SOLVENCY AND FINANCIAL CONDITION REPORT SFCR 2025

The SFCR covers the Business and Performance of MIRIS, its system of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

MIRIS is always required to hold sufficient assets to match its liabilities while at the same time be committed to high governance standards.

Yearly, the Executive Committee and the Board of Directors are issuing a statement that the Mutual has complied with, and will continue to comply with, Corporate Governance Code that contains both nationally and internationally recognized standards of good and responsible enterprise management.

Mutual Insurance and Reinsurance for Information Systems

Avenue Jules Bordet 166/3, B – 1140 Brussels

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SUMMARY

Performance

The Mutual Insurance and Reinsurance for Information Systems (MIRIS) activities consists in providing its Members insurance coverage for both the material damage and the third-party liability.

Main highlights of the year

The year 2004 has been characterized by 2 main elements:

- Complete change in the executive management of the company along with a reinforcement of the corporate governance and compliance.
- A softening of the Cyber insurance market with higher available capacity, leading to a negative impact on the premium level (between 10-18% price decrease YOY).

Despites this unfavourable market condition, the overall financial situation of Miris at year end 2024 improved, in term of technical results as well as net surplus, as well as increase in the assets under management and economical capital/grated funds.

Capacity

The maximum insurance capacity per policy was increased from € 25.000.000 to € 30.000.000 as from dec 1 2025. Since no reinsurance was underwritten, our own retention also amounted to € 25.000.000/30.000.000.

Contributions

Gross earned contributions amounted to € 10.213.278 (-3,8% YOY).

Claims

Provisions are made for the estimated cost of incurred losses following management estimates.

Since no claims that could have an impact on Miris' insurance coverage have been reported during the year 2024, the amount of claims (paid or provisioned) was nil. However, Miris has a policy of creating a provision for unreported claims.

The IBNR provision increase for the year 2024 amounted to € 1.444.712 and is added to the 'Reserve for unearned premiums and for unexpired risks' in the Balance Sheet.

Guarantee Fund and Reserve for Equalization and Catastrophe

The cumulative total of the Reserve for Equalization and Catastrophe of €5.752.475 by the end of 2023 has been increased by €6.943.703.

General expenses

General expenses increased year over year to reach € 2.061.184 in 2024. Those concern mainly staff, consultancy fees and travel & meeting costs.

Investments

The total book value of the investments and liquidities amounted to € 81.719.53 (+15% yoy).
With a strategy to keep all assets in straight-forward conservative investments like cash, deposits and Money Market funds only, the total financial income of the year is € 1.483.737 (+18% yoy)
Current investments consist solely of deposits and a AAA Money Market fund.

Net Result/Surplus

The net result of the period is 800k, after the allocation of 6.943k to the equalization & catastrophes reserve.

Solvency and Financial condition

MIRIS confirms its financial strength with a stable solvency ratio of 229% at 31 December 2024, as a result of a Solvency Capital Requirement of 32.207k€ covered by Eligible Own Funds of 73.768k
With a moderate risk appetite MIRIS confirms its ability to provide insurance with a strong governance and high-quality service. The main risk area according to Solvency II standards remains the underwriting risk (modular cost of capital approach). High levels of monitoring enable to remain within the ranges defined by the risk appetite framework.

A. BUSINESS AND PERFORMANCE

1. Business

MIRIS was created to cover the cyber risks of its members, including:

- General and Professional Liability (Class 13) for all damages and losses caused to third parties;
- Property Damage and Loss and Consequential Business Interruption (Classes 8 and 9);
- Insurance for miscellaneous financial losses suffered by members (class 16).

The role of MIRIS is to :

- Help its members obtain the cyber insurance cover they need for their business; Provide an alternative capacity on a mutual basis, independent but complementary to the commercial market;
- Reduce the cost of insurance borne by its members;
- Provide alternative capacity on a self-funded and possibly reinsurance basis;
- Establish relationships with other insurers and reinsurers in the international market to develop additional capacity on a reciprocal basis.

The objective of MIRIS is to provide its members with:

- Coverage up to €30,000,000;
- In excess of €10,000,000 ;
- On a coinsurance basis, under the terms and conditions of the lead insurer;
- The share of MIRIS may not exceed 50% of the total limit for each program line.

2. Underwriting performance

The first ends with a positive technical result:

Underwriting performance	
k€	**2024**
Gross written premiums	10.581
Gross earned premiums	10.213
Other technical income/loss	0
Cost of claims, gross	-1.444(*)
Operating expenses	-2.061
Reinsurance balance	0
Technical result	**6.708**

3. Investment performance

The following table provides the investment performance under Belgian GAAP and excludes any unrealized profit/loss which is exposed in part D. of the document.

Investment performance	
k€	**2024**
Investment income	1.483
Investment expenses	447
Financial result	**1.036**

The investment income has resulted in a positive result.

4. Performance of other activities

MIRIS has currently no other activity to mention.

5. Any other information

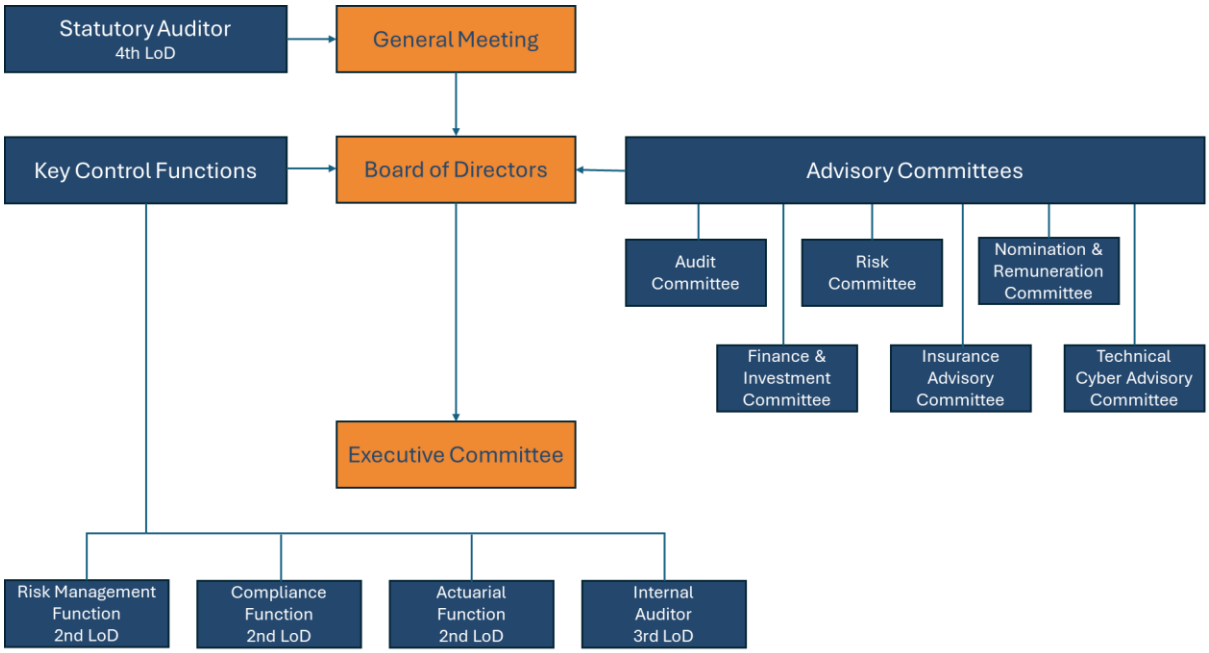
No other material information is to be mentioned.

** This is the amount of the IBNR*

SYSTEM OF GOVERNANCE

1. Management structure, remuneration and membership

Management structure



Board of Directors (composition, duties, operation)

The General Meeting nominates the Board of Directors for a three-year period but can dismiss them at any given time. On completion of their three years period of office, Directors shall be eligible for re-appointment.

MIRIS is responsible to select and maintain competent and professional reliable persons for the functions within the Board. The (nomination of members of the Board of Directors is therefore subject to prior written approval by the Belgian supervisor who assesses the candidates in accordance with the principles included in the circular on Fit & Proper requirements. The Board is responsible to install an appropriate recruitment-, evaluation- and education policy and will therefore perform an assessment of the candidate on fit- and properness at the moment of selection. The NBB will receive a copy of the fit and proper assessment.

The composition of the Board will be balanced considering the respective skills, experience and background of each of the Board members. Board members undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. To protect the interest of the Association, every Director is requested to sign a confidentiality agreement.

If there is a vacancy for one or more Directors, the remaining Directors have the right to arrange for temporary replacements until the next Annual General Meeting. In any case, as for all Directors, this appointment is always subject to the outcome of the prior consultation with the NBB.

Non-executive Directors shall not engage in any management function of the Association. The Board of Directors appoints among its members a Chairman and two Vice-Chairmen with the criterion that they can't be member of the Executive Committee. Their mandate stands for a period of three years but is re-eligible. The NBB shall be consulted before appointing or dismissing a Board member. The Board of Directors meets as frequently as the interests of the Mutual requires but at least four times a year and whenever five or more Directors make a written request.

Notice of Board meetings shall be sent by e-mail at least ten days before the date of the meeting, unless the addressees have individually expressly and in writing accepted to receive the notices by another mean of communication. Such notices shall state the date place and time of the meeting and the items on the agenda. The Board of Directors can take decisions only if all the Directors have been given notice of the meeting and if a majority of Directors is present or represented.

Any Director may, by letter, or by another mean of written communication, give authority to another Director, to represent him at a particular meeting of the Board of Directors and to vote in his name; no Director may exercise more than two such proxy rights. In absence of the Chairman, the Board of Directors meets under the presidency of a Vice-Chairman or in their absence, of a Director chosen by his co-Directors, who is not a member of the Executive Committee.

Besides the cases stated in the Articles of Association, all decisions of the Board of Directors are taken by simple majority vote wherein each member is entitled to one vote.

Minutes, of the conclusions as well as of the measures taken in order to improve the efficiency of the governance structure, are recorded of every meeting. After approval the original minutes and extracts are signed by the Chairman of the Board of Directors or of the Meeting. Copies and extracts of the minutes shall be signed by the Chairman or by one of the members of the Executive Committee.

Directors receive no remuneration for their commitment except the Independent Directors who receive an attendance fee. Board members, travelling on MIRIS business will be reimbursed for travel expenses according to the Board expense policy.

Non-Executive Directors may have other mandates in other companies.

In line with the fit and proper requirements applicable the fit and proper policy, the Board of Directors performs annually a self-assessment.

Board members

- Chairman – non-executive director;
- Vice-Chairman- non-executive director;
- Vice-Chairman-non-executive director;
- Non-executive directors;
- Executive Director & CEO;
- Executive Director & COO;
- Executive Director & CFO
- Independent Director;
- Independent Director;
- Independent Director.

Executive Committee (composition, function, operation)

The Executive Committee is entrusted by the Board with the day-to-day management within the framework of the general policy of the Association and in accordance with the laws and regulations in force. They are responsible for the execution and management of the outcome of all Board decisions.

The Board of Directors appoints or dismisses among its directors and after informing the NBB, the members of the Executive Committee. The Board of Directors appoints the Chairman of the Executive Committee, establishes rules for its powers in accordance with the NBB regulations and decides on the remuneration of the members of the Executive Committee.

At least 2 members of the Executive Committee are member of the Board of Directors. The aim is to ensure that the effective management takes part in the general policy and decision-making processes. The members of the Executive Committee cannot become the majority in the Board of Directors.

Special powers can be determined and granted by the Board of Directors to the members of the Executive Committee or to certain members of personnel. These powers relate to financial and administrative matters and are published in the annexes of the 'Moniteur Belge'.

An Executive Committee meeting is organized each month. In line with the fit and proper requirements applicable by the fit and proper policy, the Executive Committee performs annually a self-assessment.

Members of the Executive Committee

- Managing Director & Chief Executive Officer: Mr. Charles de la Horie
- Chief Operating Officer: Mark Pollard
- Chief Financial Officer: Mr. Bjorn Marlier
- Chief Risk Officer: Mr. Nicole Verheyen

Advisory Committees of the Board (composition, function, operation)

MIRIS has set up six advisory committees:

- the Insurance Advisory Committee (IAC);
- the Technical Cyber Advisory Committee (TCAC);
- the Audit Committee (AC);
- the Risk Committee (RC);
- the Financial and Investment Advisory Committee (FIAC);
- the Nomination and Remuneration Committee (NRC).
-

Common provisions for all Advisory Committees

The Board appoints and dismisses the delegated members of the six Advisory Committees in charge of advising the Board. The existence of these Advisory Committees doesn't diminish the overall responsibility of the Board. The Advisory Committees provide advice and support in their field of expertise by making recommendations towards the Board of Directors.

All Advisory Committees have charters that explain their purpose and their role including the responsibilities of the Committee towards the Board of Directors and others Advisory Committees as advisory body. Each Charter is regularly evaluated and when necessary, suggestions on amendments to the Committee's Charter are made to the Board for approval. Each of the members of Committees have to sign a confidentiality agreement.

As stated above, Advisory Committee members are nominated by the Board of Directors for their experience in the specific areas of the Committee they take part in. Unless otherwise required by law or regulation, each Advisory Committee is composed of a mix of Board members, other members and even staff to ensure execution and communication on every level of the Association.

Advisory Committee members are nominated by the Board of Directors to the term of the Board of Directors being 3 years. Each member of the Advisory Committee must at least participate

in person or by conference call in ¾ of the meetings over the period of 3 years. Non-compliance will lead to not being eligible for the next 3 years period.
The decision-making procedures for each Advisory Committee are defined in its charter. A quorum for voting exists if half of the members of the Committee are present.

After each meeting, the Board of Directors is informed of discussions through the circulation of minutes. The Board also receives in the Board Book the Advisory Committee's recommendations for approval.

Advisory Committee members, travelling on MIRIS business will be reimbursed for travel expenses according to the Expense Policy. Members of an Advisory Committee receive no additional compensation for their engagement.

In line with the fit and proper requirements, every Advisory Committee performs annually a self-assessment.

The Insurance Advisory Committee

The main purpose of the Insurance Advisory Committee is to review and evaluate MIRIS' policies, guidelines, performance, processes and procedures relating to the underwriting of risks undertaken by the Mutual as well as to discuss, monitor and oversee the guidelines and policies that govern the process. The Insurance Advisory Committee also has a duty to verify and validate the suitability of a candidate member of MIRIS, and consequently to make a recommendation in that respect to the Board of Directors.

The Technical Cyber Advisory Committee

The MIRIS Technical Cyber Advisory Committee shall be responsible for advising the MIRIS Board of Directors on Risk Management matters relevant to cybersecurity. The TCAC covers all MIRIS cybersecurity activities and is responsible for:

- Providing recommendations for new/existing members to the MIRIS Board of Directors;
- Supporting other MIRIS Committees, the MIRIS Board of Directors and the MIRIS General Assembly on cybersecurity technical topics;
- Providing guidance, feedback and recommendation on security decisions or issues;
- Promoting cybersecurity collaboration, technical solidarity and shared initiatives between MIRIS members.

The TCAC is composed of responsible for the cybersecurity of mutual members and their deputies. It is supported by an additional person, representing the Executive Committee and acting as secretary of the TCAC. The members of the TCAC and their deputies are nominated by the Board of Directors. They are elected for three-years duration, except for the initialization

of the first mandates, in order to keep experienced members in the committee, and avoid the possibility of totally renewing all the members of the committee, during new elections after the first three years period. This ensures that, every year, at least two seats will be renewed.

The additional person, acting as secretary of this Committee, is nominated by the Executive Committee.

The Technical Cyber Advisory Committee also has a duty to verify and validate the suitability of a candidate member of MIRIS, and consequently to make a recommendation in that respect to the Board of Directors.

The Audit Committee

In accordance with article 3.1. Circular PPB-2006-8-CPA the Audit Committee is:

"*A committee created within the Board, composed out of Board members who are no member of the Executive Committee, and potentially further individuals as suggested by any member of MIRIS, having as objective to facilitate the effective supervision by the Board*."

To provide a suitable level of comfort to the Board of Directors, following responsibilities are the domain of the Audit Committee:

- In relation to the External Auditor:

The Audit Committee:

- Advises the Board about the nomination and replacement of the External Auditor, including the scope and fees for his mandate;
- Receives information about the audit program of the External Auditor;
- Receives the conclusions of the External Auditor and his recommendations (annual audit report) and follows up the significant adjustments after audit and any questions that the External Auditor wishes to raise;
- Receives, on an annual basis, a written confirmation from the External Auditors confirming its independency towards MIRIS;
- Receives, on an annual basis, written information from the External Auditor regarding all additional services supplied by the External Auditor to MIRIS that may impact the quality of his audit services or his objectivity and independence;
- Discusses with the External Auditor any threat regarding his independency and the measures taken to limit these threats (for instance, any difficulties encountered in the course of the audit, including any restrictions on its activities or access to information requested by it and any significant disagreements with management);

- Monitors and oversees the work, the performance, the independency and the adequacy of the External Auditor.

- In relation to the Internal Auditor:

The Audit Committee:

- Advises the Board about the nomination and replacement of the Internal Auditor;
- Confirms the audit charter of internal audit;
- Confirms the audit plan and used resources;
- Oversees the relevance and efficiency of internal control and risk management, and of all the other processes and systems included in the audit plan;
- Oversees the independency of the Internal Auditor within MIRIS;
- Acknowledges the summary of the most important recommendations and follows up their implementation.

- In relation to both the Internal Auditor and the External Auditor:

The Audit Committee:

- Analyzes any significant matters arising from any audit, including any audit problems, or difficulties relating to the Company's financial statements;
- Recommends to the Board to carry out specific audits or studies;
- Analyzes the way the company's auditors, both internal and external collaborate in order to cover all necessary subjects, avoid redundant tasks and make an efficient use of auditing resources;
- Monitors recommendations, management's response to assess the audit reports, to implement the recommendations, to correct any deficiencies to processes, policies, procedures, internal controls, reporting and financial statements.

- In respect to the Financial Reporting:

The Audit Committee:

- Recommends to the Board to approve the periodic and annual financial statements;
- monitors the integrity of the financial information provided by MIRIS, in particular by reviewing the relevance and consistency of the accounting principles used.

- In respect to the risk management and internal controls:

The Audit Committee:

- Consider and review the analysis of business risks as documented by the Risk Committee;
- Discusses with the general management: guidelines and policies governing the process by which senior management and the relevant departments of the company assess and manage the company's exposure to risk, and the company's major financial risk exposure and the steps management has taken to monitor and mitigate such exposures;
- Monitors with management the internal risk log for risks having a material effect on the financial position;
- Monitors transactions with financial impact between MIRIS and related parties;
- Recommends improvements in best practice compliance on financial matters;
- Performs a periodic self-assessment (one time a year).

The Risk Committee

The primary responsibility of the Risk Committee is to oversee and recommend the Mutual-wide risk management practices and procedures The Committee is comprised of suitably qualified members as determined and appointed by the Board. The Risk Committee is comprised of the members of the Board, including at least one independent director. Each member will have an understanding of risk management expertise corresponding with the size, complexity and capital structure of the Mutual. In line with the fit and proper requirements, the Risk Committee therefore performs annually a self-assessment. The Chief Risk Officer can be invited as far as appropriate, but does not participate in the decision making of the Risk Committee.

The Finance and Investment Advisory Committee

The Finance & Investment Advisory Committee makes recommendations for approval by the Board to review strategies, plans, policies, screening of the members and actions related to the financing of its assets and liabilities. In particular, the FIAC proposes, monitors and recommends changes to/of:

To assist the Board of Directors, the FIAC shall be responsible for reviewing strategies, plans, policies and actions related to the financing of MIRIS (the Company) and the management of its assets taking into account liquidity constraints from liabilities.

The Committee shall:

- propose, monitor and recommend changes to/of:
  - investment policy;
  - investment guidelines;
  - investment manager(s);
- determine and monitor asset allocations (subject to statutory limitations);
- the preselection of independent investment advisers and managers;
- set guidelines for the minimum solvency/financial rating of companies seeking membership (candidate Members) or the acceptance of financial guarantees;
- Process of monitoring of calls exposure for candidate Members and existing Members, according to the risk management policy document on calls exposure monitoring as approved by the Board;
- review and make recommendations on legal and regulatory matters that may have a material impact on the financial structure or financial statements of the Company; request Board approval to assign independent counsel and other advisers, as it deems necessary or appropriate;
- conduct an annual evaluation of the performance of the Committee;
- annually review and suggest amendments to the Committee's Charter;
- perform any other activities consistent with the Charter, the Company's Articles of Association, and governing law, as the Committee or the Board deems necessary or appropriate; and
- report to the Board of Directors all significant issues discussed and make appropriate recommendations to be acted upon by the Board.

The Finance and Investment Advisory Committee also has a duty to verify and validate the suitability of a candidate member of MIRIS, and consequently to make a recommendation in that respect to the Board of Directors.

The Nomination and Remuneration Committee

The main Nomination and Remuneration Committee's responsibilities are as follows:

- Identifying and nominating candidates for the approval of the Board to fill Board or Executive Committee vacancies as and when they arise. Before making any such appointment, the Executive Committee should seek prior approval of the Nomination Committee. The Committee members should evaluate the balance of skills, knowledge, experience, and diversity on the Board of Directors and Executive Committee positions, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. When selecting candidates, the Nomination and Remuneration Committee should consider 'fit and proper' candidates meeting NBB's requirements.

Any proposed appointee should be required to adhere to MIRIS's Code of Conduct, disclose any other business interests that may result in a conflict of interest, and report any future business interests that could result in a conflict of interest;

- Defining the remuneration and incentive schemes for the Directors and Executive Committee positions and linking them to the company's strategy;
- Establishing, monitoring, and reviewing the Directors' and Executive Committee member's induction training, and development programs. These programs should enable Directors and members of the Executive Committee to have an understanding of:
    - MIRIS's business and operations;
    - MIRIS's financial, strategic, operational, and risk management positions;
    - Directors and Executive management's rights, duties, and responsibilities; and
    - The role of the Committees.

- Reviewing and recommending to the Board, the Board's succession plan for Directors and Executive Committee members, considering the challenges and opportunities faced by the Company and the skills and expertise needed on the Board of Directors and Senior Management Team in the future;
- Reviewing and giving advice to the Board about any potential candidates for the Chairperson's succession plan;
- Undertaking annual reviews in light of the current make-up of the Board of Directors. This assessment includes, but is not limited to, consideration of roles and contributions valuable to the business community, personal qualities of leadership, character, judgment, expertise (including international experience and industry background), independence, integrity, trust, competence, respect, diversity, and factors relevant to succession-planning, as well as skills relating to business, operations, finance, technology, and regulatory policy. The review should also assess the time devoted by the Non-Executive Directors to meet their obligations;
- The Committee is authorized by the Board of Directors to obtain external legal, or other professional or regulatory advice and to secure the attendance of anyone it considers has relevant experience, expertise, or knowledge. The costs will be submitted to the Board for approval;
- The Committee has the authority to seek any information it requires from any MIRIS employee, contractor, or service provider, and all these persons must comply with such requests;
- Other matters referred to the Committee by the Board of Directors are:

    - Regularly reviewing the structure, size, and composition (including the skills, knowledge, and experience) of the Board of Directors and the Executive Committee and making recommendations to the Board of Directors regarding any changes;

- Keeping under review the leadership needs of the organization with a view to ensuring the continued ability of the organization to succeed;
- Making a statement in the annual report about the Committee's activities;
- The membership of the Committee, the number of Committee meetings, and attendance over the course of the year;
- Making available its terms of reference explaining clearly its role and the authority delegated to it by the Board of Directors;
- Ensuring that, on appointment to the Board of Directors, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service, and involvement outside Board of Directors meetings.

- The Committee should also make recommendations to the Board of Directors on:

  - Any matters, including conflict of interest, relating to the continuation in office of any Director at any time; and
  - Assisting the Board in fulfilling its corporate governance responsibilities within its terms of reference.

The Nomination and Remuneration Committee shall be comprised of at least three members, being Non-Executive Directors, with at least one Independent Director. The Committee is chaired by the Chairperson of the Board.

Executive Committee representatives can attend the Committee meetings as requested by the Chairperson; however, they cannot be a member of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee's recommendations are submitted to the Board of Directors for approval. Decisions taken by the Board on the basis of the Nomination and Remuneration Committee's recommendations are implemented by the Executive Committee. Members of the Board of Directors and the Executive Committee are appointed in accordance with the provisions of the MIRIS Articles of Association.

Remuneration

Policy

MIRIS' overall remuneration system has been designed to deliver compensation, driven by both Mutual and individual performance, and according to its Members' interests. The focus will be on and long-term performance and will be aligned to market levels. Our principles are inspired by the Financial Stability Board principles for sound compensation practices.

Board Members representing a Member receive no remuneration. Only Independent Directors receive a fixed cash amount per year which is approved by the General Meeting for the current financial year. No variable nor incentive programs are included for Board Members representing a Member.

Members of Advisory Committees receive no additional compensation, fixed or variable, for their contribution to the Mutual. Actual expenses in connection with Board and Committee meetings are reimbursed.

Implementation process

Members of the Executive Committee are self-employed under mandate contracts, and the Board of Directors sets the terms within the frames of the contracts. The Board of Directors submits proposals concerning the remuneration of the Executive Committee and ensures that the remuneration is in line with sound compensation practices.

Management and key/critical functions that are on the payroll, are employed on a contractual basis. Their remuneration is subject to annual reassessment. A desire to ensure that MIRIS is able to attract and retain persons with the best possible qualifications and the existence of sound succession plans have a decisive influence on the remuneration.
The compensation package consists of two integrated elements: a base pay and an annually pre-agreed and personalized incentive bonus to encourage prudent risk-taking.

Base salary levels are designed to compensate the Mutual officers for their responsibilities and their experience. Market levels for comparable positions are targeted for the base pay and the base pay levels are subject to regular reviews. Except for annual cost of living adjustments required under Belgium law, there is no mechanism for automatic adjustment.

The annual incentive bonus, if applicable, recognizes and rewards individual performance as well as team performance but is never a substantial proportion of the compensation package. The funding levels for the annual incentive bonus are dependent upon non-financial criteria such as personal development and contribution to an improved Members-relationship. Bonuses are not guaranteed because they are not consistent with the pay-for-performance principle.

Annually, the Managing Director will present the total remuneration package to the Chairman of the Board of Directors and one Independent Director for approval. They will conduct an independent review on the suggested bonuses and the proposed compensation policy for next year.

Key/critical functions that are outsourced will follow the outsourcing policy and the outsourcing process in which a market competitive remuneration assessment is included.

Membership

Each of our Members is an important player on the international market and is therefore submitted to intensive surveillance by national and international authorities. Due to their size and (self)-control, MIRIS considers its Members as being reliable and financially sound. Still a financial assessment is performed on a candidate Member on the one hand and a yearly financial review for existing Members on the other hand (The FIAC, in charge of financial assessment, makes recommendations on the solvency of members to the Board of Directors).

The IAC and TCAC participate in the validation process of candidate members, and present their recommendations to the Board of Directors before any decision is taken by the latter on the validation of a new MIRIS member.

Membership is submitted to the Board of Directors and becomes effective after approval by General Meeting. New Members have to contribute a capitalization agreed by the general meeting to a sound and prudent management in MIRIS as well as to the stability of the financial institution and its development on a going concern basis.

Every capitalized and insured Member represents one vote in the Mutual. Every insured Member is treated equally.

Given the sensitivity and strategic nature of the risks handled by the mutual, information concerning members is published in accordance with the conditions laid down in the regulations, subject to the approval of the Board of Directors on both content and form The National Bank of Belgium (commonly abbreviated as NBB) is informed on a regular basis.

The membership structure and the fact that membership contracts are signed on an individual basis, helps to protect the Mutual against agreements between Members to act jointly or to meet separately and unofficially. The statutory allocation in the Articles of Association of one vote for each Member, aid in preventing that an association within the Association is established who could attain a majority. To MIRIS' knowledge, no arrangements between Members, relating to the relation between Members on the one side and the Mutual on the other side, exist.

MIRIS encourages its Members to participate at the Members Meetings. In order to facilitate this, agendas and all other relevant information are sent in advance of the Members Meetings. During the meeting, the Board of Directors presents a management report and financial overview of the latest financial figures. The General Meeting acts by simple majority of votes if quorum is reached unless for those cases stated in the Articles of Association where the approval is needed of three-quarters of the Members.

Yearly there can be two Members Meetings, one on the last Thursday of the month of April

(The Annual General Meeting) and another in the second half of the year. As the Annual General Meeting according to Article 10 of the Articles of Association must meet on the last Thursday of April, the AGM and Members Meeting are organized on the same day. Minutes of the AGM are drafted and adopted during the meeting itself.

2. Fit and Proper, external functions and transactions with Governance Bodies

Fit and Proper

Fit and Proper Policy

Annually, MIRIS updates and discloses a fit & proper policy to the NBB.

The evaluation of the characteristics "fit and proper" concerns to people who practice or wish to perform the following functions within MIRIS:

- Members of the Board of Directors;
- Members of the Executive Committee;
- Persons responsible for an independent control function: Actuarial Function, Compliance, Risk Management and Internal Audit Function;
- Senior managers at “N-1” level (managers who exercise a direct and decisive influence on the management of MIRIS but who are not members of the Executive Committee).

Critical functions have to have the necessary professional expertise, the skills and the worthiness to be able to perform their functions. The same requirements apply to the holders of any critical outsourced function.

Five standards of evaluation are at the center of this policy:

Expertise (“fitness”)

A person in scope of this policy is considered being expert ("fit") for a specific function when he / she combines the required knowledge, experience and skills for the function in question.

Professional worthiness (“propriety”)

The professional worthiness concerns the honesty and the integrity of a person. A person is considered as professionally honorable ("proper") in the absence of elements indicating the opposite and when there is no reason for questioning reasonably the good reputation of the person involved.

Independence of mind

Independence of mind means being able to make conscientious, objective and independent decisions in the interest of MIRIS and all its stakeholders, after having carefully weighed all available information and opinions, and independently of any external influence.

Time Commitment

Persons in scope of this policy must devote sufficient time to the performance of their function with MIRIS.

Collective suitability

When the person in scope of this policy is a member of the Board and/or of the Executive Committee, account must also be taken of the composition, operation, and collective expertise of this body as a whole.

Implementation process

The main responsibility of the characteristics "fit and proper" fall to the Board of Directors under recommendation of the Nomination and Remuneration Committee for the members of the Board and the members of the Executive Committee. MIRIS has to implement procedures to verify the capacity of a person in scope of this policy by means of a suitability assessment. The check will be based in particular on information received from the person to evaluate. If the result of the evaluation of capacity is positive, the Managing Director of MIRIS will transmit the complete and valid information on the capacity of the person to the NBB. The NBB, based on this information, will proceed to its own evaluation of the capacity of the person involved.

For senior managers at “N-1” level no file has to be transmitted to the Supervisory Authority.

"Fit and proper" implies a thorough process of evaluation, which is designed to obtain, by means of various relevant elements, the most complete possible image of the capacity of a person for a determined function. The evaluations concerning, on the one hand, the expertise and, on the other hand, the professional worthiness of a person, are complementary.

The available information which can support a "fit and proper" file is always used and balanced according to their relevance and to their importance compared to the responsibilities which are or will be the ones of the person.

Several weighting factors allow not granting the same importance for all the elements of the case. MIRIS takes into account following weighting factors:

The weighting of information in the light of the objectives of prudential control

As the persons who enter the scope of the policy are called upon to play an important role which can have major consequences for MIRIS, in the key decisions for its Members and also for the public, the information having a more important impact on the general interest as well as the substance of the facts, and the possibility of remedy.

The longevity of the information

With time, the importance of the information can diminish. Considering the time elapsed between the origin of the information and the moment when the evaluation of the capacity takes place, MIRIS shall grant in principle less or not much importance to outdated information.

The attitude and/or the motivation of the person concerned with regard to the information:

A correct attitude, a plausible, credible and supported motivation by the interested person, is required for the weighting. From the attitude, from the motivation and from the explanations of the person concerned, it is possible to determine the way he / she balances the information, if he / she understands that the information can have an impact on their capacity. If the information concerns facts which are not connected in an inherent way to the person (but for example to a company within which the person operated), the person has to explain correctly the reduced relevance of the facts.

If multiple information concerning the same person is available, these will be balanced in the light of their mutual combination and/or of the way of functioning which they generate. A global overview of histories and available information allows to obtain a less static and precise image of the functioning of the person. The combination of the information gives an idea of the way of functioning and/or the carelessness of a person and can lead to the conclusion that the interested is not considered (anymore) as being capable or has to improve their expertise on a specific point.

External functions and incompatibilities

Internal Rules & implementation process

The provisions laid down by Solvency II-law and administrative regulations applicable to MIRIS, determine in particular that internal rules must clarify under what conditions:

- Directors;
- Members of the Executive Committee who are not directors;
- Independent control functions;

- Persons with a function at level n-1 having a direct and determining influence on all or part of the activities of MIRIS ("n-1 persons");
- Permanent representatives of branches;
- May perform external functions.

The objective of these rules is to:

- Assure the availability of these persons when taking up an external mandate;
- Prevent conflicts of interest and potential risks linked to inherent at the performance of external functions;
- Assure an appropriate publication of the external functions.

The rules are applicable on:

- Directors of MIRIS;
- Members of the effective management of MIRIS.

The taking up and performance of an external function by a member of the Executive Committee, a person responsible for an independent control function, a "n-1 person" and a permanent representative of a branch must be approved by the Executive Committee.
If this external function is performed in a listed company, the approval of the Board of Directors is required.

The members of the Executive Committee are supposed to dedicate at least 1 day per week to their function. Persons responsible for an independent control functions have to dedicate at least 1 day per week to their function with MIRIS.

The taking up and performance of an external function by a director must be approved by the Board of Directors. The Board of Directors decides on a recommendation formulated by the Executive Committee.

Directors are supposed to dedicate at least 8 days per year to their function.

The approval can only be given on the basis of a file presented to the competent governance body. This file contains at least:

- Detailed information concerning the nature of the external function, its importance and extent;
- The expected frequency of meetings;
- An estimation of the impact of the performance of the function on the availability of the person involved for MIRIS;
- The way MIRIS will monitor if the person spends enough time to its function with MIRIS;
- Possible conflicts of interests;

- Any other element that can be important for the assessment, taking into account the person involved and his functions within MIRIS.

The governance body approving the performance of an external function will be informed about every significant change in the elements of the file mentioned hereabove. The occurrence of such a change can result in a re-evaluation of the analysis regarding the availability of the person made by this governing body and, where appropriate, in a withdrawal of the approval previously given.

MIRIS may only offer services to a company in which a person belonging to one of the 5 categories mentioned hereabove performs an external function, at normal market conditions.

Persons belonging to one of the 5 categories mentioned hereabove, refrain from any intervention, as well within MIRIS as within the company in which the external function is performed, related to the relationship between MIRIS and the company, more in particular with respect to the deliverance of a service by MIRIS to this company.

If a person belonging to one of the 5 categories mentioned hereabove, takes up an external function in a listed company, article 25 § 1, 1° of the Act of 02/08/2002 on the supervision of the financial sector and on financial services, which prohibits the use or communication of privileged inside information, must be taken into account.
External functions performed by directors, members of the Executive Committee, “N-1 persons” and permanent representatives of branches of MIRIS will be published in the annual report.

This publication contains the following information:

- The names and function within MIRIS;
- The name of the company, its registered office, the sector of activity and, if applicable, the fact that the financial instruments issued by the listed company are admitted on a regulated market;
- The function performed in this company;
- The level of participation in the company, if any.

Any non-compliance with these rules will be communicated to the Board of Directors that can apply appropriate sanctions.

Loans, credits or guarantees and insurance contracts for Governance Bodies

There are currently no loans, credits or guarantees and insurance contracts granted to Members of the Board of Directors or Executive Committee.

3. Risk Management System, ORSA process and risk management function

Risk Management System

Framework for risk appetite and tolerance limits

The appetite for risk represents the underlying foundation of any effective Risk Management System. Understanding risk appetite helps Boards and managements to make better strategic and tactical decisions. It enhances understanding of Board and stakeholder expectations and enables risk-reward decision-making. It reduces the likelihood of unpleasant surprises.

The ability to take on risks is determined by more than just a capacity to absorb losses. The ability to manage risks based on skill sets and experience, systems, controls and infrastructure is also crucial. Understanding risk appetite helps in the efficient allocation of risk management resources across a risk portfolio, and may enable the pursuit of business opportunities that, without an understanding of the appetite, would otherwise be rejected.

The Risk Appetite Framework (RAF) is defined as being the overall approach, including policies, processes, controls, and systems, through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

MIRIS' Risk Management Framework enables MIRIS to achieve an accurate and timely understanding
of
- The nature, materiality and sensitivity of the risks to which it is exposed;
- Its ability to mitigate and manage them;
- To deal with them should they fall outside the stated Risk Appetite and agreed Risk Tolerance limits.

The Risk Management Framework encompasses
- An acceptable Risk Appetite Framework taking into account the business strategy;
- A set of independent and integrated risk measures for different types of risks completed with internal limits and triggers consistent with the approved Risk Appetite;
- An effective process to identify, measure, assess the risks MIRIS faces in the short and in the
long term and define adequate responses to these risks;
- A suitable reporting to make management aware of the overall risk profile in order to ensure appropriate decision-taking as well as clear risk recommendations.

The RAF has been developed to articulate the level of risk that the Board is willing to accept in order to achieve the overall strategic objective.

The RAF contains the following characteristics:

- Identification of the key areas used to measure the success in achieving its overall objectives. These have been determined as free reserves, underwriting results, solvency, liquidity and reputation;
- Quantification of the risk appetite attributed to each of the areas above, where quantifiable;

- Risk Profile (Risk Log): all of the risk faced by MIRIS are identified, shortly described and categorized;
- Integration and control of the risk appetite through the Association;
- Dashboard.

We define the risk appetite as being the nature and quantity of risks that MIRIS is ready to accept or to tolerate in the pursuit of its strategic objectives, taking into account the expectations of the stakeholders.

The risk tolerance defines the maximum amount of risk (bearing activities) needed to achieve all the organizational strategic objectives while simultaneously remaining compliant with the stakeholder's expectations.

The risk target is the optimal risk level to achieve the strategic objectives with respect of the tolerance limits.

General risk management policy

MIRIS assumes risk to generate an adequate return on capital. The success of its business model therefore depends materially on its ability to manage risk. MIRIS considers the implementation of a suitable and effective Risk Management system as a strategic imperative not only to meet increasingly changing regulatory requirements but also to gain a competitive edge by improving its understanding of its own risks and overall solvency needs.

As an integral part of MIRIS' business cycle, the Board shall approve the Risk Strategy and issue a Statement of Risk Appetite. "Risk" is defined as the degree of uncertainty with respect to achieving planned goals and targets and equally encompasses the probability of loss or gain. The Risk Strategy, including the Statement of Risk Appetite shall be clearly reflected in the agreed business targets, financial budgets, underwriting guidelines, and operational plans.

The Board delegates to the Executive Committee the responsibility of implementing adequate risk management processes and policies to ensure risk management is correctly embedded within all operations and in all departments. The Board and Executive Committee are assisted in this task by the Risk Manager and Risk Committee.

A Risk Management Policy documents MIRIS' internal Risk Management guidelines that staff members are required to observe when exercising their day-to-day responsibilities. The purpose of the Risk Management Policy is to establish a Risk Management framework that enables MIRIS to achieve an accurate and timely understanding of (1) the nature, materiality and sensitivity of the risks to which it is exposed, (2) its ability to mitigate and manage them, and (3) to deal with them should they fall outside the stated Risk Appetite and agreed risk tolerances and limits. MIRIS' Board owns the Risk Management Policy. As such, the Board is responsible for the approval of any periodic changes and revisions introduced to this document.
MIRIS' Risk Management Policy, its Risk Management System and ORSA are to be reviewed by the Board at least annually. The review will be based on input provided by the Risk Manager, the Risk Manager and the people in charge of operational functions. More regular reviews may be undertaken when required or when there is a material change in the business or risk profile of MIRIS or where a risk issue which raises doubts about the effectiveness of the Risk Management System has been identified.

Specific guidelines for each risk

MIRIS' Risk Management system, based on a top-down as well as bottom-up approach, covers all existing as well as evolving risks that have the potential to materially impact the adequacy of its financial resources, the volatility of its results or its ability to meet its commercial, legal and regulatory obligations.

These risks include, but are not limited to, the following:

- Insurance Risks (including reinsurance and claims)

Insurance risks refer to the risk of loss, or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectations at the time of underwriting.

- Market Risk:

Market risk is the risk of loss or adverse change in the financial position due to fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This risk may be caused by fluctuations in foreign exchange rates, interest rates or equity, market liquidity, property and securities values.

- Credit Risk:

Credit risk is the risk of loss or adverse change in the financial position due to fluctuations in the credit standing of issuers of securities, reinsurers, counterparties or any other debtors.

- Operational Risk:

Operational risk, including compliance risk, refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all functions rendered in the course of conducting business, including strategy and business planning, underwriting, reinsurance purchasing, reserving, claims management, accounting, investments, treasury, information technology, legal and regulatory, and financial reporting functions.

- Liquidity Risk:

Liquidity risk is the risk of a loss or inability to realize investments and other assets in order to settle financial obligations when they fall due.

- Strategic Risk:

Strategic risk is the risk of the current or prospective impact on earnings or capital arising from adverse business decisions, improper execution of decisions made, or lack of responsiveness to industry changes. Strategic Risk includes risks relating to accessing / raising capital, capital allocation, competition and maintaining ratings.

- Reputational Risk:

Reputational risk is the risk of potential loss through a deterioration of MIRIS' reputation or standing due to a negative perception of its image among members, counterparties, shareholders or supervisory authorities.

- Emerging Risks:

Emerging risks refer to risks that do not currently exist or are not currently recognized but have the potential to materially impact the adequacy of MIRIS' financial and operational resources, the volatility of its results and expected financial income or its ability to meet its commercial, legal and regulatory obligations following changes in the environment.

System for the identification and measurement of the risks

In establishing and maintaining an effective system of internal control, MIRIS assesses both the internal and external risks that it faces. Assessment includes the identification and analysis of all significant risks that the Mutual is exposed to. Once the Association has identified and analyzed its risks, an annually evaluation of the effectiveness of its control system is performed. If required, further actions will be undertaken to mitigate the risk. A signed and dated self-assessment declaration by the risk owner or manager in question provide a detailed report on risk exposures and advise on risk-management matters.

For the identification and description, MIRIS has focused on key risks and on management related controls that mitigate those risks. MIRIS' key risks definitions are based on existing information such as different control reports and regularly self-assessments. To lead to an efficient identification of those controls, interviews were conducted with every member of the Management. All this information has come together in a working document referred to as MIRIS' risk log attached to this report.

The risk log identifies MIRIS' key risks. The management then crosschecks the type of risk with existing control measures to see how they are currently mitigated. This exercise is performed at the end of each year and in preparation for the year to come.

In the risk log, MIRIS additionally estimates the potential loss given default of each risk category in case the risk should occur. In order to quantify each individual risk, MIRIS combines two parameters which are the probability of occurrence and the (financial) loss impact. This quantitative score helps the owner of the risk in evaluating the effectiveness of his controls and to plan further actions if required.

Each manager receives yearly a personal self-assessment form enumerating all risks falling under his authority. This form allows him, to analyze and evaluate his control measures on risk and, if needed, plan action. Further, the manager declares that his self-assessment has been completed to his best ability before dating and signing off the document.

Finally, MIRIS emphasizes that risk awareness is a priority of every member of staff.

Risk Reporting System

Risk reporting is integral to MIRIS' management information system, and takes place at several different levels throughout the business. It provides senior management, the Board and other stakeholders (e.g. regulators, rating agencies) with sufficient information to enable them to assess (1) the actual level of risk taken by the business compared with the desired level of risk agreed in the business plan and (2) the effectiveness of the control environment.

The Risk Management function will report to the Risk Committee and Board of Directors at least quarterly. The Executive Committee is informed at least monthly. The Risk Management function will annually disclose a risk management report as well as for the year to come a risk management plan.

The Executive Committee will report to the Board at least yearly on its assessment of material risks and on any significant changes to the overall risk profile of the company including actions being taken to mitigate or control key risk exposures. It reports also on the failures in relation to the risk appetite and precises if that is an asset or a liability breach.

Implementation process

An effective governance system requires written policies embedding the governance processes. Risk management is therefore well described within MIRIS. Key reference documents are Procedure manual, Memorandum Corporate Governance and Risk Management policy.

Risk reporting is not a stand-alone item. For example, there is a natural flow towards the ORSA starting from budget and Business Plan towards the SCR calculation. The details and content of the ORSA process is described in the specific ORSA document. Risk Management and its reporting contributes to effectiveness of some documents and refers them during their control activities:

- Risk Management Policy;
- Operational Risk Policy;
- Investment, liquidity and ALM policy;
- ORSA process;
- Compliance policy;
- Internal Audit Policy;
- Internal Control Policy;
- Actuarial Function Policy;
- Fit & Proper Policy;
- Outsourcing Policy;
- Memorandum Corporate Governance;
- Risk Committee Charter.

ORSA Process

ORSA Policy

The Solvency II regulatory framework applicable to insurance and reinsurance undertakings is built on a 3-pillar structure:
- Pillar 1 sets the quantitative requirements i.e. the assets and liabilities valuation and capital requirements;
- Pillar 2 sets the qualitative requirements, including governance and risk management of the undertakings and the ORSA;
- Pillar 3 sets the supervisory reporting and public disclosure.

The Solvency II law of 13 March 2016 requires to perform at least annually an ORSA and to report the conclusions to the NBB.
The overall solvency needs, taking into account the specific risk profile as well as the general risk tolerance limits and the strategy of the company, approved by the Board of Directors and Whether the capital requirements and requirements regarding technical provisions are

permanently adhered to the extent to which the risk profile of the undertaking deviates from the assumptions underlying the SCR calculated with the standard formula.
The assessment of the own risk and solvency is the basis of risk management under Solvency2.

The ORSA requires to prospectively assess, by means of stress testing, the risks expected to be exposed to both quantitative and qualitative aspects of stress testing are integrated in the ORSA, taking into account the principle of proportionality. As referred to in the NBB circular 2022_09 on ORSA, smaller companies may concentrate more on the qualitative aspects, while larger companies have to use more sophisticated stress testing techniques.
MIRIS performed this ORSA in line with the ORSA policy, integrated in the Memorandum of Corporate Governance, approved by the Board of Directors on 22 December 2023. As stated in the ORSA policy, the ORSA process seeks to draw together considerations of risk, capital and returns within the context of the overall business strategy, both in the present and forward looking, providing a holistic view of the capital, risk and return over the forecast period.

The process is iterative, as outlined below:

The overall purpose of the ORSA is to ensure that MIRIS can continuously meet current and future regulatory solvency requirements and internally set capital targets, in the face of planned changes to the risk profile and Business Plan, and expected developments in the external environment. As management tool it is designed to embed risk awareness within the business culture and decision making. The ORSA conclusions enable management, Risk Committee and Board of Directors to assess the potential impact of the stress test scenarios on the risk profile and solvency position of MIRIS.
The adjustments are the result of exchanges between management and the Board, while operational limits are developed jointly by the risk taker and risk management function. We must therefore expand and review a large number of future scenarios (defined in terms of the most significant risks), to change the risk parameters and compare the different risk margins and the respective capital requirements and then take recapitalization measures or risk mitigation if necessary. We are then able to conclude whether the tolerance limits are exceeded and whether measures should be taken.
It is important that the ORSA process is a continuous reiterative process which is embedded within the business decision making and strategy setting process.

MIRIS performs an ORSA at least annually or when the risk and solvency profile change significantly. The risk profile is continuously monitored against the risk appetite and periodically reported by Risk Manager.

Implementation process

The overall purpose for the ORSA assessment is to ensure that we can continuously meet our current and planned future regulatory targets and internally set capital target, in the face of planned changes to the risk profile and business plans, and expected development in the external environment.

As a management tool, it is designed to embed risk awareness within the business culture and decision making. It is an integral to the successful delivery of the overall strategic plan as it provides the management with a good understanding of the risk it is assuming and the capital required to cover those risks. It must be treated as a management process rather than a compliance exercise.

Time Horizon

The time horizon of the ORSA is fixed to 5 years, same horizon as used in the strategic business plan. The strategic business plan is the Base scenario of the forecasted P&L and Balance Sheet. For the solvency projections in ORSA use will be made of best estimates, market value balance sheet and SCR from Pillar I calculations as starting point.

Scenario – stress tests

The Strategic Business Plan (SBP) figures will be used for projection of the technical provisions and cash flows in and out. The calculation of the projected SCR can then be done. The final result is the “Base Case” and gives the expected capital needs/surpluses.

Besides the base scenario, we analyze also the effects of adverse developments on its solvency position. This is done with the help of scenario analysis and stress testing: we define scenario analysis as assessing the impact of a combination of factors. Stress testing is an extreme scenario that crosses the boundaries of the SCR-MCR.

By applying scenarios, we want to:

- Address the main risk factors we may be exposed to;
- Address specific vulnerabilities (regional, sectorial characteristics, specific products or business, …);
- Contain a narrative scenario which includes various trigger events.

A range of scenarios are considered encompassing different events and degrees of severity:

- Normal business scenarios;
- More pessimistic scenarios;
- Stress scenarios;
- Reverse scenarios.

Concerning stress testing, we have our own guidance:

- We regularly review the stress testing program and assesses its effectiveness;
- The stress testing program is used as a risk management tool supporting business decisions and actions;
- We perform sensitivity analysis for specific risks, if necessary;
- Reverse stress testing, of issues that threaten the viability of the company, are also analyzed.

Use of the ORSA results

A part of the ORSA is the determination of the capital needed to manage the business.

The results of ORSA are used for:

- Yearly evaluation of the risk appetite framework in relation to the capital position and the strategy;
- Start the strategic business plan with the most recent capital assessment;
- Monitoring capital position from regulatory, rating agencies and internal angle;
- The assessment of the target and realized solvency ratios;

- An analysis of the evolution of the capital position and the forecast of eventual funding requirements on the horizon period.

Management actions

We use also the results of the ORSA to take management actions:

- Hold the risks;
- Mitigate the risks;
- Transfer the risks;
- Terminate the risk generating activity.

Frequency of the ORSA and triggers

We perform an ORSA at least annually and an update when the risk and solvency profile change significantly. The risk profile is continuously monitored against the risk appetite and periodically reported.

The first step in the ORSA is to determine if the information used in the last ORSA is still up to date:

- Any material changes in the business strategy?
- Any changes in the risk appetite?
- Has the risk profile changed?
- Analyze the capital position and the quality of capital (classification in tiers);
- Analyze the appropriateness of the model (standard model) for representing the risk profile.

Examples of trigger for updating the ORSA:

- A significant change in the financial markets that has a big impact on the value of the asset portfolio;
- A significant change in regulation.

The decision of performing an update of the ORSA is taken by the Executive Committee.

Reporting

An annual ORSA Internal Report is produced by the Risk Management Function. This report will contain at least information on:

- Risk Profile;
- Key Observations;
- Risk Assessment;
- Regulatory Capital Requirements;
- ORSA Capital Requirements.

This report is be discussed at different levels:

- First level: the report will be pre-discussed in the Risk Committee and in the Audit Committee;
- Second level: the resulting ORSA report will be approved by the Executive Committee;
- Third level: finally, the report will be discussed and the sign off will be given by the Board of Directors.

Forward-looking solvency assessment of Orsa 2024

In the forward-looking solvency assessment, the solvency position of MIRIS is assessed by means of reverse and stress scenarios. Below we present the SCR Ratios resulting from the ORSA scenario runs, marked green if within Risk Appetite (> 149%), amber if within Risk Tolerance (125% - 149%) and red if outside Risk Tolerance (< 125%). This ORSA report integrates the actual figures of 2023, which was the first underwriting year of MIRIS, and the solvency assessment over a 5-year forward-looking horizon from forecast 2024 up to 2028.

As a conclusion, we believe that MIRIS' current Solvency II position is sufficient to face the current economic environment, potential stress situations and to develop the business over the planning horizon.

Quality review

The quality review is conducted by the Internal Audit. The quality review will treat at least the following aspects:

- The ORSA policy;
- The ORSA process;
- The methods used;
- The outcome of the ORSA and the follow-up of management actions.

The following criteria will be judged to assess the quality:

- Training and experience of staff involved;
- The cooperation between key functions: actuary, risk management, compliance, internal audit;
- The involvement of management.

The Risk Management Function

The Risk Management Function being the Risk Manager, is responsible to maintain an enterprise-wide aggregated view on MIRIS' risk profile and operate its Risk Management System, monitors and reports to the Risk committee on actual risk exposures in comparison to Risk Appetite, Risk Tolerance and solvency requirements as set by the Board.
The Risk Management Function, objectively and free from the influence of other parties, is responsible for:

- Implementing appropriate methodologies and procedures to assess MIRIS' risks and solvency position ensuring their assessment is consistent with prevailing professional standards and regulatory requirements;
- Implementing appropriate methodologies and procedures for risk assessment including Risk Policy and Risk Strategy;
- Reporting details of material risk exposures and advising the Board, Executive Committee and senior management with regard to risk management matters including the Risk Appetite, risk tolerances and risk limits;
- Monitoring risk aggregations (and diversifications) across lines of business, geographies, risk types and categories, etc.

A Risk Committee is established by and among the Board of Directors to properly align with Management as it embarks a risk management program. The primary responsibility of the Risk Committee is to oversee and recommend the Mutual-wide risk management practices and appraise the effectiveness of the risk management function. The Risk Committee has a charter at its disposal properly explaining its role and responsibilities.

The Board retains the ultimate responsibility for defining the MIRIS' Risk Strategy and Risk Appetite by setting the overall levels of business risk that are acceptable and approving its Risk Strategy having regard to generally accepted principles of prudence as well as prevailing legal and regulatory requirements.

More information on the working of risk management can be found in the Risk Management Policy and internal Control Policy.

Emergency plans

MIRIS business continuity planning is intended to provide a documented framework to ensure the safety of employees and the resumption of operations and services in an extraordinary event. However, the plan is not intended as a substitute for normal operational procedures and standard decision-making processes.

The business continuity planning contains procedures for responding to an emergency situation which affects the ability to deliver core services to our Members or our ability to meet regulatory requirements. The business contingency plan therefore targets on following key activities:

- Facilitate timely recovery of core business functions;
- Protect the well-being of our employees and our Members;
- Minimize (non)-financial loss including data;
- Maintain image and reputation damage;
- Minimize critical decisions to be made.

A business continuity planning is not a one-time commitment but an on-going activity and therefore requires:

- The development and revision of policies and standards as the Association evolves;
- The research of processes and technologies to improve efficiency on resumption and recovery;
- The training of employees;
- The implementation of data backups and off-site storage.

4. Organizational structure, internal control, compliance function, integrity and IT infrastructure

Internal control

Identification and assessment of the risks

The permanent control system has to lean on an analysis and a measure of the risks, regularly updated, by every person in charge of business units (which are risk owners).

For the identification and description of risks, MIRIS has focused on key risks and on management related controls that mitigate those risks. MIRIS' key risks definitions are based on existing information such as different control reports and regularly self-assessments.
To lead to an efficient identification of those controls, interviews were conducted with every member of the Management. All this information has come together in a working document referred to as MIRIS' risk log.

The risk log identifies MIRIS' key risks. The management crosschecks the type of risk with existing control measures to see how they are currently mitigated. This exercise is performed at the end of each year and in preparation for the year to come.

In the risk log, MIRIS additionally estimates the potential loss given default of each risk category in case the risk should occur. In order to quantify each individual risk, MIRIS therefore combines two parameters which are the probability of occurrence and the (financial) loss impact. Furthermore, an evaluation is made on the effectiveness of the current controls so that the Association can target threats and plan actions were needed.

Each person in charge receives yearly a personal self-assessment form enumerating all risks falling under his authority. This form allows him to analyze and evaluate his control measures on risk and, if needed, plan action. Further, the person in charge declares that his self-assessment has been completed to his best ability before dating and signing off the document.

Finally, MIRIS emphasizes that risk awareness is a priority of every member of staff.

Policies and procedures

Policies and procedures are instruments of organization and control that contribute to the realization of the fixed objectives. They have to be in adequacy with the various identified, easily accessible risks and be the object of a communication and adequate trainings. They must be updated also regularly. The risk owners are responsible for the maintenance of processes and procedures.

Control plans

By "control" of course it is a question of supplying the assurance of the conformity of the operations and the processes with one or several standards or rules, as well as the good implementation of the procedures. In a wider meaning of a word, it indicates any measure taken by the management, the internal or external auditors or the other parties to manage the risks and increase the probability that the purposes and the fixed objectives will be reached. The risks so identified that we want to master give rise to the implementation of controls, automated or not, among which the intensity and the rhythm are proportioned at the level of incurred risk.

Reporting and recommendations

The reporting is the responsibility of the Risk management function.

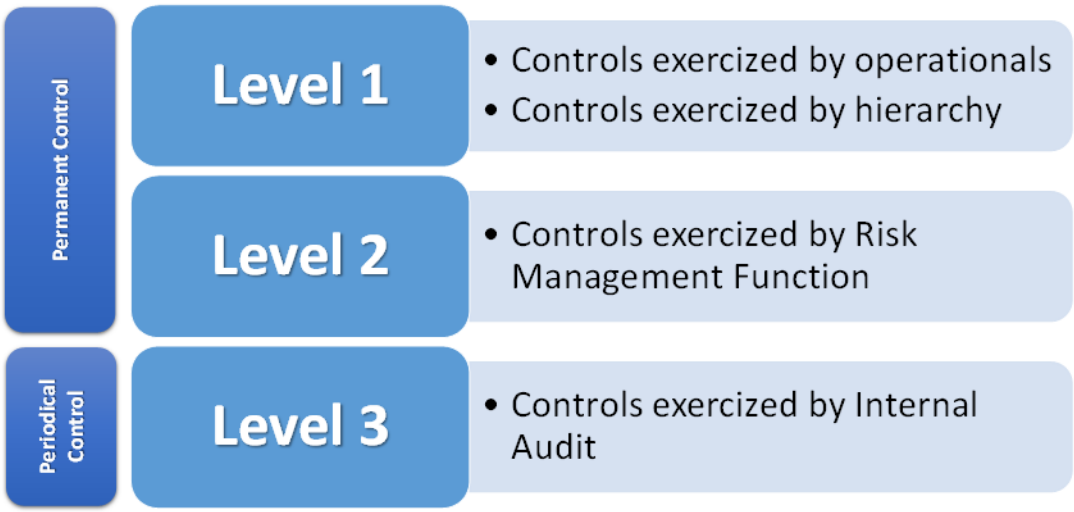
Further to a report on a situation of failure or inefficiency or an evolution of the permanent control, various participants can emit a recommendation (the Supervisor, the Statutory Auditor, the Internal Auditor) or introduce an action of correction / prevention. The impulse of actions of correction or prevention and their follow-up are the current responsibilities of the management. The level of formalization in the action plan possibly implemented and its follow-

up must be proportioned at the incurred risk, at the difficulty of implementation, at the desire at the risk of the Mutual.

Piloting, action, arbitration

Every person in charge examines regularly the business unit he is responsible for in order to enhance the control system, in particular the procedures, the controls or the monitoring systems of the risks. These decisions also include the organization and the affectation of means in resources (human or computing).

The piloting by the person in charge also has to take into account the contributions of the periodic control and those of the external audit and the Supervisor, of which in particular all the recommendations and the proposals concerning the permanent control system.



Compliance Function

The Compliance function is in MIRIS executed by the Compliance Officer. The Compliance Officer makes proposals as regards the integrity policy to be followed by the Association and submits them for approval to the Board of Directors. He/she acts as an adviser to the Executive Committee on the measures to be taken within the context of integrity policy and applicable law, to ensure the development of the entity's integrity code.

Responsibilities

The responsibility of the Compliance function is to proactively:

- Identify, assess and monitor the compliance risks faced by MIRIS: in particular, the most important mission of the Compliance Officer is to master the legislative and statutory environment and to watch his/her respect by MIRIS;
- Assist, support and advise management in fulfilling its compliance responsibilities;
- Advise any employee with respect to their (personal) compliance obligations thereby helping MIRIS to carry on business successfully and in conformity with external and internal standards.

The task of the Compliance Officer is not limited to analyzing the situation, identifying a solution and giving advice to management. The Compliance Officer must continue to pursue the matter until a satisfactory solution has been fully implemented. If necessary, the actions taken should include escalating the issue to a higher level.

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The Compliance function activities includes:

- Identification and prioritization of potential compliance risks leading to damage to MIRIS' reputation, legal or regulatory sanctions, or financial loss to safeguard the Mutual's reputation, the members of its legal organs of administration, the management, the employees, and in particular the rules of integrity and ethics. The function also includes assessing the possible impact of any changes in the legal environment on the operations of the insurance undertaking, and the identification and evaluation of risk of non-compliance;
- Development and implementation of risk mitigating measures, including clear standards, procedures and guidelines (Business Standards – see point 2) to prevent, mitigate or minimize (important) compliance risks and to detect, report and respond to compliance violations;
- Risk monitoring;
- Incidents management: reporting in the ad-hoc tool, initiate and drive appropriate action;
- Training and education of personnel where needed;
- Implementation of the Compliance policy and minimum standards;
- Leading the relationship with the supervisor in compliance related matters.

Material compliance incidents are periodically reported. They have to be immediately reported by the Compliance Officer to the Executive Committee if:

- Exceed actual loss amount >2.500.000€ for interest;
- Can lead/could have led to a (potential) loss of Euro >500.000€ for interest;
- Have senior management involvement;
- Have material adverse reputation damage;
- Are reported to and/or (potentially) leading to investigation by external authorities.

The incidents can fall in one of the following categories:

- Internal Crime and Fraud (e.g. internal fraud by employee);
- External Crime and Fraud (e.g. money laundering by client);
- Business Product Malpractice (e.g. misspelling/misleading a Member);
- Employment Malpractice (e.g. harassment by MIRIS' employee);
- Unauthorized activities (e.g. activities adverse to MIRIS' Business Standards);
- Control failure (e.g. incorrect or late filing of regulatory report).

Independence

The Compliance function is considered to be a key function and must be fit and proper. Therefore, the Compliance function is independent of operational functions within MIRIS and has the prerogatives and resources necessary for the proper performance of their duties. The remuneration of the Compliance function is set according to the objectives linked to this function, independent of the performance areas of controlled activities. To avoid potential conflicts of interests will report directly to the Executive Committee and the Board of Directors.

The compliance officer has the widest access right to the information. He/she benefits from the largest right of initiative.

The Compliance Officer can rely on a Charter in which is explained the responsibilities and duties of the Compliance function.

Reporting

A yearly compliance report is provided to the Board and Executive Committee in which key risks, major developments and issues and compliance incidents are brought to attention, including recommendations for follow-up.

If needed, the Executive Committee or Board gives new or complementary missions to the Compliance function.

The report is also disclosed to the Members on the Members meeting and to the Supervisor.

5. Internal Audit Function

Object

The Internal Audit function constitutes a function of independent evaluation within MIRIS charged to examine and to estimate the efficiency and the management of its activities. The objectives of the Internal Audit function are to assist the Management of the Association and the Board in the effective fulfillment of their responsibilities by supplying analyses, evaluations, recommendations, advices and information about the examined activities and by promoting an effective control to a reasonable cost.

The Internal Audit function is controlled by the Board and its responsibilities are defined by the Audit Committee of the Board, as being part of the control function.

Professional standards

The staff of the Internal Audit, either the internal staff, or the staff of an outside consultant, will conform to the "Code of ethics" of the Institute of the Internal Audit. The "Standards for the Professional practice of the Internal Audit" and the "Definition of the Responsibilities" will constitute the procedures of functioning of the department.

Furthermore, the Internal Audit will conform to guidelines and to procedures of MIRIS as well as to the "Internal Audit charter".

The Internal Audit function is considered to be a key function and has to be fit and proper. Therefore, the Internal Audit function is independent of operational functions within MIRIS and has the prerogatives and resources necessary for the proper performance of their duties.
The remuneration of the Internal Audit function is set according to the objectives linked to this function, independent of the performance areas of controlled activities.

Powers

Powers are granted to the Internal Audit function to guarantee a total, free and unlimited access to files, to material properties and to staff concerned by any examined function. All the employees are asked to give assistance to the Internal Audit function in the execution of its function. The Internal Audit function will also have a free and unlimited access to the Chairman of the Board and to the Audit Committee. Documents and information given to the Internal Audit function during a periodic examination are treated in the same careful way that by the employees who are normally responsible for it.

Organization

Within MIRIS, the function of Internal Auditor has been outsourced. However, there is sufficient experience within the Board to challenge the findings of the Internal Auditor. The Internal Auditor is nominated by the Board for a period of 3 years, unless otherwise decided by the Board. To insure his/her independence, the Internal Auditor reports administratively to the Managing Director and to the Audit Committee as representative of the Board. Periodical monitoring by the management is implemented in order to verify if the Internal Audit and internal control processes are still functioning correctly.

Independence

No element within MIRIS can influence the activities of Internal Audit, included the business within the framework of the audit, the procedures, the frequency, the timing or the contents of the reporting to guarantee an independent attitude and free objective reports.
The Internal Auditor will not assume either operational responsibilities or powers in connection with the activities which they examine. Besides, they are not authorized to develop or to promote systems or procedures, to prepare files or to make a commitment in any activity normally subject to an audit.

MIRIS enables the person responsible for the Internal Audit to exercise his function in an objective and independent manner and this at every level of the Mutual. Periodical monitoring by the management is implemented in order to verify if the internal audit and internal control is still functioning correctly.

Audit field

The scope of work of the Internal Auditor is to determine whether MIRIS' network of risk management, internal control and governance processes, as designed and represented by management, is adequate and sufficient. The responsibilities of the Internal Auditor are further explained in the Internal Audit Charter.

The key role of the Internal Auditor is to assist the Board and the Audit Committee in discharging its governance responsibilities by delivering:

- An objective evaluation of the existing risk and internal control framework;
- Systematic analysis of business processes and controls;
- A source of information on irregularities and unacceptable levels of risk;
- Reviews of the compliance framework and specific compliance issues;
- Evaluations of operational and financial performance.
- Recommendations for more effective and efficient use of resources.
- Feedback on the values and ethics of the association.

Audit planning

The Internal Auditor starts at the end of year -1 by informing the Audit Committee of the issues and objectives he will focus on for the coming year.

Internal audits take place at the various divisions of the Mutual at regular times but at least twice a year.

Reporting

The audits are executed by an external person who will write down his observations in a report for the Audit Committee. This report, if necessary with comments from the Audit Committee, is finally presented to the Board. Yearly the Executive Committee reports to the Board on Internal Audit. The report is also disclosed to the Supervisor.
The person in charge of the Internal Audit can include in the audit report the reactions and the taken corrective actions or to take taking into account the conclusions and the recommendations. The remarks of the Management should include a schedule of completion of the actions to be taken and an explanation for any retained recommendation.

In case the internal audit report contains any remark, the management of the audited department will react, in writing, prior to next session of the Internal Auditor. The Internal Auditor will be responsible for the appropriate follow-up of the conclusions and the recommendations inherent to the Audit.

6. Actuarial Function

The first line of the actuarial function is the actuary. The actuary works in close collaboration with the internal actuarial function. The internal actuarial function is the second line of the actuarial function, in charge of the control on the calculations made by the actuary and to give a level of comfort to the Board of Directors on actuarial processes.

In accordance with Article 48 (2) of the Solvency II Framework Directive, the internal actuarial function is carried out by a person who has knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business and who is able to demonstrate their relevant experience with applicable professional and other standards.

The internal actuarial function is considered to be a key function and must be fit and proper. Therefore, the internal actuarial function is independent of operational functions within MIRIS and has the prerogatives and resources necessary for the proper performance of their duties. The remuneration of the internal actuarial function is set according to the objectives linked to this function, independent of the performance areas of controlled activities.

According to article 48 of the Directive Solvency 2 and based on the work of the actuary, the internal actuarial function has the following responsibilities:

Coordination of the technical provisions calculation

Control of the methodologies and hypotheses used for the calculation of the Best Estimates

The internal actuarial function has to reveal any incoherence compared with the requirements defined to articles 76 - 85 of the Solvency 2 directive for the calculation of the technical reserves and proposes, if necessary, corrections.

Control and explanation of the evolution of the Best Estimates

According to the article 48 of the Solvency 2 directive, the internal actuarial function has to explain, between two calculation dates, any importing effects on the technical amount of reserves due to the change of data, methodologies or hypotheses, if these technical reserves are already calculated on basis of the Solvency 2 directive.

Control the data quality

The internal actuarial function estimates the coherence of the internal and external data used in the calculation of the technical reserves compared with the quality standards of the data defined in the Solvency 2 directive.

If necessary, the internal actuarial function should supply recommendations as for the internal procedures to improve the quality of the data to guarantee that the Mutual is capable of meeting the requirement of the Directive.

The internal actuarial function has to express its opinion on the Underwriting policy and on the Reinsurance policy of the Mutual.

When it expresses an opinion on these policies, it has to consider the links between these and the technical reserves. Actuarial report

The internal actuarial function shall analyze the report of the actuary, express an opinion and make recommendations to the Board of Directors and Executive Committee. These recommendations will be expressed in a final actuarial report to the attention of the Board of Directors and Executive Committee.

Particular responsibilities

The internal actuarial function shall guarantee the compliance of the management process for the actuary with the outsourcing policy.

The internal actuarial function shall contribute to a fluent relationship with Statutory Auditor, actuary and Supervisor.

Key functions

The Compliance Officer works in parallel with the internal auditor, risk manager and the appointed actuary who communicate them his/her notices on the contractual, statutory and regulatory measures.

Capabilities

The Compliance function is a key function and is submitted to the Fit & Proper policy. In case of replacement of the Compliance function, MIRIS will inform the supervisor, motivate her decision and wait for confirmation before appointing his/her successor.

7. Outsourcing

Policy

MIRIS updates and discloses an outsourcing policy to the NBB. The respect for this policy is compulsory every time a subcontracted activity can have a noteworthy influence on the functioning of MIRIS. The activity, the service or the process are assessed by:

- Strategic impact: The concerned activity is inherent to the status of MIRIS;
- Significant impact on the control of the risks: the realization of the tasks linked to the concerned activity implies significant risks and/or affects directly the control of the risks;
- Significant impact on the budget or the financial results: the realization of the tasks linked to the concerned activity represents a significant cost and/or products a significant financial result.

For critical or essential functions or activities, MIRIS takes into account the different stages of the outsourcing cycle:

- Pre-contractual stage (monitoring conditions, due diligence of the service provider and performance of a risk assessment);
- Contractual stage (content of the outsourcing agreement);
- Post-contractual stage (outsourcing monitoring system and exit strategy).

MIRIS also respects the recommendations of the NBB (Circular NBB_2020_18 on cloud outsourcing) to avoid undue operational risks in outsourcing activities to cloud service providers. Contracts with suppliers of cloud services were reviewed and renewed in respect of these recommendations.

In accordance with the Solvency II Law, when outsourcing a critical or important function or activity, MIRIS notifies the NBB of its intention to do so and inform the NBB of any major developments relating to the function.

More information as well as the inventory can be found in the Outsourcing Policy of MIRIS.

Staffing of supervision

The subcontracting reduces in no way the responsibility of the Executive Committee and the Board of MIRIS whether regarding the Members, Supervisory Authorities or other shareholders MIRIS has to keep ultimate responsibility of its activity.

For any subcontracted essential activity, the Executive Committee of MIRIS will appoint in house a person in charge of the subcontracted function to whom it will delegate the correct application of the present policy. This person will be in charge of defining the contents of the subcontracting, the necessary internal resources, the interfaces between the parties, the controlling of the subcontracting, the establishment of the assessment of the subcontracted function (economic profits vs risks) and the reporting to the Executive Committee. The subcontracted organization of the outsourced function will have to allow a permanent control of the provider. The subcontracted organization will have the obligation to raise any operational incident having an impact on the subcontracted activities, as well as in emergency situation. The process of subcontracting is resumed in the plan below. Each of the stages of the process is explained in the outsourcing policy.

The outsourcing cannot harm the laws and the regulations to which MIRIS is submitted. Compliance has to verify that the respect for these laws and regulations which come within his/her skills are the object of a preliminary examination, a sufficient guarantee on behalf of the service provider and an appropriate follow-up.

B. RISK PROFILE

The risk log gathers all the risks to which MIRIS is exposed, their level of potential impact and their level of probability. The combination of the levels of impact and probability provides a level of risk. Each risk is associated to a main management mean, some mitigation controls and the potential consequences are listed.
Some risks are quantified within the SCR. Every risk module/submodule is represented by its contribution to the Basic Solvency Capital Requirement (BSCR). The BSCR corresponds to the aggregation of the risk modules. The SCR is obtained by the sum of the BSCR, the Adjustment module (ADJ) and the operational risk (OP).

Category	31/12/2023	31/12/2024
SCR	29.492.214	32.207.185
Eligible capital	68.121.126	73.768.552
Surplus	38.628.913	41.561.367
SCR coverage ratio	230%	229%
SCR details		
Market Risk	10%	8%
Default Risk	10%	2%
Non-Life Risk	90%	96%
Correlation effect	-9%	-5%
Total SCR	29.492.214	32.223.482
Market Risk		
Rate Risk	0%	4%
Equity Risk	0%	14%
Property Risk	0%	0%
Spread Risk	1%	59%
Currency Risk	0%	35%
Concentration Risk	10%	51%
Correlation effect	-2%	-63%
Total Market Risk	30.402.406	2.441.218
Non Life Risk		
Premium Reserve	12%	9%
CAT	96%	97%
Correlation effect	-8%	-6%
Total Non-Life Risk	26.396.208	30.928.403

Some other risks are not directly quantified in the SCR:

- Membership risk: acceptance, activation and ending;
- Retrocession risk: currency, default;
- Claim risk: receiving, handling;
- Market risk: off balance sheet, liquidity, asset and liability management;
- Operational risk: corporate governance, outsourcing, IT (partially quantified under the SCR);
- Compliance risk;
- Reporting risk;
- Reputational risk;
- External fraud risk;
- Internal fraud risk.

1. Underwriting risk

MIRIS underwriting risk consists of the non-life underwriting risk, being the risk arising from non-life insurance obligations in relation to the perils covered and the processes used in the conduct of business. This can be detailed by the following sub-risks:

- The premium risk represents the risk that the earned premiums are lower than the cost of claims;
- The reserve risk represents the risk of underestimation (or overestimation), given the random nature of the claims;
- The catastrophe risk is the risk of extreme claims which have a higher impact than the attritional.

The underwriting risk represents the highest risk (quantified by the SCR) for MIRIS and more precisely the catastrophe risk since the business model of MIRIS is partially based on low frequency high severity claims.

2. The tree below provides the contribution of every risk submodule in percentage of the total non-life underwriting riskMarket risk

Market risk is the risk of loss or adverse change in the financial position due to fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This risk may be caused by fluctuations in foreign exchange rates, interest rates or equity, market liquidity, property and securities values.

As shown on the global SCR tree above, the market represents the second highest risk (quantified by the SCR). It is a significant but carefully managed risk as the investment policy sets precise limits for the riskiest asset classes.
The tree below provides the contribution of every risk submodule in percentage of the total market risk:

Investments / "Prudent person" principle: policy and implementation process

MIRIS investments are based on the following principles:

- Investments shall be made in the sole interest of MIRIS and its key stakeholders;
- Investments shall be made with care, diligence and prudence;
- Investments shall be carefully diversified as to minimize the risk of large and unexpected losses;
- MIRIS may engage different investment managers with varying investment philosophies and strategies in order to attain its business objectives;
- Appointed investment managers shall adhere to MIRIS investment strategy for which they were engaged and shall make reasonable efforts to preserve capital while understanding that losses do occur at individual securities;
- Appointed investment managers shall make reasonable efforts to manage and control risks and maintain risk taking within the guidelines and proportionate to the expected returns;
- Cash must be deployed productively at all times by investing in short-term cash equivalents while maintaining the desired liquidity level.

The monitoring and control of the investment process is done on the basis of the three lines of defense. The first line of defense is the Asset Manager of MIRIS (or external investment manager). The second line of defense is the FIAC and the third line is the Board of Directors.

3. Credit risk

Credit risk is the risk that a counterparty is unable to fully pay amounts when due.
This risk is moderate for MIRIS, as according to the investment policy bank ratings shall be higher than credit quality step (CQS) 2. Regarding retrocessions, the Underwriting Committee together with the Management Committee have the responsibility to set out the minimum credit rating of the counterparties.
A part of the credit risk is quantified by the SCR and mainly constituted by the bank default risk related to the cash held and the remaining part derives from some retrocessions.

4. Liquidity risk

Liquidity risk is the risk of a loss or inability to realize investments and other assets in order to settle financial obligations when they fall due. This risk is very limited for MIRIS as no investment in real estate or other illiquid assets is permitted.

5. Operational risk

Operational risk, including compliance risk, refers to the risk of loss arising from inadequate or failed internal processes, people, systems or from external events. This risk encompasses all functions rendered during conducting business, including strategy and business planning, underwriting, reinsurance purchasing, reserving, claims management, accounting, investments, treasury, information technology, legal and regulatory, and financial reporting functions. Most of them are not correlated with each other. The quantified part of the operational risk is calculated in the SCR taking into account the volumes of earned premiums and technical provisions.

6. Other material risks

MIRIS is subject to some other risks qualified from low to moderate such as the Financial reporting risk, the reputational risk, the external of internal fraud risk, the strategic risk and emerging risks.
Strategic risk is the risk of the current or prospective impact on earnings or capital arising from adverse business decisions, improper execution of decisions made, or lack of responsiveness to industry changes. Strategic Risk includes risks relating to accessing / raising capital, capital allocation, competition and maintaining ratings. Reputational risk is the risk of potential loss through a deterioration of MIRIS reputation or standing due to a negative perception of its image among members, counterparties, shareholders or supervisory authorities. Emerging risks refer to risks that do not currently exist or are not currently recognised but have the potential to materially impact the adequacy of MIRIS financial and operational resources, the volatility of its results and expected financial income or its ability to meet its commercial, legal and regulatory obligations following changes in the environment.

7. Any other information

There is no other material risk information to be reported.

C. VALUATION FOR SOLVENCY PURPOSES

1. Assets

The valuation of the assets is compliant with the Delegated Acts 2015/35 supplementing the directive 2009/138/EC “Solvency II”.
The differences between Solvency II valuation and Belgian GAAP come from the investments in market value (Solvency II) instead of their book value (BE GAAP).

Assets (k€)			
31.12.2024	BE GAAP	Solvency II	Difference
Investments	**79.830**	**81.719**	**1.889**
- Parts in investments funds	79.830	81.719	1.889
- Bonds and other fixed interests	0	0	0
- Term deposits	0	0	0
Debtors	**672**	**672**	**0**
- Debtors arising out of insurance operations	814	814	0
- Other debtors	-142	-142	0
Other assets	**1.938**	**1.938**	**0**
- Tangible assets	48	48	0
- Liquidities	1.890	1.890	0
Prepayments and accrued interests	**7**	**7**	**0**
- Interests and rent & other transitory accounts	7	7	0
Total	**82.447**	**84.336**	**1.889**

2. Technical provisions

The solvency II technical provisions are composed of a Best Estimate and a risk margin.
The Best Estimate is calculated as the probability-weighted average of discounted future cash flows using the relevant risk-free interest rate curve published by the EIOPA.

The risk margin corresponds to the amount that should be paid to transfer the portfolio to another company in order to support the current reinsurance obligations under a run-off scenario.

Technical provisions (k€)			
31.12.2024	BE Gaap	Solvency II	Difference
Premium provisions			
- Gross	6.179	1.265	-4.914
- Reinsurance share	0	0	0
Net	6.179	1.265	-4.914
Claims provisions			
- Gross	0	4.608	4.608
- Reinsurance share	0	0	0
Net	0	4.608	4.608
Total provision - Gross	6.179	5.873	-306
Total provision - Net	6.179	5.873	-306
Equalization provision	12.696	0	-12.696
Risk margin	0	2.096	2.096

The same figures are detailed per line of business in the following tables:

LoB - Fire and other damage (k€)			
31.12.2024	BE Gaap	Solvency II	Difference
Premium provisions			
- Gross	4.325	886	-3.440
- Reinsurance share	0	0	0
Net	4.325	886	-3.440
Claims provisions			
- Gross	0	3.225	3.225
- Reinsurance share	0	0	0
Net	0	3.225	3.225
Total provision - Gross	4.325	4.111	-214
Total provision - Net	4.325	4.111	-214
Risk margin	0	1.468	1.468

LoB - General liability (k€)			
31.12.2024	BE Gaap	Solvency II	Difference
Premium provisions			
- Gross	1.854	380	-1.474
- Reinsurance share	0	0	0
Net	1.854	380	-1.474
Claims provisions			
- Gross	0	1.382	1.382
- Reinsurance share	0	0	0
Net	0	1.382	1.382
Total provision - Gross	1.854	1.762	-92
Total provision - Net	1.854	1.762	-92
Risk margin	0	629	629

No material change on the basis of measurement is to be mentioned.
Regarding specific and transitional measures including matching adjustment, volatility adjustment, transitional risk-free interest rate-term structure (Article 308c), transitional deduction (Article 308d), none of them are used in the calculations.

3. Other liabilities

It is important to mention the difference deriving from the deferred tax liability which is a result of the future potential profit arising from the differences between the BE Gaap balance sheet and the Solvency II balance sheet.

4. Alternative methods for evaluation

No alternative method for valuation has been used.

5. Any other information

There is no other material valuation information to be reported.

D. CAPITAL MANAGEMENT

1. Own funds

The business development is continuously adapted to the quantity of own funds in order to respect the acceptable ranges defined by the risk appetite.
MIRIS currently does not have capital items other than unrestricted Tier 1 Own Funds. The major difference between the capital in the BEGAAP financial statements and the Eligible Own Funds as calculated for Solvency II purposes, arises mainly from the revaluation of the equalisation reserve towards total basic own funds and from the consideration of the investments in market value.

Own Funds (k€)	
	31.12.2024
Capital	60.974
Reconciliation reserve	12.795
Total eligible own funds - Tier 1	73.769

Those own funds are eligible to cover both the SCR and the MCR.
No material change is to be mentioned compared to the last reporting.
No own fund item is subject to transitional measures.
No ancillary own funds are to be mentioned.

2. Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The SCR is calculated following the Standard Formula.

SCR - MCR and coverage ratio			
31.12.2024 - k€	**Amount**	**Eligible Own Funds**	**Coverage ratio**
SCR	**32.207**	**73.769**	**229%**
MCR	**8.052**	**73.769**	**916%**

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

This methodology is currently not used by MIRIS, therefore this paragraph is not applicable.

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

No internal model is used by MIRIS, therefore this paragraph is not applicable.

5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

On the reference period, the Eligible Own funds of MIRIS have remained above both the Minimum Capital Requirement and the Solvency Capital Requirement.

6. Any other information

There is no other capital management information to be reported.

E. STATUS OF THE SFCR AND DATE

A mutual is always evolving. To avoid continuous and minor adaptations to the SFCR, the Management Committee yearly evaluates and updates the SFCR where necessary. A minimal improved version is too insignificant to be presented to the Board of Directors. However, major modifications that have a structural impact on the organization should be approved by the Board of Directors. Their consent will be expressed by the signature of the Managing Director.

Latest review date	04-04-2025
Latest assessment by Management Committee	28-03-2025
Brought to the Board of Director	04-04-2025

Approved and duly signed at 08/04/2024 by,

Charles de la Horie
Managing Director

ANNEX

Quantitative Reporting Templates (QRT)

- S.02.01.02 - Balance sheet;
- S.05.01.02 - Premium, claims and expenses by line of business;
- S.17.01.02 - Non-Life technical provisions;
- S.19.01.21 - Non-Life insurance claims;
- 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.

All amounts are expressed in thousands of euros.

S.02.01.02 – Balance sheet

					Solvency II value
					C0010
Assets	Goodwill			R0010	
	Deferred acquisition costs			R0020	
	Intangible assets			R0030	
	Deferred tax assets			R0040	
	Pension benefit surplus			R0050	
	Property, plant & equipment held for own use			R0060	48
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	81.719
		Property (other than for own use)		R0080	0
		Holdings in related undertakings, including participations		R0090	0
		Equities		R0100	0
			Equities - listed	R0110	0
			Equities - unlisted	R0120	0
		Bonds		R0130	0
			Government Bonds	R0140	0
			Corporate Bonds	R0150	0
			Structured notes	R0160	0
			Collateralised securities	R0170	0
		Collective Investments Undertakings		R0180	81.719
		Derivatives		R0190	0
		Deposits other than cash equivalents		R0200	0
		Other investments		R0210	0
	Assets held for index-linked and unit-linked contracts			R0220	0
	Loans and mortgages			R0230	0
		Loans on policies		R0240	0
		Loans and mortgages to individuals		R0250	0

		Other loans and mortgages		R0260	0
	Reinsurance recoverables from:			R0270	0
		Non-life and health similar to non-life		R0280	0
			Non-life excluding health	R0290	0
			Health similar to non-life	R0300	0
		Life and health similar to life, excluding health and index-linked and unit-linked		R0310	0
			Health similar to life	R0320	0
			Life excluding health and index-linked and unit-linked	R0330	0
		Life index-linked and unit-linked		R0340	0
	Deposits to cedants			R0350	0
	Insurance and intermediaries receivables			R0360	672
	Reinsurance receivables			R0370	0
	Receivables (trade, not insurance)			R0380	0
	Own shares (held directly)			R0390	
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	
	Cash and cash equivalents			R0410	1.890
	Any other assets, not elsewhere shown			R0420	7
	Total assets			R0500	84.337
Liabilities	Technical provisions - non-life			R0510	7.969
		Technical provisions - non-life (excluding health)		R0520	7.969
			Technical provisions calculated as a whole	R0530	0
			Best Estimate	R0540	5.873
			Risk margin	R0550	2.096
		Technical provisions - health (similar to non-life)		R0560	0
			Technical provisions calculated as a whole	R0570	0
			Best Estimate	R0580	0
			Risk margin	R0590	0

	Technical provisions - life (excluding index-linked and unit-linked)			R0600	0
		Technical provisions - health (similar to life)		R0610	0
			Technical provisions calculated as a whole	R0620	0
			Best Estimate	R0630	0
			Risk margin	R0640	0
		Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	0
			Technical provisions calculated as a whole	R0660	0
			Best Estimate	R0670	0
			Risk margin	R0680	0
	Technical provisions - index-linked and unit-linked			R0690	0
		Technical provisions calculated as a whole		R0700	0
		Best Estimate		R0710	0
		Risk margin		R0720	0
	Other technical provisions			R0730	
	Contingent liabilities			R0740	
	Provisions other than technical provisions			R0750	
	Pension benefit obligations			R0760	
	Deposits from reinsurers			R0770	
	Deferred tax liabilities			R0780	
	Derivatives			R0790	0
	Debts owed to credit institutions			R0800	0
		Debts owed to credit institutions resident domestically		ER0801	
		Debts owed to credit institutions resident in the euro area other than domestic		ER0802	
		Debts owed to credit institutions resident in rest of the world		ER0803	
	Financial liabilities other than debts owed to credit institutions			R0810	0
		Debts owed to non-credit institutions		ER0811	0
			Debts owed to non-credit institutions resident domestically	ER0812	

			Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	
			Debts owed to non-credit institutions resident in rest of the world	ER0814	
		Other financial liabilities (debt securities issued)		ER0815	
	Insurance & intermediaries payables			R0820	
	Reinsurance payables			R0830	0
	Payables (trade, not insurance)			R0840	2.509
	Any other liabilities, not elsewhere shown			R0880	89
	Total liabilities			R0900	10.568
Excess of assets over liabilities				R1000	73.769

S.05.01.02 – Premium, claims and expenses by line of business

			Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
			Fire and other damage to property insurance	General liability insurance	
			C0070	C0080	C0200
Premiums written	Gross - Direct Business	R0110	7.407	3.174	10.582
	Gross - Proportional reinsurance accepted	R0120			
	Gross - Non-proportional reinsurance accepted	R0130			
	Reinsurers' share	R0140			
	Net	R0200	7.407	3.174	10.582
Premiums earned	Gross - Direct Business	R0210	7.149	3.064	10.213
	Gross - Proportional reinsurance accepted	R0220			
	Gross - Non-proportional reinsurance accepted	R0230			
	Reinsurers' share	R0240			
	Net	R0300	7.149	3.064	10.213
Claims incurred	Gross - Direct Business	R0310	1.011	433	1.445
	Gross - Proportional reinsurance accepted	R0320			
	Gross - Non-proportional reinsurance accepted	R0330			
	Reinsurers' share	R0340			
	Net	R0400	1.011	433	1.445
Expenses incurred		R0550	1.754	752	2.506
Balance - other technical expenses/income		R1210			
Total technical expenses		R1300			2.506

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S.17.01.02 – Non-life technical provisions

					Direct business and accepted proportional reinsurance		Total Non-Life obligation
					Fire and other damage to property insurance	General liability insurance	
					C0080	C0090	C0180
Technical provisions calculated as a whole				R0010			
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				R0050			
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross	R0060	886	380	1.265
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140			
			Net Best Estimate of Premium Provisions	R0150	886	380	1.265
		Claims provisions	Gross	R0160	1.382	3.225	4.608
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240			
			Net Best Estimate of Claims Provisions	R0250	1.382	3.225	4.608
	Total Best estimate - gross			R0260	2.268	3.605	5.873
	Total Best estimate - net			R0270	2.268	3.605	5.873
	Risk margin			R0280	1.468	629	2.096
Technical provisions - total	Technical provisions - total			R0320	3.735	4.234	7.969
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to			R0330			
	Technical provisions minus recoverables from			R0340	3.735	4.234	7.969

S.19.01.21 – Non-Life insurance claims
Total Non-life business
Gross undiscounted Best Estimate Claims Provisions

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0150											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200											
N-4	R0210											
N-3	R0220											
N-2	R0230											
N-1	R0240											
N	R0250	4.904										

		Year end (discounted data)
		C0360
Prior	R0150	
N-9	R0160	
N-8	R0170	
N-7	R0180	
N-6	R0190	
N-5	R0200	
N-4	R0210	
N-3	R0220	
N-2	R0230	
N-1	R0240	
N	R0250	4.608
Total	R0260	4.608

S.23.01.01 – Own funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	0				
	Share premium account related to ordinary share capital	R0030	0				
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	60.974	60.974			
	Subordinated mutual member accounts	R0050	0				
	Surplus funds	R0070	0				
	Preference shares	R0090	0				
	Share premium account related to preference shares	R0110	0				
	Reconciliation reserve	R0130	12.795	12.795			
	Subordinated liabilities	R0140	0				
	An amount equal to the value of net deferred tax assets	R0160	0				
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
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	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	R0220					
Deductions	Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions		R0290	73.769	73.769	0	0	0
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	0				

	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
	Unpaid and uncalled preference shares callable on demand	R0320	0				
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
	Other ancillary own funds	R0390	0				
Total ancillary own funds		R0400	0			0	0
Available and eligible own funds	Total available own funds to meet the SCR	R0500	73.769	73.769	0	0	0
	Total available own funds to meet the MCR	R0510	73.769	73.769	0	0	
	Total eligible own funds to meet the SCR	R0540	73.769	73.769	0	0	0
	Total eligible own funds to meet the MCR	R0550	73.769	73.769	0	0	
SCR		R0580	32.207				
MCR		R0600	8.052				
Ratio of Eligible own funds to SCR		R0620	229%				
Ratio of Eligible own funds to MCR		R0640	916%				

			Value
			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	73.769
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	60.974
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
		R0760	12.795
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)		R0790	0

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S.25.01.21 – Solvency Capital Requirement – for undertakings on standard formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	2.441		
Counterparty default risk	R0020	554		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	30.917		
Diversification	R0060	-2.012		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	31.901		

Article 112	No

			Value
			C0100
Operational risk		R0130	306
Loss-absorbing capacity of technical provisions		R0140	0
Loss-absorbing capacity of deferred taxes		R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	0
Solvency Capital Requirement excluding capital add-on		R0200	32.207
Capital add-ons already set		R0210	0
	of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
	of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
	of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
	of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
Solvency capital requirement		R0220	32.207
Other information on SCR	Capital requirement for duration-based equity risk sub-module	R0400	0
	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	

	Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
	Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.21 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

		MCR components
		C0010
MCRNL Result	R0010	1.539

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Fire and other damage to property insurance and proportional reinsurance	R0080	4.111	7.407
General liability insurance and proportional reinsurance	R0090	1.762	3.174

		Value
		C0070
Linear MCR	R0300	1.539
SCR	R0310	32.207
MCR cap	R0320	14.493
MCR floor	R0330	8.052
Combined MCR	R0340	8.052
Absolute floor of the MCR	R0350	4.000
Minimum Capital Requirement	R0400	8.052