in securitisation transactions through an investment policy or other written instructions?

b) Does the undertaking have written procedures for securitisation approved by the relevant body? If no, please explain which procedures apply.

If yes:

(c) Is compliance with this securitisation policy and procedures monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.

d) In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

e) During the financial year, did the undertaking engage in securitisation transactions covered by SecReg?

If so, please provide in Part 2 of the separate report statistical information on these transactions (number and amounts, by type of transaction).

Part 2 of the separate report will provide details of any incorrect or missing information.

Final provisions

Although the preparation of the separate report is the responsibility of the auditor, insurance undertakings must cooperate fully with the auditor in this respect. They are thus invited to prepare the file of exchanges between the CAA and themselves on the occasion of the reporting for the previous financial year, to carry out the reconciliations between the statement of representative assets and the statement of deposit agreements, to draw up the list of derivative instruments with the breakdowns required in Section 19 or to prepare the list of intra-group transactions.

Circular letter 21/9 of the Commissariat aux Assurances concerning the separate report to be provided by the auditor of direct insurance undertakings is repealed.

The Executive Committee

LIFE INSURANCE:

Separate Report - Part 1

INSURANCE ABCDE

0.1 Approved auditor's name:

0.2 Personal professional email address of the approved auditor:

1. Assignment of the approved auditor

1.1 Number of hours worked for the statutory audit of the annual accounts

- by approved auditors
- by other professionals

1.2 Does the above-mentioned legal assignment include

- Intra-year revisions
- the audit of the consolidation package
- other activities within the framework of group consolidation instructions

1.3 Number of hours worked for the statutory audit of the annual accounts split into

- the local teams of the approved auditor in Luxembourg,
 - the teams of the network to which the approved auditor belongs (outside Luxembourg),
 - other professionals who are not part of the network to which the approved auditor belongs.
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2. Audit report

2.1 Has the audit report been completed and signed at the date of completion of the separate report?

2.2 If yes, does the audit report contain any reservation (qualifications or matters of emphasis)?

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

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

2.5 What is the auditor's materiality level for the financial statements as a whole?

2.6 What is the sum of the absolute values of the uncorrected anomalies (excluding inappropriate classification, aggregation or disaggregation of information)?

2.7 What is the number of uncorrected misstatements (excluding inappropriate classification, aggregation or disaggregation of information)?

3. Publication of the accounts related to the previous financial year

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

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

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

- 7.1 Has the statement been prepared in accordance with the provisions of Section 3 of Circular letter 08/4 of the Commissariat aux assurances, with particular reference to the asset classes?
- 7.2 Does the statement include all the assets entered in the register, up to the amount of their allocation in the columns of assets allocated to the representation of technical provisions?
- 7.3 Does the statement include any unrecorded assets other than those entered in the column related to unrestricted assets?
- 7.4 On the basis of an exhaustive check or on a sample basis, are there any violations other than purely passive violations of the overall or issuer limits as defined in the circular letter 15/3 of the Commissariat aux assurances?
- 7.5 Does the undertaking have written internal procedures to ensure compliance with the investment rules of the unit-linked Circular Letters?

- 7.6 If the answer to question 7.5 is yes, are these procedures considered adequate by the approved auditor?
- 7.7 If the answer to question 7.6 is yes, are these procedures applied in practice?
- 7.8 For assets deposited with a credit institution in accounts covered by a deposit agreement, is the total value of said assets the same as the value recorded in the statement related to the deposit agreements?
- 7.9 If not, has the undertaking been able to provide justifications deemed relevant by the approved auditor?
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8. Status of deposit agreements

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

- 9.1 Does the undertaking include in its products internal collective funds not listed in the information sheet related to the financial year?
- 9.2 If so, has the situation been rectified at the date of issuance of the separate report?
- 9.3 Are internal collective funds listed on the information sheet used under a different name, without an acknowledgement of the change of name by the Commissariat aux Assurances?
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10. Breach of the obligation of confidentiality

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

- 11.1 Does the insurance undertaking carry on activities which are not directly related to the insurance business itself?

12. Beneficial owners

- 12.1 Is the undertaking up-to-date with the registration of all its beneficial owners in the Register of Beneficial Owners in accordance with the law of 13 January 2019 on the day this report was completed?

14. Off-balance sheet commitments

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

15. Intra-group transactions

- 15.1 Does the undertaking have written internal procedures enabling it to list all the transactions that the undertaking carries out with the undertakings referred to in Article 89 of the Regulation of the Commissariat aux Assurances N° 15/03 of 7 December 2015 relating to insurance and reinsurance undertakings, as amended?
- 15.2 If the answer to question 15.1 is yes, are these procedures considered adequate by the approved auditor?
- 15.3 If the answer to question 15.2 is yes, are these procedures applied in practice?
- 15.4 Are intra-group transactions carried out under normal market conditions?

16. On-the-spot inspection

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

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

17. Obligations relating to the fight against money laundering and terrorist financing - International financial sanctions

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

g) staff training and awareness

- 17.2 If the answer to question 17.1 is in whole or in part is in the affirmative, are the existing procedures deemed adequate by the approved auditor in relation to the applicable legal and regulatory provisions?
- 17.3 If the answer to question 17.2 is in the affirmative, are these procedures applied in practice?
- 17.4 If the undertaking is part of a group, are there policies and procedures in place that are coordinated at the group level?
- 17.5 Has the undertaking carried out an assessment regarding money laundering and terrorist financing risks to which said undertaking is exposed to?
- 17.6 If the answer to question 17.5 is in the affirmative, does the approved auditor consider the risk assessment to be adequate with regard to the following risk factors: customers, countries or geographical areas, products, services, transactions and distribution channels (including intermediaries)?
- 17.7 Has the undertaking put in place adequate arrangements to implement United Nations Security Council Resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities or groups in connection with the fight against terrorism?

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

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

19 Derivatives and transactions regulated by EMIR

A derivative is defined as a financial instrument as referred to in Annex I, Section C, points 4 to 10 of Directive 2004/39/EC, in conjunction with Articles 38 and 39 of Regulation (EC) No 1287/2006.

EMIR: Regulation (EU) No 648/2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories and related regulations.

- 19.1 Has the board authorised the undertaking to use derivatives by an investment policy or other written instructions?
- 19.2 Does the undertaking have written procedures for derivatives that have been approved by the relevant body? If no, please explain which procedures apply.
- 19.3 Is compliance with the policy and procedures regarding the use of derivatives monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.
- 19.4 Is the compliance with this policy monitored on a regular basis?
- 19.5 Does the undertaking directly hold derivative instruments at the end of the financial year:
- among the assets representing technical provisions other than those of contracts for which the investment risk is borne by the policyholder?
 - among the assets representing the technical provisions of contracts for which investment risks are borne by the policyholder?
 - among the assets that are not representative of technical provisions?
- 19.6 During the financial year, did the undertaking engage in derivative instruments for purposes other than hedging financial risks directly related to its investments?
- 19.7 During the financial year, did the firm engage directly in OTC derivatives subject to the clearing obligation under Article 4 of EMIR? (excluding intra-group transactions for which the firm has obtained an exemption)
- 19.8 During the financial year, did the firm engage directly in OTC derivatives subject to the risk mitigation techniques requirement under Article 11 of EMIR?
- 19.9 During the financial year, did the firm use an exemption for intra-group transactions from its obligations under Articles 4, 9 or 11 of EMIR?
- 19.10 If the firm was directly exposed to derivatives at the year end, did the auditor identify any discrepancies between the QRT S.08.01 required by Solvency II and the trade repository disclosures required under Article 9 of EMIR?
-

20 Financial transactions covered by SFTR

SFTR: Regulation (EU) 2015/2365 on transparency of securities financing transactions and re-use and related regulations.

20.1 Has the board authorised the undertaking to engage in securitisation transactions through an investment policy or other written instructions?

If yes:

20.2 Does the undertaking have written procedures for SFTR transactions approved by the relevant body? If no, please explain which procedures apply.

If yes:

20.3 Is compliance with this SFTR policy and procedures monitored annually by a person not involved in investment decisions?

20.4 In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

20.5 During the financial year, did the firm engage in any securities financing or collateral reuse transactions covered by SFTR?

If yes, please provide in Part 2 of the separate report statistical information on these transactions (number and amounts, by type of transaction).

21 Financial transactions covered by SecReg

SecReg: Regulation (EU) 2017/2402 creating a general framework for securitisation and a concrete framework for simple, transparent and standardised securitisations and related regulations

20.1 Has the board authorised the undertaking to engage in securitisation transactions through an investment policy or other written instructions?

If yes:

20.2 Does the undertaking have written procedures for securitisation approved by the relevant body? If no, please explain which procedures apply.

If yes:

20.3 Is compliance with this securitisation policy and procedures monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.

20.4 In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

20.5 During the financial year, did the undertaking engage in securitisation transactions covered by SecReg?

NON-LIFE INSURANCE:

Separate Report - Part 1

INSURANCE ABCDE

0.1 Approved auditor's name:

0.2 Personal professional email address of the approved auditor:

1. Assignment of the approved auditor

1.1 Number of hours worked for the statutory audit of the annual accounts

- by approved auditors
- by other professionals

1.2 Does the above-mentioned legal assignment include

- Intra-year revisions
- the audit of the consolidation package
- other activities within the framework of group consolidation instructions

1.3 Number of hours worked for the statutory audit of the annual accounts split into

- the local teams of the approved auditor in Luxembourg,
 - the teams of the network to which the approved auditor belongs (outside Luxembourg),
 - other professionals who are not part of the network to which the approved auditor belongs.
-

2. Audit report

2.1 Has the audit report been completed and signed at the date of completion of the separate report?

2.2 If yes, does the audit report contain any reservation (qualifications or matters of emphasis)?

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

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

2.5 What is the auditor's materiality level for the financial statements as a whole?

2.6 What is the sum of the absolute values of the uncorrected anomalies (excluding inappropriate classification, aggregation or disaggregation of information)?

2.7 What is the number of uncorrected misstatements (excluding inappropriate classification, aggregation or disaggregation of information)?

3. Publication of the accounts related to the previous financial year

- 3.1 At the date of signature of this separate report, has the undertaking fulfilled all its obligations to publish its accounts related to the previous financial year?
 - 3.2 Have the legal deadlines been met?
-

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

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

6. Register of Representative Assets

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

7. Statement of assets representing technical provisions

- 7.1 Has the statement been prepared in accordance with the provisions of Section 3 of Circular letter 08/4 of the Commissariat aux assurances, with particular reference to the asset classes?
 - 7.2 Does the statement include all the assets entered in the register, up to the amount of their allocation in the columns of assets allocated to the representation of technical provisions?
 - 7.3 Does the statement include any unrecorded assets other than those entered in the column related to unrestricted assets?
 - 7.8 For assets deposited with a credit institution in accounts covered by a deposit agreement, is the total value of said assets the same as the value recorded in the statement related to the deposit agreements?
 - 7.9 If not, has the undertaking been able to provide justifications deemed relevant by the approved auditor?
-

8. Status of deposit agreements

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

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

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

10. Breach of the obligation of confidentiality

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

11. Breach of the principle of specialization

- 11.1 Does the insurance undertaking carry on activities which are not directly related to the insurance business itself?
-

12. Beneficial owners

- 12.1 Is the undertaking up-to-date with the registration of all its beneficial owners in the Register of Beneficial Owners in accordance with the law of 13 January 2019 on the day this report was completed?
-

14. Off-balance sheet commitments

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

15. Intra-group transactions

- 15.1 Does the undertaking have written internal procedures enabling it to list all the transactions that the undertaking carries out with the undertakings referred to in Article 89 of the Regulation of the Commissariat aux Assurances N° 15/03 of 7 December 2015 relating to insurance and reinsurance undertakings, as amended?
- 15.2 If the answer to question 15.1 is yes, are these procedures considered adequate by the approved auditor?
- 15.3 If the answer to question 15.2 is yes, are these procedures applied in practice?
- 15.4 Are intra-group transactions carried out under normal market conditions?

16. On-the-spot inspection

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

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

17. Obligations relating to the fight against money laundering and terrorist financing - International financial sanctions

- 17.1 Does the undertaking have written internal procedures in place for
- a) customer due diligence
 - b) cooperation with the authorities, including the Commissariat aux Assurances
 - c) keeping of documents and records
 - d) internal control
 - e) risk assessment and management
 - f) customer acceptance
 - g) staff training and awareness
- 17.2 If the answer to question 17.1 is in whole or in part is in the affirmative, are the existing procedures deemed adequate by the approved auditor in relation to the applicable legal and regulatory provisions?
- 17.3 If the answer to question 17.2 is in the affirmative, are these procedures applied in practice?
- 17.4 If the undertaking is part of a group, are there policies and procedures in place that are coordinated at the group level?

- 17.5 Has the undertaking carried out an assessment regarding money laundering and terrorist financing risks to which said undertaking is exposed to?
- 17.6 If the answer to question 17.5 is in the affirmative, does the approved auditor consider the risk assessment to be adequate with regard to the following risk factors: customers, countries or geographical areas, products, services, transactions and distribution channels (including intermediaries)?
- 17.7 Has the undertaking put in place adequate arrangements to implement United Nations Security Council Resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities or groups in connection with the fight against terrorism?
-

19 Derivatives and transactions regulated by EMIR

A derivative is defined as a financial instrument as referred to in Annex I, Section C, points 4 to 10 of Directive 2004/39/EC, in conjunction with Articles 38 and 39 of Regulation (EC) No 1287/2006.

EMIR: Regulation (EU) No 648/2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories and related regulations.

- 19.1 Has the board authorised the undertaking to use derivatives by an investment policy or other written instructions?
- 19.2 Does the undertaking have written procedures for derivatives that have been approved by the relevant body? If no, please explain which procedures apply.
- 19.3 Is compliance with the policy and procedures regarding the use of derivatives monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.
- 19.4 Is the compliance with this policy monitored on a regular basis?
- 19.5 Does the undertaking directly hold derivative instruments at the end of the financial year:
- among the assets representing technical provisions other than those of contracts for which the investment risk is borne by the policyholder?
 - among the assets representing the technical provisions of contracts for which investment risks are borne by the policyholder?
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- 19.6 During the financial year, did the undertaking engage in derivative instruments for purposes other than hedging financial risks directly related to its investments?
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- 19.8 During the financial year, did the firm engage directly in OTC derivatives subject to the risk mitigation techniques requirement under Article 11 of EMIR?
- 19.9 During the financial year, did the firm use an exemption for intra-group transactions from its obligations under Articles 4, 9 or 11 of EMIR?
- 19.10 If the firm was directly exposed to derivatives at the year end, did the auditor identify any discrepancies between the QRT S.08.01 required by Solvency II and the trade repository disclosures required under Article 9 of EMIR?
-

20 Financial transactions covered by SFTR

SFTR: Regulation (EU) 2015/2365 on transparency of securities financing transactions and re-use and related regulations.

20.1 Has the board authorised the undertaking to engage in securitisation transactions through an investment policy or other written instructions?

If yes:

20.2 Does the undertaking have written procedures for SFTR transactions approved by the relevant body? If no, please explain which procedures apply.

If yes:

20.3 Is compliance with this SFTR policy and procedures monitored annually by a person not involved in investment decisions?

20.4 In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

20.5 During the financial year, did the firm engage in any securities financing or collateral reuse transactions covered by SFTR?

If yes, please provide in Part 2 of the separate report statistical information on these transactions (number and amounts, by type of transaction).

21 Financial transactions covered by SecReg

SecReg: Regulation (EU) 2017/2402 creating a general framework for securitisation and a concrete framework for simple, transparent and standardised securitisations and related regulations

20.1 Has the board authorised the undertaking to engage in securitisation transactions through an investment policy or other written instructions?

If yes:

20.2 Does the undertaking have written procedures for securitisation approved by the relevant body? If no, please explain which procedures apply.

If yes:

20.3 Is compliance with this securitisation policy and procedures monitored annually by a person not involved in investment decisions? If not, please explain how this monitoring is carried out, by whom and how often.

20.4 In the last audit, was compliance deemed to be largely in line?

Irrespective of the previous answers:

20.5 During the financial year, did the undertaking engage in securitisation transactions covered by SecReg?
