FIL Life Insurance (Ireland) DAC

Solvency and Financial Condition Report

As at
31 December 2020

Fidelity
INTERNATIONAL

Contents

Introduction

About this Document

This Solvency and Financial Condition Report (SFCR) is intended to provide essential information about the solvency and financial position of FIL Life Insurance (Ireland) DAC (referred to hereafter as "FIL Life Ireland" or "the Company") as at 31 December 2020. The report is produced annually and made publicly available on the Fidelity International website:

https://retirement.fidelity.co.uk/international/

The report has been reviewed and approved by the Directors of the Company prior to publication on 31 March 2021.

Regulatory Context

The requirement for an annual SFCR arises under Solvency II regulation. The Solvency II framework came into effect on 1 January 2016 and established a new set of capital requirements, risk management and disclosure standards across the European Union (EU). The Company is subject to this regime which aims to reduce the likelihood of an insurer failing and seeks to provide policyholders with increased protection.

The Solvency II Directive was transposed into Irish Law as the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015). This SFCR is made in accordance with Article 52 of the Statutory Instrument 485 of 2015, Articles 290 to 303 of the Commission delegated Regulation (EU) 2015/35. It also takes into account the European Insurance and Occupational Pensions Authority's (EIOPA) Guidelines on reporting and public disclosure and its Supervisory Statement on Solvency and Financial Condition Report.

Report Structure and Content

The structure and content of this report is prescribed by the Solvency II Regulations.

Section A provides details on the Company's business and performance, including details of current year performance.

Section B provides a description of the governance structure, policies and procedures.

Section C provides an overview of the material risks to which FIL Life Ireland is exposed and how these are monitored and managed.

Section D provides information on the valuation of FIL Life Ireland 's assets and liabilities under the Solvency II Regulations.

Section E provides details on the capital management of FIL Life Ireland under the Solvency II Regulations, including details of the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR).

Appendix 1 provides the Independent Auditors' Report.

Appendix 2 provides the Quantitative Reporting Templates (QRTs) at 31 December 2020.

Appendix 3 provides a glossary of terms and abbreviations.

Basis of Preparation

FIL Life Ireland does not use an internal model and therefore, internal model comparisons are not applicable.

FIL Life Ireland does not use the volatility adjustment, matching adjustment or transitional measures.

FIL Life Ireland has not received, nor applied for, any waiver not to disclose any information as required by the regulations.

Rounding has been applied throughout the SFCR by using the Excel ROUND function to round to thousands.

Summary

Business and Performance

FIL Life Ireland is a regulated life insurance provider based in Ireland and authorised by the Central Bank of Ireland (CBI).

FIL Life Ireland is part of the international FIL Limited group of companies, referred to hereafter as the “FIL Group”. FIL Ltd (Bermuda) and MNLC Holdings Limited (Bermuda) as parents, each hold 50% of the voting share capital.

The Company provides unit-linked insurance in the form of an International Pension Plan (IPP). The IPP is aimed at global employees who, for logistical or commercial reasons, do not have access to a locally approved retirement plan. Regular premiums are paid into FIL Life Ireland’s product which is designed for multi-national companies, who wish to offer their global employees an opportunity to save for their retirement. Investments are made into life funds, which invest in underlying funds managed by the wider FIL Group and other selected fund managers and insurers.

FIL Pensions Management (FPM), another FIL Group company, provides administration services to FIL Life Ireland.

FIL Life Ireland’s business does not involve the acceptance of material insurance risk and therefore, underwriting performance information is not available.

Investment performance has no material direct impact on the Company, except for a small amount of seed capital placed into funds. Investment risks on underlying holdings are borne by policyholders. Investment performance only impacts the Company indirectly through management charges on Assets under Administration (AUA). These charges paid to FIL Life Ireland are based on a percentage of the AUA.

The time horizon for business planning is 5 years. The Company’s strategy is to continue to grow the business through organic growth and the acquisition of new clients.

The Company has plans in place to address the exit of the United Kingdom (UK) from the EU and does not expect this to have a significant impact on FIL Life Ireland’s current or future business plans.

Summary Table 1: Year End Results

Year End Results	6 month period to 31 Dec 2020*	12 month period to 30 Jun 2020
Profit after Taxation	€168k	€279k
Shares in Issue	€8.7m	€8.7m
Dividend	Nil	Nil
Assets under Administration	€1,105	€1,000m
Total Schemes	51	50
New Schemes	2	4
Total Members	16,214	15,753
Fee Income	€3,246k	€5,607k
Income from FFML	€1.6m	€2.1m
Administrative Expenses	€2.63m	€4.43m

***** *Following the year end to 30 June 2020, the Company changed its financial year end to 31 December 2020.*

Other than those items noted under A.1.7, there are no significant matters with a material impact on the solvency and financial condition of the Company.

Further details on the business and performance of FIL Life Ireland can be found in Section A.

System of Governance

The FIL Life Ireland Board of Directors (the “Board”) has ultimate responsibility for the Company’s strategy and business activities. It is supported by management groups and committees to run the business day-to-day and oversee performance.

The Board is responsible for ensuring that an effective governance structure, risk management and general control environment are in place for FIL Life Ireland. It is supported by key control functions such as Risk, Compliance, Internal Audit and the Actuarial function. Matters relating to Audit are overseen by a dedicated Audit Committee.

The Company has a Fit and Proper Policy in place to ensure all senior managers, non-executive directors and key function holders have the necessary authority, resources and operational independence to carry out their tasks.

FIL Life Ireland's risk management system encompasses key elements including the Risk Appetite Statement, Risk Taxonomy, Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), Risk Reporting and the Own Risk and Solvency Assessment (ORSA), which is integrated into the Company's structure and decision-making.

The Company uses a "three lines of defence" internal control system which is designed to support the risk management framework.

The Chief Risk Officer is responsible for the performance of the ORSA process. The Board takes an active role in its production, in line with the Company's ORSA Policy and process. ORSA results are used by the Board to inform strategic decisions. The Company undertakes a full ORSA at least annually and reports on its findings within six months of its accounting year end of 30 June.

FIL Life Ireland's system of governance is supported by an Outsourcing and Supplier Management Policy. The policy outlines the delegation and outsourcing arrangements within the Company. The Company outsources the Actuarial function to Milliman Ireland, and operational activities to other companies within the FIL Group, pre-dominantly to FPM which is regulated by the Financial Conduct Authority (FCA) in the United Kingdom. Details of these arrangements are provided in B.7.

There have been no material changes to the system of governance during the reporting period.

Further details on the system of governance of the Company can be found in Section B.

Risk Profile

FIL Life Ireland adopts a low risk strategy. Where a medium or high risk exists, the Company will seek to reduce this risk. The Company has a robust process for identifying and managing its risks. Risks are managed and monitored to a risk appetite defined in the Risk Appetite Statement as approved by the Board on an annual basis.

The Company has identified its material risks, which largely relate to counterparty exposures and risks to its clients and its reputation from FPM's service provision. There has been no material change to the risk profile during the reporting period.

FIL Life Ireland does not have material exposure to underwriting, operational and market risk as the Company is protected through a Fund Provision Agreement (FPA) with another FIL entity, an Insurance Agency & Services Agreement (IASA) with FPM and due to the majority of policyholder liabilities being unit-linked and not offering life assurance benefits beyond a return on the value of investments.

The Board oversees the performance of FPM. It monitors FPM's financial position and its ability to withstand severe scenarios as considered in the company's own capital assessment.

Further details on the risk profile of the Company can be found in Section C.

Valuation for Solvency Purposes

FIL Life Ireland's assets are primarily those held to back the unit-linked liabilities, with the surplus held as cash or similarly liquid investments. The value of these assets is stated at either market value or the expected realisable value. There are no material differences between the basis, methods and assumptions used for the valuation of assets for solvency purposes and those used in the Financial Statements.

The main components of the Company's liabilities are the Technical Provisions. The Technical Provisions are made up of:

- the Unit Liability
- the Best Estimate Liability (BEL)
- the Risk Margin (RM)

All own funds are considered as Tier 1 capital, in accordance with the guidelines on loss absorption and repayment of capital and dividends. The methodology employed is proportionate to the nature, scale and complexity of the risks accepted by the business.

Further details on the valuation for solvency purposes of the Company can be found in Section D.

Capital Management

The Company is regulated by the CBI to carry out contracts of insurance and is required to maintain adequate financial resources. It must be able to demonstrate that its available capital exceeds the capital requirement at all times.

FIL Life Ireland has adequate capital to meet its capital requirements under Solvency II. As at 31 December 2020 there are no plans to issue, repay or otherwise change the Company's capital management position.

The Company's capital position and solvency capital ratio are shown in the following table.

Summary Table 2: Capital Position and Solvency Ratio

Own Funds, SCR, MCR & Coverage Ratio	31 Dec 2020 €'000	30 Jun 2020 €'000
Solvency Capital Requirement (SCR)	3,734	3,704
Minimum Capital Requirement (MCR)	3,700	3,700
Eligible Own Funds	10,854	10,428
Ratio of Eligible Own Funds to SCR	291%	282%
Ratio of Eligible Own Funds to MCR	293%	282%

The solvency capital requirement calculated in accordance with regulations exceeds the minimum capital requirement of €3.7m. All Own Funds are considered as Tier 1 capital, in accordance with the guidelines on loss absorption and repayment of capital and dividends.

FIL Life Ireland maintains an efficient capital structure from equity shareholders' funds, consistent with the Company's risk profile and the regulatory and market requirements of its business. In line with the Capital Management Policy, the firm seeks to hold a discretionary buffer over the greater of the SCR and the ORSA requirements. The discretionary buffer is subject to ongoing monitoring by management and the Board. In 2020 the target capital solvency ratio, including the internal buffer, was 122% The Company's capital exceeded this target throughout the year.

Integration of Risk and Capital Management

Risk and capital management are embedded within the Company's business and decision-making processes. Strategic business decisions are risk-assessed and evaluated for their capital impact prior to being finalised. The Risk function and the Finance function will evaluate and challenge such assessments.

Further details on the capital management of the Company can be found in Section E.

A. Business and Performance

A.1. Business

A.1.1. Information regarding the Company

The legal name of the undertaking is FIL Life Insurance (Ireland) DAC, a Designated Activity Company.

FIL Life Ireland was founded in 2012 to provide an International Pension Plan product to multinational corporations requiring a scheme through which their employees may save for their retirement.

The Company's business is simple and comprises of the provision of unit-linked long-term insurance.

FIL Life Ireland writes business for Trusts which facilitates investment by multinational companies on behalf of their employees who are based in numerous jurisdictions. Policies are generally issued to the Trustees, as policyholders, who are primarily based in the Isle of Man and can also be based in other jurisdictions such as the Channel Islands or the Cayman Islands. Individual scheme members are located throughout the world.

There are two levels of service offered:

- **Investment Only** – Pension schemes can access FIL Life Ireland's investment platform to offer a range of investment opportunities to their plan members. The platform links to the scheme's chosen plan administrator, usually a specialist third party administrator.

- **Full Service** – FIL Life Ireland offers a comprehensive administration and record keeping service to pension trustees and employers, in addition to providing its investment platform.

FIL Life Ireland operates an open architecture investment platform where its life funds are invested in a range of underlying funds managed by companies within the FIL Group and other fund managers and insurers. This provides pension trustees and employers with the ability to construct an investment solution which meets their needs and the needs of the plan members. Trustees or employers often engage the services of an investment adviser to help with investment strategy and design of the portfolio.

As at 31 December 2020, the Company provided pension solutions for a total of 51 schemes (30 June 2020 50) and 16,214 members (30 June 2020: 15,753). There were 2 new schemes taken on during the period to 31 December 202 (Financial year ended 30 June 2020: 4).

As at 31 December 2020, the Company has AUA of €1,105m (30 June 2020: €1,000m). The Company has accepted premiums on contracts classified as investment contracts amounting to €89.1m (30 June 2020: €129.7m) and incurred claims of €41.9m (30 June 2020: €98.8m).

The Company made a profit after taxation of €168.5k (30 June 2020: €279.3k) for the period ended 31 December 2020. This amount has been transferred to the retained reserves.

The Directors do not propose a dividend for the period ended 31 December 2020 (30 June 2020: Nil).

The Company is expected to remain profitable in line with an FPA in place with FIL Fund Management Limited (FFML), a FIL Group Company, to ensure the Company achieves a specified level of income, whereby the agreement covers costs relating to operational expenses, including investment gains and losses relating to FIL Life Ireland's activities.

A.1.2. Regulatory Supervisor

The Company is authorised and regulated by the CBI, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

A.1.3. Auditor

The Company's external auditor is PricewaterhouseCoopers, Chartered Accountants & Statutory Audit Firm, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

A.1.4. Ownership

The holders of qualifying holdings in the Company are as follows:

- FIL Limited (Bermuda), the ultimate holding company in the FIL group.

- MNLC Holdings Limited (Bermuda), which is wholly owned by MNLC Purpose Trust (Bermuda).

FIL Life Ireland has €50m authorised share capital, and €8.7m of ordinary share capital which is fully paid up, as well as distributable reserves.

The proportion of ownership and voting rights are detailed below:

€1.00 'A' Ordinary

Share-holder	Shares Held	% of Class	Voting %	Capital %
FIL Limited	1,240,000	16.104	Non-voting	14.253
MNLC Holdings Limited	6,460,000	83.896	Non-voting	74.253

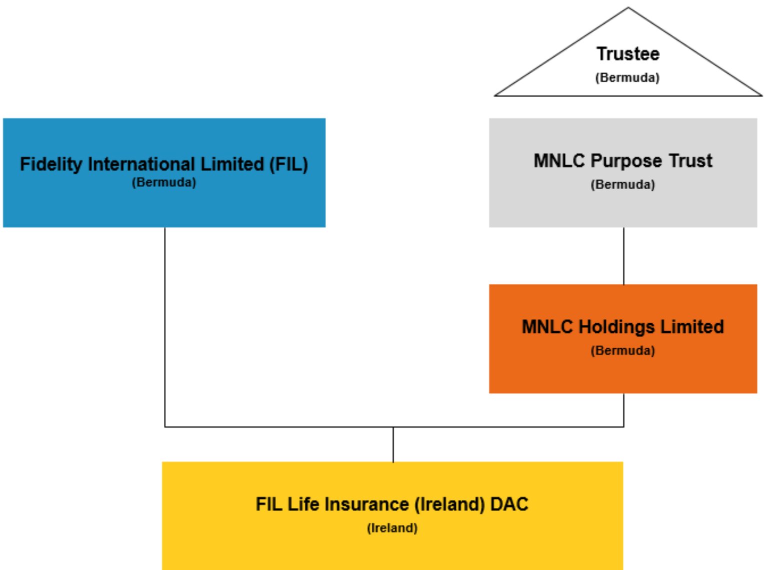
€1.00 'B' Ordinary

Share-holder	Shares Held	% of Class	Voting %	Capital %
FIL Limited	500,000	50.0	50.0	5.747
MNLC Holdings Limited	500,000	50.0	50.0	5.747

A.1.5. Group Structure

FIL Life Ireland is not part of an Insurance Group under the definition of Solvency II. The ultimate holding company within the group is FIL Limited (Bermuda). The Company is part of the wider FIL group, with FIL Limited (Bermuda) and MNLC Holdings Limited (Bermuda) being the parents. Each holds 50% of the voting share capital. The positioning of the Company within the Fidelity group is as follows, with FIL Limited (Bermuda) being the ultimate holding company within the group FIL Life Ireland is as shown in Chart A.1.

Chart A.1 Simplified Group Structure Chart



A.1.6. Material Lines of Business and Geographical Areas

FIL Life Ireland writes a single line of unit-linked insurance in the form of a regular premium retirement business. Policies are generally issued to Trustees, the policyholders located primarily in the Isle of Man and with other policyholders located in other jurisdictions such as the Channel Islands and Cayman Islands. Jersey, Guernsey and the Cayman Islands.

A.1.7. Significant Business or External Events

A.1.7.1. Product Offerings

During the period ended 31 December 2020, FIL Life Ireland reviewed its strategy and product and proposition offering to support growth in future years. As part of this, during the year the Company extended its market presence through the providing the Investment Only solution to Fidelity International's Pan European Luxembourg based Institution for Occupational Retirement Provisions ("IORP"), the Fidelity European Pension Plan (FEPP). The FEPP takes the legal form of a so-called 'pension savings association' (Association d'épargne-pension – "ASSEP"). The FEPP is intended to provide Defined Contribution pension arrangements throughout various European countries. The FEPP purchases an Investment Only policy from FIL Life Ireland for investments where their Corporate Clients, or members, request unit linked funds. This Investment Only policy is written by FIL Life Ireland in Luxembourg on a Freedom of Services basis. The first contributions from this policy were received from January 2021.

A.1.7.2. Covid-19

Since late January 2020, the number of COVID-19 cases and countries affected has grown rapidly, and on 11th March 2020, the WHO declared COVID-19 to be a global pandemic. During this period, national governments and various private sector organisations have taken significant measures to contain the virus, including quarantines and school, store, plant and border closures and travel restrictions. Significant business and supply-chain impacts followed as countries went into lockdown, disrupting and impacting economic activity. The Company and the wider FIL Group invoked and leveraged comprehensive Business Continuity Planning arrangements, locally and globally which remain in place as of the date of submission of this report. These plans involved the vast majority of staff working from home, including customer contact centre staff. FPM, the Company's primary administration outsourcing provider, also involved business continuity, successfully continuing operations with staff working from home, with the required equipment and utilising internal Company systems remotely within secure environments. Operational and Client Servicing across the business areas has continued to function as normal despite the disruption and increased volume of client queries and transactions, particularly at the outset. The consequences of the COVID-19 outbreak have also contributed to significant volatility in global stock markets in 2020, with certain governmental interest rate cuts and monetary and fiscal actions applied to support economic activity to combat the impact of COVID-19.

The Board has considered in detail the operational impacts of COVID-19 to date and the impact on the Company's clients, recognising that the full impact on the global economy and general economic and market conditions may still be emerging, notwithstanding the evidence of a global slowdown/recession. The Company has continued to work with scheme employers regarding impacts on their business and servicing requirements as a result of COVID-19.

A.1.7.3. Brexit

The transition period for the UK leaving the European Union ("EU"), commonly referred to as "Brexit", ended 31 December 2020, and accordingly the UK is no longer a part of the EU's single market and customs union. The Company and the wider Fidelity International Group considered the implications of Brexit, and planned for and took certain mitigating steps prior to the original exit date of 29 March 2019. Following the Brexit Withdrawal Agreement between the UK and the EU, a Trade and Cooperation Agreement between the EU and the UK came into effect from 1 January 2021, however financial equivalence (assessment of the equivalence of the UK and EU's financial regulatory systems) was not agreed. Accordingly, uncertainty remains for certain aspects of financial services in terms of future equivalence between the UK and the EU and the future lapsing of any derogations currently in place, with the Company and the Fidelity Group continuing to monitor and evaluate such at the time of finalisation of this report.

A.2. Underwriting Performance

A.2.1. Background

FIL Life Ireland's business does not involve accepting any material insurance risk and therefore, no traditional underwriting is required. Accordingly, there is no quantitative information on underwriting performance to report.

The Company has limited exposure to pricing underwriting risk due to the FPA with FFML. FIL Life Ireland's pricing model aims to develop a framework to support flexible pricing options required to meet the needs of the business. Pricing is bespoke to each scheme and is dependent upon the metrics of the plan at take on and projected into the future.

The Underwriting and Pricing Policy sets out the terms on which new business is written.

A.2.2. Underwriting Performance

With regards to a unit-linked pension business, the primary costs and rewards of investing are passed on to pension scheme members. The assets and liabilities of the Company are therefore, closely matched. FIL Life Ireland earns a management fee based upon the level of AUA.

Table A.1: Total Premium & Fee Income

Income	31 Dec 2020 €'000	30 Jun 2020 €'000
Gross Premiums	89,127	129,724
Total fee income	3,246k	5,607

During the period ended 31 December 2020, the Company accepted premiums on contracts classified as investment contracts amounting to €89,126,738 (30 June 2020: €129,724,339) and surrenders of €41,901,030 (30 June 2020: €98,763,958). There were 2 new schemes on-boarded in the period to 31 December 2020 (30 June 2020: 4).

The decrease in gross premium is due to the shorter comparison period (six months as compared to 12 month prior period) and onboarding of 2 new schemes during the period which included a pension transfer value of €43m.

The decrease in fee income was due to the shorter comparison period (six months as compared to 12 month prior period) and a result of a combination of increased weighted average fees from AuA and increase in rebate fee income insurance fee arising under the fund provision agreement in place with another FIL Group company.

A.3. Investment Performance

A.3.1. Overview

FIL Life Ireland's funds are fully invested in funds managed by FIL Group companies and other third-party funds. FIL Life Ireland's funds are all unit-linked and so the risks and rewards of investing are directly attributable to the members. The performance of the funds only impacts FIL Life Ireland in so far as the Company earns an annual management charge (AMC) on the AUA.

The investment performance has no direct impact on the Company's performance, other than through the small amount of seed capital that FIL Life Ireland places into new funds. Market risk exists on this capital as the units seeded are owned by the shareholders. The return on the seed capital is considered immaterial to the Company.

Investment performance indirectly impacts the business through the effect it has on AMCs. The valuation of the AUA adjusts to market movements and consequently, the fees due to the Company may be impacted.

FIL Life Ireland does not bear significant direct risk related to the unit-linked assets; the risks related to these are borne by the policyholders as the value of their policy is in direct correlation with the value of the unit-linked assets. The Company will hold some assets in a range of mutual funds for the purpose of facilitating business operations (seed capital). The Company does bear secondary market risk which results from fees due to be received by the Company being based on a percentage of assets under management. As markets move, the valuation of the AUM and consequently the fees due to the Company may be impacted.

The Company does not actively invest surplus shareholder funds. Funds are held in cash or cash equivalents i.e. liquidity funds. These cash and cash equivalents generate interest income which is recognised in the profit and loss account as earned and reported in the Statement of Comprehensive Income. Certain performance information in relation to the underlying funds is presented to the Board on a quarterly basis.

A.3.2. Investment Performance

Table A.2: Change in Value of Investments

Performance	31 Dec 2020 €'000	30 Jun 2020 €'000
Investment	58,875	8,544

The increase in the investment performance was a result of an increase in markets movements combined with foreign exchange movements in unit linked assets. This amount is reported in the Statement of Comprehensive Income in financial assets at fair value through profit and loss and change in investment contract liabilities.

Income and Expenses by Asset Class

Income and expenses by asset class are not applicable as the Company is a unit-linked business only.

Gains/losses recognised directly in Equity

There are no gains/losses recognised directly in equity.

Investments in Securitisation

There are no investments in securitisation.

A.4. Performance of Other Activities

A.4.1. Material Income

FIL Life Ireland's income is primarily the AMC from Fidelity funds or those managed by fund partners. The Company is also entitled to rebate income from FFML, as part of the FPA.

Table A.3: AMCs and Rebate Income

Income	31 Dec 2020 €'000	30 Jun 2020 €'000
AMCs	1,623	3,536
Rebate Income	1,622	2,071

A.4.2. Material Expenses

FIL Life Ireland's material expenses relate to charges for administration services provided by FPM under the IASA. Other significant expenses incurred by FIL Life Ireland include audit fees as shown below.

Table A.4: Expenses

Expenses	31 Dec 2020 €'000	30 Jun 2020 €'000
Administration	2,567	4,367
Audit Fees	65	65

FIL Life Ireland's financial profile is expected to remain the same over the planning period, although income, and the expected payments made to FPM under the IASA, will change in line with the income generated on assets.

A.4.3. Leasing

There are no leasing arrangements.

A.5. Any Other Information

A.5.1. Year End Change

Following the year end to 30 June 2020, the Company changed its financial year end to 31 December 2020.

A.5.2. Other Information

There is no other material information relevant to the Company's business and performance.

B. System of Governance

B.1 General Information on the System of System of Governance

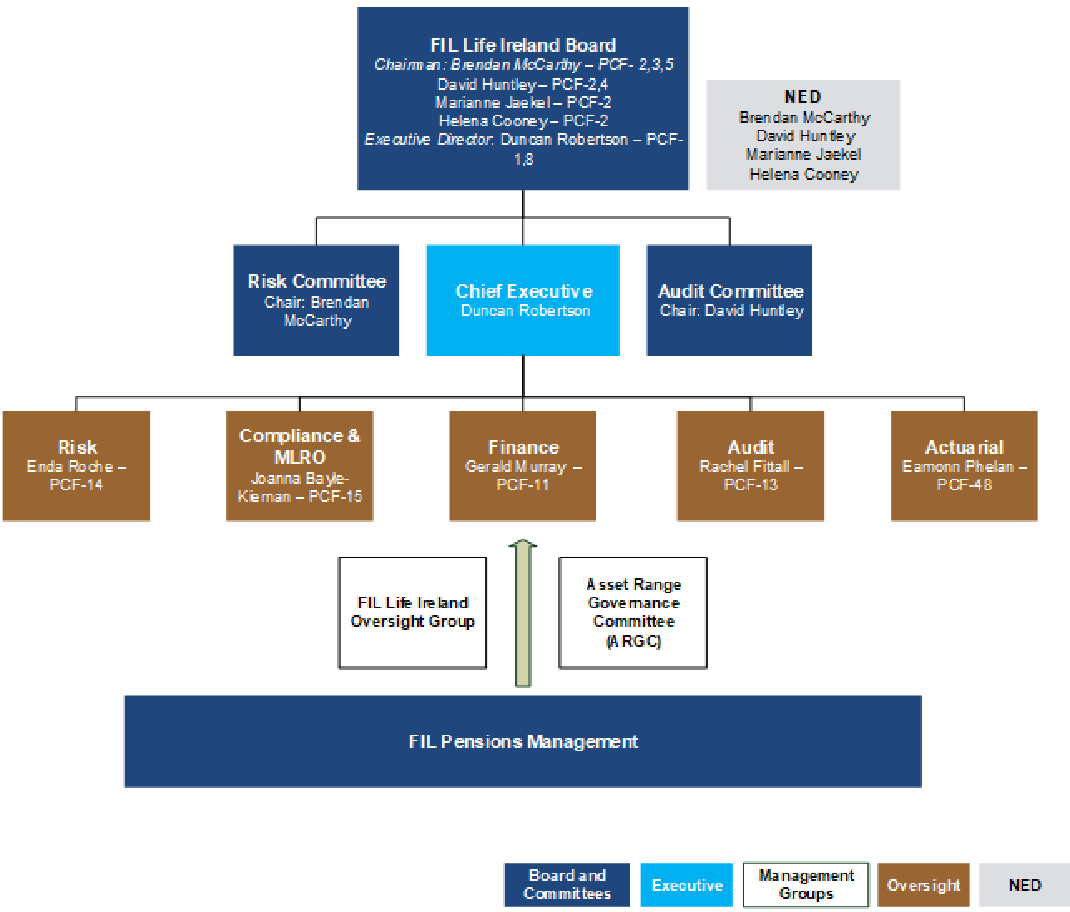
B.1.1. The FIL Life Ireland Board

The Board is collectively responsible for the effective stewardship of the Company. The Board has the overall responsibility for business decisions and for compliance with the regulatory system. The main responsibilities of the Board include:

- Setting the Company's strategic aims and objectives
- Ensuring the Company has an effective system of governance
- Establishing the risk appetite of the business and ensuring that there is an appropriate risk management framework and control environment
- Approving the annual Financial Statements and key actuarial assumptions
- Approving changes to the Company's capital structure or regulatory capital
- Providing oversight of the outsourced service providers, including FPM, a FIL Group company, to whom the Company outsources administration services, under an Insurance Administration Services Agreement (IASA).

The Board considers the Company's system of governance as appropriate and adequate given the business model, which is neither large, nor complex.

Chart B.1 - FIL Life Ireland Management Structure



The Company's Board is comprised of five Directors as at 31 December 2020, two independent non-executive Directors, two non-executive Directors and one executive Director.

FIL Life Ireland has procedures in place to ensure that the Board's management of conflicts of interest and its powers for authorising certain conflicts are operating effectively. Each director is required to notify the Board of any actual or potential situational or transactional conflicts of interest. The directors are also required to update the Board with any changes to the facts and circumstances surrounding such conflicts.

The FIL Life Ireland Governance structure is illustrated in Chart B.1. It shows the Board, its sub-committees and management groups. The Board is also supported by key control functions such as Risk, Internal Audit, Compliance, the Money Laundering Reporting Officer (MLRO) and the Actuarial function.

Although the Board may delegate authority to sub-committees or management to act on its behalf in respect of certain matters, where it does so, it will have mechanisms in place for documenting the delegation and monitoring the exercise of delegated functions. The Board cannot abrogate its responsibility for functions delegated.

The Board will satisfy itself as to the appropriateness of all policies and functions for the Company and in particular that these take full account of Irish laws and regulations and the supervisory requirements of the Central Bank of Ireland where appropriate.

B.1.2. Committees to the Board

The following committees have delegated authorities from the Board:

- The **Audit Committee** is responsible for monitoring the integrity of FIL Life Ireland's annual Financial Statements. It advises the Board whether the Financial Statements show a fair, balanced and understandable assessment of the financial position. The committee is responsible for monitoring the independence of the auditors, recommending to the Board the appointment or re-appointment of the auditors and for approval of non-audit services. The committee monitors the effectiveness of the Internal Audit function.

- The **Risk Committee** is responsible for reviewing the effectiveness of the risk management and internal control framework across the Company. It also ensures that the framework is proportionate to the nature, scale and complexity of the risks inherent in the business. The Committee advises the Board on matters including:

  - The risk exposure and appetite of the Company.

  - The future risk strategy, taking account of the Board's overall risk appetite, the current financial position of the Company.

  - Oversight of the Risk Management Function of the Company. The capacity of the Company to manage and control risks within the agreed strategy. The Committee may also draw on the work of the Audit Committee and the External Auditor in providing such advice.

  - The effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, the amounts, types and distribution of both internal capital and Own Funds, adequate to cover the risks of the Company.

B.1.3. Management Groups

The Chief Executive Officer (CEO) is supported by various management groups in the performance of his duties.

- The **FIL Life Ireland Management Forum** is responsible for the ongoing oversight and management of the activities of the Company.

- The **FIL Life Ireland Oversight Group** is responsible for overseeing outsourced activities and monitors outsourced providers.

- The **Asset Range Governance Committee** which is not a Board Committee or a Committee of the Company but part of the wider FIL Group, provides reporting into the Oversight Group in respect of the oversight and governance of funds available via the Fidelity platform.

B.1.4. Controlled Functions

FIL Life Ireland benefits from the support of certain centralised governance functions within the FIL Group. The Central Bank of Ireland Pre-Approval Controlled Function office holders are denoted below:

Officer Holder	Ref	Control Function
David Huntley	PCF-2	Non-Executive Director
	PCF-4	Chairman of the Audit Committee
Duncan Robertson	PCF-1	Executive Director
	PCF-8	Chief Executive
Eamonn Phelan	PCF-48	Head of Actuarial Function
Enda Roche	PCF-14	Chief Risk Officer
Gerald Murray	PCF-11	Head of Finance
Helena Cooney	PCF-2	Non-Executive Director
Joanna Bayle-Kiernan	PCF-15	Head of Compliance with responsibility for AML/CFT
Marianne Jaekel	PCF-2	Non-Executive Director
Rachel Fittall	PCF-13	Head of Internal Audit
Brendan McCarthy	PCF-2	Non-Executive Director
	PCF-3	Chairman of the Board
	PCF-5	Chairman of the Risk Committee

- Section B.3 gives an overview of the Risk function.
- Section B.4 describes the responsibilities of the Compliance function and MLRO.
- Section B.5 describes the responsibilities of the Internal Audit function.

FIL Life Ireland has outsourced actuarial services and the Head of Actuarial function (HoAF) to Milliman Ireland. The Company's Finance team and other functions have responsibility for the oversight of this outsourced activity. The Actuarial function is described in more detail in B.6. The services provided under this outsource agreement are set out in a statement of work agreed between Milliman Ireland and FIL Life Ireland.

The Finance and Risk function ensures that the terms of the written outsourcing agreement are consistent with its obligations under Solvency II. The written agreement also ensures that the supervisory authority will be able to assess how it complies with its obligations.

The oversight of the service provider (Milliman) is subject to ongoing monitoring by the Head of Finance.

The HoAF must meet the requirements of competence, integrity and experience (in the same way as the other members of the key functions).

B.1.5. Material Changes to the System of Governance

Whilst there have been no material changes to the governance structure during the reporting period, the following matters arose due to changes in Directors and Management:

B.1.6. Details of Remuneration

As at 31 December 2020 all employees engaged in the management and administration of the Company are employed by FIL Transaction Services Limited (FTSL), FIL Investment Management Limited (FIML) or FIL Pensions Management (FPM) and their services are provided under a Secondment agreement or Insurance Administration Services Agreement (IASA) in place between these companies and FIL Life Insurance (Ireland) DAC.

Except for the Non-Executive Directors, the Company does not remunerate any member of the Board for their service. Fees for the Non-Executive Directors are set at an appropriate level to reflect the time commitment required to fulfil the role, the responsibilities and duties of the positions, and typical practice amongst other financial institutions.

The Independent Non-Executive Directors were paid remuneration of €78,904 in the period to 31 December 2020 (Yend 30 June 2020: €169,217).

Executive salaries for Directors are set outside of the Company. For this reason, the Company does not have a separate Remuneration Committee.

The FIL Group has a Remuneration Policy in place, which includes the relevant principles governing how the FIL Group remunerates its members of staff.

B.1.6.1. Remuneration Policy – Application

The FIL Group applies its Remuneration Policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities. No individual is incentivised to put the capital of FIL Life Ireland at risk.

B.1.6.2. Remuneration Policy – Approach

The approach to remuneration has always been designed to support the long-term business interests of shareholders, which in turn, is based on delivering value to customers over the long- term, to reflect the asset management risk model and to deliver long-term sustainability. This model is consistently applied locally to each subsidiary entity in the FIL Group.

The Remuneration Policy is:

- globally consistent, underpinned by a common philosophy and guiding principles which is overseen and supervised by the FIL Remuneration Committee
- consistent with, and promotes, effective risk management
- consistent with the interests of both our clients and our shareholders
- in line with business results

B.1.6.3. Remuneration Governance

Remuneration Policy is set at Group level, in keeping with FIL Group policies and practices. Subsidiary company Boards have no formal responsibility for setting local remuneration policy, except where explicitly required by local legal or regulatory requirements, or for reviewing the compensation of locally employed staff. The Board has reviewed the FIL Group Remuneration Policy to ensure that it is appropriate and aligned with the Company's regulatory responsibilities.

B.1.7. Material Transactions

There were no material transactions related to FIL Life Ireland shareholders, persons who exercise a significant influence and with members of the administrative, management and supervisory bodies during the reporting period.

B.1.8. Integration of Risk Management, Internal Audit, Compliance and Actuarial Function into the Organisational Structure and Decision-Making Process

See B.3 for information about how the Risk Management function is integrated into the organisational structure and decision- making processes of the Company.

See B.4 for information about how the Compliance function is integrated into the organisational structure and decision-making processes of the Company.

See B.5 for information about how the Internal Audit function is integrated into the organisational structure and decision- making processes of the Company.

See B.6 for information about how the Actuarial function is integrated into the organisational structure and decision-making processes of the Company.

B.1.9 Fit and Proper Requirements

The Company has a Fitness and Probity Policy in place, to ensure that the persons who run the Company collectively possess appropriate qualifications, experience and knowledge, where relevant to the role in question.

Fitness means knowledge, professional qualifications and relevant experience are adequate to enable sound and prudent management, control and oversight of FIL Life Ireland. The concept of fitness also extends to the assessment of collective fitness – the collective diversity of qualifications of the senior managers and the Board. Propriety is defined as the evidence of good reputation and integrity (honesty and individual soundness).

B.1.10 Process and Monitoring

As a regulated Life insurance firm, FIL Life Ireland is required to ensure that all individuals who carry out controlled functions are fit and proper and adhere to regulatory requirements in order to discharge the responsibilities allocated to them.

The implementation of the fitness and probity process is subject to periodic monitoring by the Compliance function and review by Internal Audit. All reasonable steps are undertaken to ensure that sufficient information is obtained to enable the Company to properly make informed decisions as to the fitness and probity of directors and controlled function role holders.

FIL Life Ireland operates a process for assessing the fitness and probity of its controlled function role holders via background screening and pre-employment or pre-appointment checking, carried out internally and through an external screening partner. To ensure that these individuals remain fit and proper an annual self-certification exercise takes place, and furthermore each year the probity of all such employees is checked by a third party.

The only exception to the above is for the Head of Actuarial Function (HoAF) which is outsourced to Milliman Ireland. FIL Life Ireland agrees that Milliman Ireland's own internal procedures meet the necessary requirements and Milliman Ireland provide FIL Life Ireland with a letter outlining the outcome of their internal review.

B.2. Risk Management System, including the ORSA

B.2.1. Enterprise Risk Management Framework

The robust management of risk plays a central role in the execution of FIL Life Ireland's strategy and is a key focus area for the Board, its directors and business areas. Risk management activities are designed to protect FIL Life Ireland's clients, policyholders and assets. FIL Life Ireland aims to identify and manage its risks in line with an agreed risk management framework derived from industry practice.

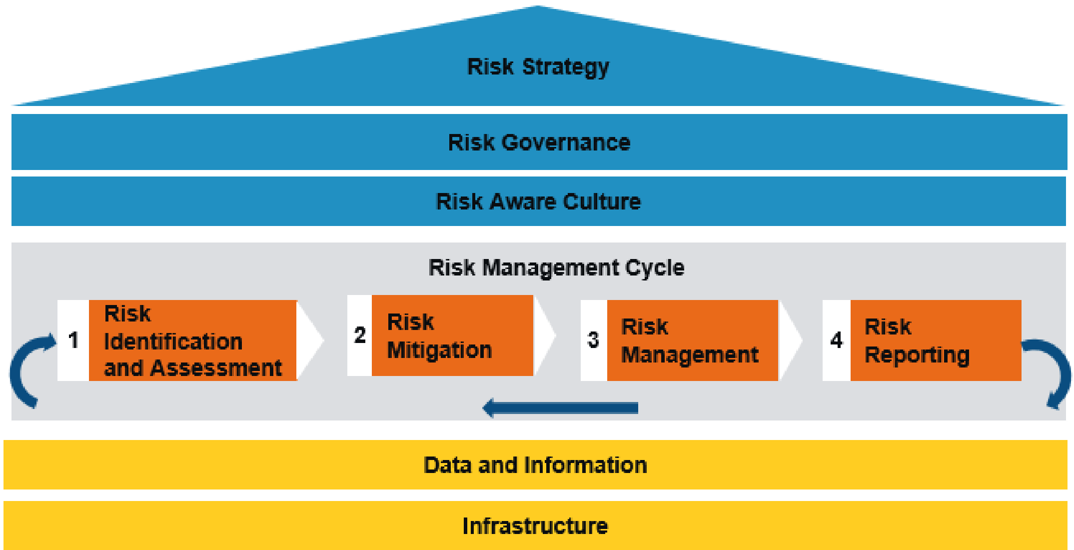
FIL Life Ireland is part of the FIL Group and has therefore, adopted the group-wide risk management and policy framework, supported by individual policies specific to FIL Life Ireland. The holistic management of risk is defined by the Enterprise Risk Management (ERM) framework, which is designed to support the effective identification of risks, events and trends that may significantly affect FIL Life Ireland's ability to achieve its strategic goals or maintain its operations. The ERM framework includes the following core foundations:

- application of a common enterprise-wide risk management framework, activities and processes across the organisation
- clear assignment of roles, responsibilities and accountabilities for risk management
- the effective use of appropriate risk identification, mitigating and management strategies
- the integration of relevant, reliable and timely risk management information into reporting and decision-making processes
- the identification and assessment of existing and uncertain future events that may influence the achievement of business plans and strategic objectives.

Chart B.2 reflects how core elements of the ERM Framework applied across Operational, Strategic, Financial and Investment risks-types align to support FIL Life Ireland's Risk Strategy.

FIL Life Ireland carries out an ORSA to determine its overall solvency and risk needs and to ensure that it maintains sufficient financial resources at all times. This is performed in line with the Company's approved ORSA Policy and Process.

Chart B.2 Risk Management Framework



B.2.2. Risk Management Strategy & Appetite

B.2.2.1. Risk Strategy

FIL Life Ireland's risk strategy is to ensure that effective risk management is embedded in all core operating and decision-making processes across the Company. It aims to ensure that existing and emerging risks are identified and managed within acceptable risk limits for financial risk and within agreed risk tolerances for non-financial risks.

FIL Life Ireland's overall approach recognises that risk-taking is an essential part of doing business and, therefore, cannot always be eliminated. FIL Life Ireland's risk management strategy aims to achieve the following:

- Operate in a legal and ethical manner to safeguard clients, members and assets, whilst allowing sufficient operating freedom to secure a satisfactory return.
- Risks must be fully understood and adequately measured to ensure that the risk exposure is appropriate for the returns anticipated.
- Operate a governance structure that ensures that risk-taking is controlled in an appropriate manner.
- Take proactive actions to address issues, negative risk trends or control weaknesses, or changes in the external or internal business environment.

B.2.2.2. Risk Appetite

The Risk Strategy is supplemented by a risk appetite framework which includes Risk Appetite Statements and related metrics. These reflect the aggregated level of risk that the Company is willing to assume or tolerate to achieve its business objectives. This is an essential part of the framework which ensures that the business is carried out safely and within pre-defined boundaries.

The Board reviews and approves the Risk Appetite Statement annually.

B.2.3. Risk Governance

The FIL Life Ireland Board has ultimate responsibility for risk management within the organisation. Its risk responsibilities include:

- promoting an effective risk culture within the organisation by setting the tone from the top

- adopting group-wide Risk Management policies, and approving the FIL Life Ireland Risk Appetite Statements and Policies

- ensuring clear accountability for risk management

- seeking regular assurance that the risk management system is functioning effectively and that significant risks are being managed in line with policy

The Risk function is an independent function which assists FIL Life Ireland in the identification, evaluation and management of risks. It provides oversight and challenge of FIL Life Ireland's risk profile and produces independent risk reports for the FIL Life Ireland Board.

B.2.3.1. The Three Lines of Defence

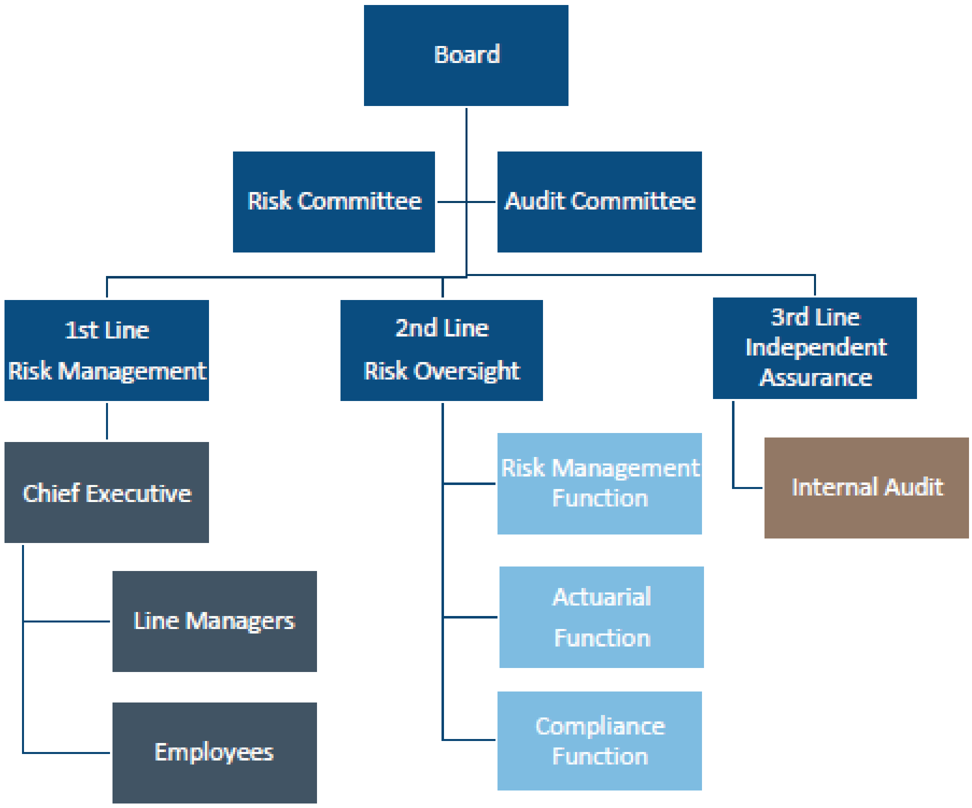
FIL Life Ireland operates a 'three lines of defence' model, as summarised in the below table. The Company employs a 'three lines of defence' approach to the risk management governance of the Company. The three lines or levels are Risk Management, Risk Oversight and Independent Assurance.

The 1st Line of Defence is risk owners, owning the risks emerging from their respective business and/or processes and being accountable for managing, monitoring and mitigating these risks on an ongoing basis in line with established policies, tools and procedures.

The 2nd Line of Defence includes the Risk Function and risk-type controllers, comprises an independent risk and control layer responsible for the design of core enterprise and specific risk-type frameworks, methodologies and tools, and provides risk oversight.

The 3rd Line of Defence is Internal Audit, which provides independent assurance on the adequacy of the design and effectiveness of the 1st and 2nd lines of defence.

Table B.1: The Three Lines of Defence



	1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Functions	Business Line Management and Employees Management Groups	Oversight and specialist functions such as Legal, Compliance and Risk	Internal Audit
Role	Responsible for day-to-day operations, for adhering to relevant policies and maintaining an effective and efficient system of risk management and internal control	Provides policies, standards and objectives, and independent oversight of performance and risk management within FIL Life Ireland	Provides independent assurance on the effectiveness of the systems and controls in FIL Life Ireland, including financial, operational, compliance and risk management

B.2.4. Risk Culture

A strong risk aware culture is critical to reinforce and support FIL Life Ireland's ERM framework and processes. A risk aware culture is defined as the aspect of the organisation's culture and behaviour which determines its ability and willingness to identify, understand and action risk in a timely and effective manner.

The FIL Group and the Company have adopted an approach to promote, embed and measure a strong risk aware culture across the organisation, including reinforcing individual behaviours and capabilities that are aligned to FIL Life Ireland's core values and beliefs. This approach also includes the consideration of risk accountability and the right risk behaviours in the compensation and performance management decisions.

The risk-led framework aims to establish oversight, provide thematic analysis and indicate where conduct issues require escalation. 'Good conduct' is defined primarily in terms of customer treatment by the firm, which in turn is supported by the integrity and risk-awareness of business areas and staff including demonstrating proactive identification and timely escalation of risks and issues, and proper ownership in remediation.

The Company has a codified Risk Culture & Risk Management Principles Statement in its Risk Management Policy. This includes detailed risk culture statements under the following areas:

- We understand our customers
- We understand our products
- We understand our markets and geographies
- We understand our processes
- Our people understand their roles
- We protect and enhance the business

B.2.5. Risk Identification and Assessment

The Risk Taxonomy, reviewed and updated at least annually, provides a consistent approach for the classification, identification and definition of risk and covers all relevant risks across the organisation. Risk owners are responsible for the ongoing and timely risk identification, in alignment with the Risk Taxonomy, considering multiple sources of internal and external emerging risk.

All staff are responsible for identifying and escalating risk events. Each risk event is assessed for its severity according to a pre-defined impact matrix. Significant events are required to be escalated and notified to senior stakeholders within 24 hours of becoming apparent. Internal and external risk events are used to inform risk assessment and scenario analysis activities.

As part of the risk management cycle, risk self-assessments are conducted regularly by 1st line teams to confirm risk levels and impacts. Defined processes and principles are followed to establish risk materiality, identify root causes, drivers, themes and impacts of individual and aggregated risks. Mitigation actions are determined for risks outside of appetite. The Head of Risk, Ireland reviews and challenges the aggregated risks identified and assessed by the risk owners.

To gain a complete view of the risk profile and a view of idiosyncratic risks, risk assessments are supplemented by scenario analysis activity. Scenario analysis is used to assess the impact of extreme but plausible risks. The scenarios assess the exposures that could significantly affect FIL Life Ireland's financial performance or reputation. They are an important component of the risk framework. Scenario analysis and stress testing are carried out annually as part of the ORSA process or on an ad-hoc basis if triggered by a significant change in risk profile.

B.2.6. Risk Mitigation

Risk mitigation strategies at FIL Life Ireland are key to ensuring levels of residual risk are managed within risk appetite. They include a defined control environment, action management processes (remediation), strategic de-risking processes, risk transfer (insurance) or reduction of exposure.

A risk profile view is currently obtained on a quarterly basis and reporting considerations on a monthly basis through assessing all available information for each material risk. Risks are compared against risk appetite thresholds and mitigation actions are recommended to the Board, where appropriate.

Fidelity International have established Risk and Control Assessments (RCSAs) which include the identification and documentation of key risks and controls.

B.2.7. Risk Management

Risk exposures are aggregated and reported, where appropriate. Key risk concentrations are identified and analysed. Root cause themes are assessed across the population of risk events to drive prioritisation and management action. Aggregated risks are identified and assessed against risk appetite prior to evaluation by the Board. The risks are also benchmarked against the Risk Taxonomy and internal and external information.

Actions are identified from various risk management activities, for example risk assessments, risk events, thematic reviews and scenario stress analysis activity. These are prioritised by management on a regular basis and monitored to completion. The FIL Life Ireland Risk Committee and the Board receive regular updates on the status of material risks and related risk management actions.

B.2.8. Risk Monitoring and Reporting

The Company's risk profile is monitored by the FIL Life Ireland Risk Committee, which escalates matters as appropriate, including assessment of changes in the internal and external risk environments and consideration of risk events, including near misses. Monthly risk reports are produced in the 1st line of defence and discussed with accountable business heads. These detail the relevant risk profile and activity; material operational losses and other key risk matters to enable Management of the business to form an ongoing view on the overall effectiveness of the internal control environment and risk management framework.

FIL Life Ireland has adopted the FIL Group's centralised risk and data repository system, Bwise, which is used to capture, aggregate and report risk data including risk events, risk assessments, controls and evidence of escalation, review and challenge.

B.2.9. Integration of Risk and Capital Management

Capital provides the ultimate buffer for a firm to withstand financial shocks arising from severe risk events. As such, the assessment of an appropriate level of capital to hold is both an essential element of the Company's risk management framework and a mandatory requirement of the CBI.

The Company is required to meet minimum regulatory capital standards at all times. These capital reserves are monitored by the Finance and Risk functions and form the basis of financial reporting to the CBI.

Risk and capital management are embedded within FIL Life Ireland's business and decision-making process as follows:

- Strategic business decisions are risk-assessed by the business and evaluated for their capital impact prior to being finalised. The Risk team evaluates and challenges the assessment.
- The business submits its plan based on the evaluation of macroeconomic scenarios, internal risk assessments, and in consideration of stress conditions and capital implications.
- The Board reviews risk appetite thresholds and limits for appropriateness.
- Consideration of risk and capital implications of the FIL Life Ireland strategy, new products and other material business initiatives is undertaken prior to launch.
- The Company's Pricing Policy seeks to ensure that minimum payback periods and profitability are achieved.
- Proactive liaison to ensure FIL Life Ireland's capital implications and ORSA requirements are considered for any developments.

B.2.10. Completion of the ORSA

FIL Life Ireland normally undertakes a full Own Risk Solvency Assessment or ORSA annually, with the aim of it being normally completed within six months of the accounting year end. An ORSA may be completed more frequently if significant changes to the risk profile of the business occur. FIL Life Ireland's Board is ultimately responsible for the ORSA and reviews and approves the ORSA report.

The overall ORSA process requires risks to be identified that FIL Life Ireland is considered to face during its strategic planning period. These risks are assessed to derive an overall picture of the risks in quantitative (capital figures) and qualitative (management actions) terms. Stress tests are performed to simulate severe circumstances which might impact FIL Life Ireland's current and future capital requirements. Reverse stress tests are included and assess potential scenarios that would result in the failure of the Company's business model.

The ORSA process includes scenario stress testing for each capital bearing risk. The Standard Formula is a series of calculations prescribed by EIOPA in order to calculate on a consistent basis between firms, the assets and liabilities or Technical Provisions. FIL Life Ireland currently deems the Standard Formula appropriate for the calculation of the Company's SCR. The Company considers and undertakes analysis of the appropriateness of the assumptions underlying the Standard Formula relative to its own risk profile and currently deems the standard formula appropriate for the calculation of the Company's Solvency Capital Requirement, with the Company having determined the risks to which the Company is exposed are in line with those captured by the standard formula, and considers the risk profile related to the standard formula assumptions and any risk profile assessment that deviates from the standard formula profile are considered and documented. The Company does not use an internal model. In line with this approach, the ORSA forms a key input into the strategic planning process of FIL Life Ireland. Material risks and risk limits are considered in relation to business planning, decision-making and capital management.

B.2.11. Prudent Person Principle

FIL Life Ireland fulfils the obligations of the prudent person principle as set out in Article 132 of the Solvency II Directive. The business is long-term and unit-linked. The Company holds the underlying assets for policyholders' unit-linked investments.

To ensure that FIL Life Ireland retains a capital surplus, the Company's Capital Management Policy and the Risk Appetite sets out the maintenance of a buffer over and above the Solvency Capital Requirement.

FIL Life Ireland invests its surplus assets in low risk investments, typically cash and liquidity funds.

Neither policyholders nor FIL Life Ireland hold complex instruments, such as securitisations, and "non-routine" investments. There are no plans for any future change.

B.3. Internal Control System

B.3.1. Framework

The FIL Life Ireland Board has ultimate responsibility for FIL Life Ireland's system of internal control. It has responsibility for compliance with applicable laws, regulations, business standards, rules of conduct and established industry practices.

A key part of the internal control environment is the three lines of defence model described in B.3.3.1. Primary responsibility for identifying the full range of risks faced in their areas of responsibility rests with the first line of defence business management. Business management are responsible for ensuring that those risks are appropriately managed.by designing and operating effective controls.

Internal Audit, Compliance, Risk Management, Actuarial function, Oversight Groups and Board of Directors oversee the Company's Internal Control framework as outlined in B.1. Material outsourcing agreements and the role of the FIL Life Ireland Oversight Group are described in B.7.

B.3.2. Compliance Function

The Compliance function forms part of the 2nd line of defence. It provides oversight and challenge over the business in performing their responsibilities with respect to compliance with regulatory requirements.

The Compliance function assists FIL Life Ireland in the identification, evaluation and management of compliance risks. It produces independent compliance reports for the FIL Life Ireland Board. The Compliance function will manage any interaction with the Company's regulators.

Compliance is comprised of Advisory and Monitoring.

Compliance Advisory provides advice and consultancy to support the business on compliance matters ensuring the business meets its regulatory obligations. Compliance

Advisory manages day to day queries from the business on regulatory requirements, regulatory change and the implementation of new rules, and being the main point of contact for regulatory authorities and dealing with their communications and requests as well as managing inspection visits.

Compliance Monitoring performs ongoing monitoring of compliance with rules and any other relevant regulations. The team works with other oversight functions and the business to establish and maintain a focused, risk-based and comprehensive monitoring programme.

B.3.2.1. The Money Laundering Reporting Officer

The FIL Group MLRO is responsible for maintaining a governance framework of policies and assurance for the FIL Group. The Group MLRO provides interpretation of the policy across the Group and offers support and guidance to local MLROs, including the FIL Life Ireland MLRO. The FIL Life Ireland MLRO is responsible for overseeing the establishment, maintenance and effectiveness of the relevant financial crime policies, and ensures appropriate oversight of procedures and controls and monitoring compliance with the relevant Acts, Regulations and guidance.

B.4. Internal Audit Function

The Internal Audit function is performed by Group Audit, responsible for the evaluation of the adequacy and effectiveness of the internal control system and all other elements of the system of governance.

The Internal Audit function is objective, independent and not subject to influence from any operating function of the Company that could impair its independence and impartiality. To ensure appropriate independence Internal Audit has a functional reporting line directly to the Board Audit Committee. In performing its functions, Internal Audit has no direct responsibility or authority over any other function across the business. It is completely independent and as a result, may perform its functions and report its findings to the Audit Committee without impairment.

The Group's Internal Audit function acts as the Third Line of Defence. It is responsible for the independent assessment of the Company's system of governance and internal control framework to the nature, scale and complexity of the risks inherent in its business. This is achieved through delivery of an annual risk-based audit plan, as approved by the FIL Life Ireland Audit Committee on behalf of the Board.

Any relevant findings and recommendations are reported to the FIL Life Ireland Audit Committee and escalated to the Board as appropriate. Management actions are tracked to resolution by Internal Audit and status updates are reported quarterly to the FIL Life Ireland Audit Committee.

B.5. Actuarial Function

The Actuarial function, along with the role of HoAF, is currently outsourced to Milliman Ireland, the global insurance consultancy firm, under a formal Statement of Work agreed with FIL Life Ireland. The HoAF is a PCF role as prescribed by the CBI. The HoAF signs off on all of the relevant key tasks and deliverables as listed in the terms of reference for the Actuarial function, agreed between the Company and Milliman, and which is in accordance with Solvency II requirements.

The Head of Finance provides the internal oversight of the Actuarial function.

At a high-level, the regulatory role of the Actuarial function is to provide FIL Life Ireland's Board with a measure of quality assurance through technical actuarial advice. The specific regulatory responsibilities of the Actuarial function in FIL Life Ireland requires assessment of the following:

- Coordination of the technical provisions
- The sufficiency and quality of the data used in the valuation
- Monitoring of experience
- The reliability and adequacy of the technical provisions
- Underwriting Policy and reinsurance arrangements

For FIL Life Ireland, the Actuarial function also provides advice and opinion on the following items:

- The current and prospective solvency position

- Stress and scenario testing of Technical Provisions
- ORSA processes, implementation and reporting
- Internal and external regulatory reporting
- Any other matters of an actuarial nature requested by FIL Life Ireland

The HoAF reports to the FIL Life Ireland Board at least annually on the prescribed and additional responsibilities of the Actuarial function. The Actuarial function is further required to promptly report to FIL Life Ireland management any issues arising, either from the information provided or through the work undertaken, that may have a material impact on the financial position of FIL Life Ireland. The Actuarial function also provides input to FIL Life's Risk Management function on risks to the business, in so far as they may impact on FIL Life Ireland's ability to meet policyholder obligations and on the capital needed to support the business.

B.6. Outsourcing

The Fidelity (FIL) Group has in force the Global Procurement, Outsourcing and Supplier Management Policy and Framework which applies to material suppliers. FIL Life Ireland also has a Delegation and Outsourcing policy. The Company is aware of the requirements of the CBI, prior to delegation to third parties, with compliance with these requirements addressed in the policy, which outlines the delegation and outsourcing arrangements and provides a rationale for the arrangement and whether each outsourced function is a critical or important function for the purposes of Solvency II.

The Company recognises that delegation arrangements do not alter its relationship and obligations to its policyholders. It also does not affect the Company's legal or regulatory responsibilities for its authorised activities.

The Company notes that delegations or outsourcing arrangements must not impair the ability of the CBI to supervise the Company.

The Board seeks to ensure that the contractual arrangements in place to affect the delegation or outsourcing are consistent with this obligation.

FIL Life Ireland has a number of outsourced relationships for critical or important operational functions or activities, with 'FIL' being Fidelity International Group entities.

These include:

Table B6.1: Key Outsource Relationships

Agreement / Company and Delegation or Outsource Party	Delegation/ Outsourced Function
Insurance Administration Services Agreement with FIL Pensions Management (FPM), a Fidelity International Group entity. (UK based jurisdiction)	Provider of insurance agency and service activities including administration, promotion, distribution and investment management services.
Internal Audit Agreement. With FII, a Fidelity International Group entity. (UK based jurisdiction)	Internal Audit services
Terms of Reference for the Head of Actuarial Function under Solvency II With Milliman Ireland. (Ireland based jurisdiction)	Actuarial services
Master Services Agreement with FIL Transaction Services Limited (FTSL), a Fidelity International Group entity. (Ireland based jurisdiction)	Administrative Services.

The Oversight Group monitors activities outsourced to other entities to ensure oversight over those outsourced functions and supports the Chief Executive Officer. The Company's Oversight Group normally meets on a quarterly basis, and includes representatives from areas such as Operations, Asset Management Operations, Compliance, Finance, Technology and Investment Propositions.

B.7. Any Other Information

B.7.1. Responsible Investment

Environmental, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment, company or business.

The FIL Group's Responsible Investment Policy details its approach towards the stewardship of investments made for clients. Information is provided on the FIL Group's approach to engagement and integration of environmental, social and governance (ESG) issues into the investment process, as well as its approach to remuneration policy, voting, take-over bids and returns to investors.

For further information, please click on the link below to download the policy document.

https://www.fidelity.co.uk/about/responsible-investing

B.7.2. Climate Change

FIL Life Ireland and FIL Group have assessed regulatory statements and expectations in relation to managing financial risks from climate change in the context of the Company's business. Financial risks and controls related to climate change are intended to be integrated into the Company's existing governance framework to support effective oversight by the Board. FIL Life Ireland notes the future expectations for increased disclosure in relation to climate change in the coming year and plans to meet these requirements have already been initiated.

B.7.3. COVID-19 Impact on Governance Arrangements

During the COVID-19 crisis the Company's Board meetings and normal governance forums continued to operate per schedule with sessions held remotely over video and conference calls. The Company has remained in regular contact with the regulator and fulfilled COVID-19 related information requests from the regulator. Normal regular financial and regulatory reporting has been delivered in a timely manner with no requested extensions to normal deadlines.

B.7.4. Other Information

There is no other material information relevant to the Company's system of governance.

C. Risk Profile

Overview

FIL Life Ireland employs a robust process for identifying and managing its key risks. Risks are managed and monitored to a risk appetite defined in the Risk Appetite Statement and approved by the Board on an annual basis. There has been no material change to the Company's risk profile during the period, but please also refer to section A1.7, Significant Business or External Events.

Table C.1: Key Risk Profile at 31 December 2020

The range of material risks to which the Company is exposed is curtailed due to the existence of an intercompany agreement. Due to the existence of this intercompany agreement, the Company's risk exposure is effectively concentrated with the contracting company (in the form of counterparty risk, including the risk that the counterparty will decide to terminate the agreement). **Note that the amounts shown below for solvency capital requirement are gross of diversification benefit of €(0.833)m.*

Risk Type	Description	Solvency Capital Requirement*
Counterparty Credit Risk **Concentration Risk** **(including Concentration Risk & Group Risk)**	*Counterparty/credit risk is the risk of loss due to counterparties failing to meet all or part of their obligations.* *Risk concentration refers to an exposure with the potential to produce losses large enough to threaten FIL Life Ireland's health or ability to maintain its core operations.* Risk concentrations arise from the size of exposures to counterparties, in particular banking and fund providers. These are kept under review, to enable the Company to take action should the risk approach tolerance limits. The material residual credit risk is counterparty exposure within the Fidelity (FIL) Group, particularly in the event of a loss arising such that there is a material recovery amount due from the Group. The material risk concentration to which the Company is exposed is within the FIL Group through the intercompany agreement where the Company places reliance on this agreement to provide support in running the business. The Company also has counterparty default risk exposures arising from any amounts due from the settlement agent and the placement of its funds and working capital with bank counterparties and in the Fidelity Institutional Liquidity Fund plc (the ILF), a UCITS money market fund. It should be noted that being a unit-linked company counterparty risk is only relevant to those assets which are not matching the policyholder unit liabilities. *FFML* As noted above, this module is appropriate due its significant counterparty exposure to FFML due to the existence of the fund provision agreement where it relies on FFML in the context of rebates to be received when operational losses are incurred. Due to the management action to terminate policyholder contracts if	€1.882m

Risk Type	Description	Solvency Capital Requirement*
	a default was to occur and it has the right to do so within three months' written notice, the impact of the overall assumptions are reduced as it only covers the capital in order to run off the business over an expedited timeframe (currently assumed to be one year) while it can fulfil its liability to policyholders and continue to meet its solvency requirements. The assumptions used are based on the Probability of Default (PD) of an unrated entity (4.2%) and Loss Given Default (LGD) of 50%. The LGD of 50% applies to reinsurance companies and as FLIIL is treating the rebate asset as a reinsurance asset, the 50% is deemed appropriate. *Banks & ILF Fund Counterparties* The other counterparty risk exposure relates to the default of banks where there are cash balances held with those banks, and to the default of the managers of the Institutional Liquidity Fund plc. The Company primarily holds it cash balances (own funds) capital in the Fidelity Institutional Liquidity Fund (ILF), an AAA rated money market fund. The Company holds other cash on deposit with investment grade rated banks (such as Barclays Bank plc or Bank of America Merrill Lynch). Accounts receivable balances are held predominantly with other FIL Group companies, which are considered low risk. Due to the rebate agreement the impact of these banks to FLIIL if they were to default is considered relatively minimal as it would be recovered under the fund provision agreement.	
Operational Risk	*Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risk. It includes conduct risk, the risk that actions (or failures to act) by FIL Life Ireland or FPM and its employees have a detrimental impact on customer outcomes or undermine the integrity of (and public confidence in) financial markets or the financial services industry.* The Company does not face material operational risk exposure due to the existence of an intercompany agreement, but the Company does consider the possibility of operational risk exposure events elsewhere in the Fidelity Group, leading to a possible impact on the support agreement for the Company from the other FIL Group entity. The Company outsources administration operations to a FIL Group company and this arrangement is covered under the Insurance agreement ("IASA"). The operations undertaken include carrying out the insurance administration services and investment management services such as devising and implementing investment policy and managing allocation of investments of the Company's funds where those funds comprise more than one underlying collective investment scheme.	€1.179m

Risk Type	Description	Solvency Capital Requirement*
	The primary operational risks which the Company is exposed to which are not covered by the IASA, are considered to be in respect of Fund Accounting, Corporate Governance failures, and Cyber IT risk fraud at the Head Office level. Costs arising in respect of such an operational risk event are mitigated through the existence of an intercompany agreement with FIL Fund Management Limited (FFML), a Fidelity group company, to ensure the Company achieves a specified level of income. Plausible significant events have been considered and concluded that a 1 in 200 year operational event would not lead to a loss equal to 25% of the Company's expenses and therefore although not appropriate, applying the Standard formula sum of 25% of expenses is assumed to be overly prudent. *Note:* As further outlined in C7.2, the Board has considered in detail the operational impacts of COVID-19 to date and the impact on the Company's clients, recognising that the full impact on the global economy and general economic and market conditions are still emerging and whilst there has been no material change to the Company's risk profile as a result of the COVID-19 pandemic, the Company does, however, recognise that there may be emerging risks and vulnerabilities should the pandemic intensify or continue for a prolonged period.	
Market Risk	*Market risk is the potential for adverse changes in the value of FIL Life's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, and equity, and commodity prices and their implied volatilities, correlations and credit spreads.* The Company is not directly exposed to material market risk. FIL Life Ireland writes a single line of long-term unit-linked business where any changes in values are to the benefit of policyholders. There is no direct investment, other than the Company having a limited amount of seed capital investment for new fund launches. Market risk can arise on the seed capital investment and any exposure is managed within limits agreed by the Board. Neither policy holders nor the Company directly hold complex instruments such as derivatives, securitisations, and "non-routine" investments and there are currently no plans to do so. *Market Risk* Market risk to the Company is limited as, through a 100% matching of policyholder assets and liabilities, the risks on the valuation of assets is borne by the policyholders. The Company's market risks relate to the impact of market shocks on the present value of the Company's current rebates under the Fund Provision agreement with FFML, i.e. if markets fall, so too do expenses and a reduction in expenses will result in a reduction in rebates payable to the Company resulting in a lower SCR exposure to financial markets. Although as markets fall, so too will revenues	€1.069m

Risk Type	Description	Solvency Capital Requirement*
	resulting in an increase to the rebate payment. Standard Formula is based on a 39% shock for some types of equity ("Type 1") and 49% shock for other types of equity ("Type 2") where a company's portfolio is well diversified. The Company's equity is global and well diversified and therefore the Standard Formula is deemed appropriate. The symmetric adjustment is also taken into account. The Company may hold investments in money markets funds, which may be exposed as markets move and the assets may be impacted. The level of seed capital investments is relatively low and diversified and monitored on an ongoing basis. *Interest Rate Risk* Interest rate risk relates to interest bearing assets in the form of deposits and cash held with the Company's banks or other approved institutions. With the current low interest rate environment, the current calibration of the interest rate shocks in the Standard Formula is inappropriate but this applies to all firms and interest rates over time can change. *Currency Risk* The currency risk module is applicable to the Company, as its underlying funds are in a mix of currencies, and it chooses to hold part of its capital in non-Euro currencies to facilitate operational flow and it has an exposure to income predominantly received in USD but its expenses are predominantly charged in Euro. The Standard Formula assumptions used refer to a 25% increase and a 25% decrease currency shock which is deemed appropriate as it is assumed the rates against the Euro will fluctuate within a limited band and therefore exposure should be limited. As the Standard Formula market risk module assumption is that the sensitivity of assets and liabilities to changes in the volatility of the market parameters (equity prices, interest rates, yield spreads and exchange rates) are not material, this assumption is appropriate given the above market risk exposure.	
Insurance / Underwriting Risk	*Insurance Risk is the risk to the Company posed by total potential exposure to insurance contract commitments. Potential for deviations stem from the frequency of losses, severity of losses and the correlation of losses between contracts.* The Company does not have any material underwriting concentrations. The Company engages in unit-linked business and as the Company neither currently offers guarantees, nor writes annuities, Insurance risk is not deemed to be a major risk facing the business.	€0.436m

Risk Type	Description	Solvency Capital Requirement*
Life Underwriting Risk	*Lapse Risk* Due to the nature of the Company's life insurance business its insurance obligations are limited and therefore the sub risk modules of Longevity, Revision or Disability Morbidity components do not apply. The Company pays out the value of a policyholder's units on death but as the value is unit-linked there is limited insurance obligations for the Company. The Company does not offer any other additional form of insurance risk, optional or otherwise, to policyholders (plan trustees) or beneficiaries (individual plan members) and therefore does not undertake any form of traditional underwriting. The most significant life underwriting Sub module risk is Lapse Risk. The Company is susceptible to lapse shocks where unexpected lapses arise from policy terminations and surrenders. The Company's net exposure relates mostly to the impact of lapses on the present value of the Company's current rebate under the Fund Provision agreement with FFML. If there is a significant increase in lapse risk this will reduce the Asset Under Management (AUM). If AUM falls so will TPA expenses and this will result in a reduction in rebates payable to the Company therefore resulting in a lower underwriting SCR exposure. The assumption applied to the lapse stress is the surrender rate increases with 70% deemed worst case compared to the other tests (mass lapse shock). However, the Company's risk profile may not deem this assumption appropriate. This is due to the Company's concentration of members by scheme and scheme by Sector as there is a potential for the ongoing surrender rate to increase by more than 50% or have an immediate lapse shock of greater than 70% of the whole book of business so the probability is much greater than a 1 in 200 year event, potentially a 1 in 10 or 20 year event. 70% shock lapse rate is used as consideration of a 70% mass lapse shock is more appropriate as the Company's business, although not investment only does have characteristics of pure investment only business. It should be noted increasing the rate will not have an overall impact on the capital requirements to be held by the Company and over the business planning period, as the business grows, concentration by scheme and sector is anticipated to reduce. *Expense Risk* The expense sub-risk module is relevant to the Company, as its commercial viability is dependent upon its ability to generate revenue that exceeds its operational expenses including distribution costs, of writing and administering the policies. The Standard Formula assumption of a 10% increase in policy expenses and a 1% increase in inflation, is not applicable to the Company as the fund provision agreement in place with FFML acts as a risk mitigant as costs are rebated plus 6.5%. Accordingly, there is no direct life underwriting expense risks to be applied under the life underwriting module.	

Risk Type	Description	Solvency Capital Requirement*
Liquidity Risk	*Liquidity is the availability of cash or near cash assets or credit that can be utilised to support continuing business operations. Liquidity risk relates to an entity's ability to meet its liabilities/obligations as they become due, whether such liabilities can be reasonably foreseen or otherwise stem from a risk event or series of such events.* Settlements are managed for the Company by a fellow subsidiary. Liquidity risk is managed through ongoing cashflow management and forecasting, liquidity scenario stress testing, together with maintaining appropriate working capital balances and the availability of a contingency funding line with a Fidelity (FIL) Group entity.	-
Capital and Funding Risk	*The risk of FIL Life Ireland not having sufficient regulatory capital to meet relevant minimum regulatory requirements, with a reasonable margin of safety.* This risk is managed through the Company's Capital Management Policy and the maintenance of a discretionary buffer over and above the minimum capital requirements.	-
Strategic Risk	*Strategic risk is the risk associated with an inappropriate or non-performing strategy.* The Board approves the strategy and oversees its execution.	-

C.1. Underwriting Risk

C.1.1. Definition

Solvency II defines underwriting risk as *'the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions'.*

C.1.2. Risk Exposure, Concentration and Mitigation

Due to the existence of the intercompany agreement, the Company's risk exposure is effectively concentrated with the contracting company (in the form of counterparty risk, including the risk that the counterparty will decide to terminate the agreement). It does not have any material underwriting risk concentrations.

FIL Life Ireland is only exposed to life underwriting risks. This exposure is not material. For the unit-linked liabilities, risks associated with the volatility of future charges and expenses are mitigated by both the IASA and by FIL Life Ireland's ability to unilaterally terminate policies subject to a short notice period. Beyond this, FIL Life Ireland does not have any exposure to underwriting risk in the traditional sense. Consequently, FIL Life Ireland has no Chief Underwriting Officer.

The terms of the IASA limit FIL Life Ireland's exposure to pricing underwriting risk. FIL Life Ireland's pricing framework and model is based upon the strategic plan and takes a cost-plus approach to pricing. Pricing is bespoke to each client and is dependent upon the profile of the plan at take on and projected into the future. The Underwriting Pricing Policy includes the terms on which new business is written. The Actuarial Function advises on the impact on the Technical Provisions and the SCR of any material changes in the terms on which FIL Life Ireland writes new business, including the introduction of any new products.

An amount of €0.436m (before diversification benefit) has been included within the SCR for underwriting risk.

C.1.3. Risk Sensitivity

As FIL Life Ireland's exposure to this risk is limited, there is no material sensitivity to changes in this risk.

The Company does not face any material underwriting risk exposure due to the existence of an intercompany agreement. However, in the absence of the intercompany agreement, it is exposed both to an increase in expenses and an increase in surrenders.

These exposures are examined on an annual basis through the ORSA process and quarterly through the calculation of the SCR on a Standard Formula basis. In relation to the sensitivity to expenses, the Company undertakes an expense shock stress test. In relation to the sensitivity to an increase in surrender rates, the Company undertakes a lapse stress test.

C.1.4. Any Other Disclosure

The Company does not have any further disclosure to make in relation to its underwriting risk profile.

C.2. Market Risk

C.2.1. Definition

Solvency II defines Market risk as *'the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.'*

C.2.2. Risk Exposure, Concentration and Mitigation

Due to the existence of the intercompany agreement, the Company's risk exposure is effectively concentrated with the contracting company (in the form of counterparty risk, including the risk that the counterparty will decide to terminate the agreement). It does not have material market risk concentrations. The Company writes a single line of business in Linked Long Term Business with policy holders selecting their own investments, the unit-linked funds are invested in funds managed by third party fund providers as well as funds managed by other FIL group companies. All of the benefits from policyholder investments for the Company are directly linked to the value of units in funds subject to the provisions of the EU Directive relating to the undertakings for collective investment in transferable securities (UCITS). The Company will have seed capital investment into new funds and certain existing funds. Neither policy holders nor the Company directly hold complex instruments such as derivatives, securitisations, and "non-routine" investments and there are no plans to do so.

FIL Life Ireland has some exposure to market risk from the provision of seed capital and the investment of shareholders' funds in a liquidity fund.

FIL Life Ireland also has indirect market risk exposure through the annual management charge (AMC) on unit-linked funds. FIL Life Ireland has an indirect exposure to market risk on linked assets through the credit taken for future administration fees. FIL Life Ireland earns AMCs based on a fixed percentage of Assets under Administration (AuA), and movements in the value of these assets will affect the AMCs. As future profits are only projected up to the point when FIL Life Ireland is able to unilaterally terminate the liabilities, which is within twelve months, the exposure is not significant.

Seed Capital Management
FIL Life Ireland places seed capital into new funds. Market risk exists on this capital as the units seeded are owned by the shareholders and the risk is not passed over to the policyholders. The market risk appetite is linked to the seed capital, where all seed capital exposures must consider the impact on capital and thresholds trigger remedial action. The Board has set a limit for the total value of seed capital, which constitutes the aggregate risk appetite against which total seeding will be monitored. This limit is reviewed on an annual basis by the Board.

There are no material residual market-related risks. The Company writes a single line of business in Linked Long Term Business with policy holders selecting their own investments, the unit-linked funds are invested in funds managed by third party fund providers as well as funds managed by other Fidelity group companies. All of the benefits from policyholder investments for the Company are directly linked to the value of units in funds subject to the provisions of the EU Directive relating to the undertakings for collective investment in transferable securities (UCITS). There is no direct investment. The Company has seed capital in new funds. Neither policy holders nor the Company directly hold complex instruments such as derivatives, securitisations, and “non-routine” investments and there are no plans to do so. Market risks arises from seed capital investment, used to support new fund set-ups, although this exposure is limited with this exposure managed within a Board agreed limit, which is monitored regularly and discussed at Board meetings.

Under Solvency II’s Standard Formula, market risk can be divided between the following sub-risks, which are gross of diversification of €(0.313)m :

- **Interest rate risk** – market risk from changes in the term structure of interest rates, or in the volatility of interest rates. FIL Life Ireland's main exposure to interest rate risk relates to interest bearing assets in the form of deposits and cash held with FIL Life Ireland's banks or other approved institutions. The interest rate risk is not actively managed by FIL Life Ireland. An amount of €0.932m (before diversification benefit) has been included within the SCR for interest rate risk.

- **Equity risk** – market risk from changes in the level or in the volatility of market prices of equities. There are no guarantees of investment performance. FIL Life Ireland holds no derivatives. An amount of €0.15m (before diversification benefit) has been included within the SCR. The effect of market movements on the value of the AuA is monitored and reported to senior management. The management group review the risk and determine if additional monitoring or escalation to the Board is required.

- **Spread risk** – market risk from changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. FIL Life Ireland has limited exposure to spread risk from investments. An amount of €0.296 (before diversification benefit) has been included within the SCR.

- **Currency risk** – market risk from changes in the level or in the volatility of currency exchange rates. FIL Life Ireland is not directly exposed to material currency rate risk. An amount of €0.3m (before diversification benefit) has been included within the SCR for currency rate risk.

- **Concentration risk** – market risk from either the lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers. FIL Life Ireland is not exposed to high degrees of concentration.

All policyholder assets and liabilities are linked. Shareholder assets are invested mainly in a liquidity fund but may also provide seed capital for new funds.

C.2.3. Risk Sensitivity
Although the risk is affected by the impact of changes in investment markets on the value of seed capital, the impact is not material to the Company. However, in the absence of the intercompany agreement, the Company is exposed to a shock reduction in underlying

policyholder fund values, as margins are largely determined as a percentage of underlying fund values. This exposure is examined on an annual basis through the ORSA process, and quarterly through the calculation of the SCR on a Standard Formula basis.

C.2.4. Any Other Disclosure

The Company does not have any further disclosure to make in relation to its market risk profile.

C.3. Credit Risk

C.3.1. Definition

Solvency II defines credit risk as *'the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.'*

C.3.2. Risk Exposure, Concentration and Mitigation

Due to the existence of the intercompany agreement, the Company's risk exposure is effectively concentrated with the contracting company (in the form of counterparty risk, including the risk that the counterparty will decide to terminate the agreement). The only material residual credit risk is counterparty exposure to the Fidelity Group, particularly in the event of a loss arising such that there is a material recovery amount due from the Fidelity Group. There was no material change to the credit risk exposure of the Company over the year.

Credit risk is assumed whenever FIL Life Ireland is exposed to loss from another party failing to honour its financial obligations to the Company, including failing to perform them in a timely manner. A Credit Risk Policy and related controls are in place to manage this risk.

FIL Life Ireland is exposed to counterparty risk through its cash holdings, its receivable balances and its investments in the Fidelity Money Market Liquidity Fund.

The two principle counterparties to which the Company is exposed are:

Banks and Liquidity Funds

The Company may be exposed to the default of FIL Life Ireland's banking and liquidity fund counterparties where there are corporate cash balances held.

FIL Group Companies

FIL Life Ireland is reliant upon a FIL Group Company, FPM, for the provision of services and the management of credit risks in respect of management fee collection.

Counterparty and credit risk are managed against agreed financial limits in accordance with the FIL Life Ireland Credit Risk Policy and are monitored and reported to senior management and the Board of Directors on a quarterly basis.

FIL Life Ireland performs an assessment of the risk profile of a counterparty prior to taking on a credit exposure. The factors to be considered will vary according to both the type of credit and the counterparty being considered. Only approved counterparties may be dealt with.

External credit ratings are monitored. An approved counterparty is one that is assigned an external rating of BBB+ or higher or a Dun & Bradstreet risk indicator of 3 or better. Cash balances or deposits are only placed with approved relationship banks or liquidity funds. FIL Life Ireland undertakes ongoing monitoring of the credit quality of the counterparty.

In the event of any counterparty achieving a credit rating below investment grade or a banking partner no longer being on the FIL approved list, the FIL Life Ireland business will convene a meeting with representatives from Risk, Business Finance, Corporate Treasury and Legal. The attendees will assess an exception to policy, or, in the event of a banking partner, Treasury will suspend deposit placements immediately pending further analysis and guidance from senior management. Decisions are subject to approval by the FIL Life Ireland CEO, who will notify the Board.

Counterparty creditworthiness is monitored on a regular basis and, where appropriate, additional mitigants, such as charges over assets and assurance of segregation of funds, are applied.

A credit risk exposure report is produced monthly for the FIL Life Ireland Oversight Group with relevant reporting to the FIL Life Ireland Board quarterly to provides information regarding the Company's counterparties, their credit ratings, size of the exposures, limit values and any changes to counterparty credit ratings during the period under review.

There was no material change to the credit risk exposure of the Company over the year.

In line with Solvency II regulations, an amount of €1.882m (before diversification benefit) has been included within the SCR counterparty risk for type 1 exposures (banks and counterparties). The full SCR is set out in E.2, together with the prior year's requirement.

C.3.3. Risk Sensitivity

The Company does not face any material counterparty risk exposure due to the FPA, except for its exposure to the FIL Group, particularly in the event of a loss which requires a material recovery amount. Credit counterparty risk is assessed in the Company's ORSA, through analysis of a scenario in which the intercompany agreement is terminated, and another in which there is a capital loss due to the failure of a counterparty bank.

C.3.4. Any Other Disclosure

The Company does not have any further disclosure to make in relation to its credit risk profile.

C.4. Liquidity Risk

C.4.1. Definition

Solvency II defines liquidity risk as *'the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.'*

C.4.2. Risk Exposure, Concentration and Mitigation

The range of material risks to which the Company is exposed is curtailed due to the existence of an intercompany agreement, however, this agreement does not explicitly address liquidity risk.

The Company faces liquidity risk, which is managed ongoing cashflow management and forecasting, together with maintaining appropriate working capital balances and the availability of a contingency funding line with a FIL Group entity. Liquidity risk for FIL Life Ireland is that it will encounter difficulties obtaining funds to meet commitments associated with financial and other liabilities.

All policyholder assets can be readily liquidated. The liquidity risk relating to the redemption of policyholder assets is considered minimal, as the proceeds will be provided by sale of the underlying assets. Any deferment of sale proceeds can be matched by deferring payment to policyholders as per the policy contracts. The Company can mitigate liquidity settlement risk on fund switches, whereby in extreme circumstances, it can delay settlement on a buy trade where a sale settles later than a buy and incur the late payment fees. Further, in the most extreme circumstances policy conditions place the counterparty risk exposure on the policyholder should a trade not settle due to a default of the fund provider. Detailed investment and disinvestment policies and guidelines are in place and updated periodically. Liquidity requirements arising from significant client transitions are carefully monitored against risk appetite.

The majority of FIL Life Ireland's capital is held within a Fidelity Money Market Liquidity Fund. This UCITS fund investment has a rating of Aaa-mf (Moody's) and AAAm (S&P), and is liquid and readily realisable, with same day settlement offered.

Liquidity risk is continually monitored and is reported to senior management by Finance. and to the Board of Directors on a quarterly basis.

C.4.3. Risk Sensitivity

The Company faces liquidity risk, which is managed through ongoing cashflow management and forecasting, undertaking internal stress-testing for liquidity sensitivity analysis via liquidity scenario stress testing, together with maintaining appropriate working capital balances and the availability of a contingency funding line with a Fidelity Group entity.

C.4.4. Any Other Disclosure

FIL Life Ireland has no contractual premiums. As a result, no profit for future premiums is included.

The Company does not have any further disclosure to make in relation to its liquidity risk profile.

C.5. Operational Risk

C.5.1. Definition

Solvency II defines operational risk as *'the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.'*

C.5.2. Risk Exposure, Concentration and Mitigation

The range of operational material risks to which the Company is exposed is curtailed due to the existence of an intercompany agreement, but the Company does consider the possibility of operational risk exposure events elsewhere in the Fidelity Group, leading to a possible impact on the support agreement for the Company from the other FIL Group entity. There was no material change to the operational risk exposure of the Company over the year.

The Company's operations are primarily carried out by one provider, a FIL Group company, and this arrangement is covered under an Insurance agreement ("IASA"). The operations undertaken include carrying out the insurance administration services such as processing and updating details of policyholders' details and investment management services such as devising and implementing investment policy and managing allocation of investments of the Company's funds where those funds comprise more than one underlying collective investment scheme.

For FIL Life Ireland, operational risk arises in the service provider from the people, systems and processes through which that Company operates. The IASA agreement indemnifies FIL Life Ireland against any errors attributable to FPM. As a result, this removes the majority of the operational risk to which an insurer like FIL Life Ireland might otherwise be exposed.

Operational risk includes risks related to operational delivery, business process disruption, information security and cyber-resilience, legal risk, regulatory compliance, financial crime, record and data management and financial reporting.

C.5.2.1. Operational Resilience

Operational Resilience is the embedding of capabilities, processes, behaviours and systems which allows an organisation to continue to carry out its activities should there be any type of disruption. Regulation requires companies like FIL Life Ireland to demonstrate that they understand how they operate with regards to systems capabilities, business processes and knowledge base. FIL Life Ireland needs to provide evidence that there are robust processes and an ability to recover from a disruption event. In order to demonstrate resiliency, important business services are mapped out with specific impact tolerances applied dependent upon the disruption scenario. This allows FIL Life Ireland to evidence how the firm is operating within these impact tolerances and to set appropriate monitoring to ensure that business activities remain within tolerance levels.

C.5.2.2. Information Security & Cyber Resilience

The Fidelity Group is committed to the protection of its client and customer details, along with its own information and data. There is a comprehensive framework of protection in place with security policies, standards and procedures which are executed to protect customers from threats and frauds. A dedicated Information Security and Technology Risk team assesses security risks and address threats on a continuous basis to ensure the confidentiality, integrity and availability of our information systems and data. FIL Group has a dedicated Cyber Defence Operations (CDO) team, whose core focus is early Cyber breach detection and response. The mission of the CDO is to develop intelligence led, proactive cybersecurity response to defend the FIL Group and its assets from known and unknown cyber threats and to reduce risk and impact to the business.

Both the FIL Life Ireland Board and the Risk Committee assesses and monitors risks, including operational risks arising from service provisions. A holistic view of FIL Life Ireland's financial and non-financial risks, including operational risks, is considered and discussed by the Risk Committee on a quarterly basis. In addition, risk tolerances are set for operational risk based on a residual impact level.

C.5.2.3. Duties to Customers

Operational risk also includes Duties to Customer risks. These relate to a wide range of risks, including pricing and costs, disclosures, complaint handling, marketing, and product design and management. They are underpinned by good conduct which, when embedded throughout the business, results in a number of benefits, including:

- Strengthening of customer trust and loyalty through decision-making that has customer interests at heart
- Products that meet customers' needs and provide simple and transparent pricing structures
- Good behaviour and integrity in market conduct reinforces confidence in the financial system
- Fewer issues, events and complaints, leading to improved customer experience and operational efficiencies.
- Positive impact on shareholder value and effectiveness of the organisation

C.5.2.4. Conduct Risk

Conduct touches every aspect of the FIL Life Ireland business and all other FIL Group companies. By its nature, it is behavioural and therefore relies on a culture that ensures that everyone does the right thing at all times.

FIL Group, including FIL Life Ireland, continually looks for opportunities to strengthen its culture and focus on client outcomes and has always managed conduct risk as an integral part of the business. Conduct risk forms an important element of any assessment of new products and initiatives. The Board receives regular risk updates on the topic and monitors the performance of FIL Life Ireland and its service providers. Risk appetite metrics have been developed as part of the group-wide Risk Management Framework.

C.5.2.5. Mitigation

The IASA indemnifies FIL Life Ireland against operational risks except for fraudulent activity or breach of duty of care/negligence by FIL Life Ireland Directors and/or FIL Life Ireland Approved persons, or due to those with delegated authority. These risks are managed by the Board on an ongoing basis.

The primary operational risks which the Company is exposed to which are not covered by the IASA, are considered to be in respect of Fund Accounting, Corporate Governance failures, and Cyber IT risk fraud at the Head Office level.

In addition, risk tolerances are set for operational risk based on a residual financial impact level. Prior to breaching any of the levels defined, remedial actions will be triggered.

An amount of €1.179m has been included within the SCR for operational risk.

C.5.3. Risk Sensitivity

The indemnity provided under the terms of the IASA with the FIL Group entity means that FIL Life Ireland's exposure to fluctuations in this risk is curtailed and the Company does not face any material operational risk exposure due to the existence of an intercompany agreement.

While this risk exposure is considered in stress testing it is also assessed through consideration of a possible operational risk exposure event(s) elsewhere in the Fidelity Group, leading to an impact on the support agreement for the Company from the other FIL Group entity.

The Solvency II standard formula is based on, and therefore changes with, annual expenditure.

C.5.4. Any Other Disclosure

The Company does not have any further disclosure to make in relation to its operational risk profile.

C.6. Other Material Risks

C.6.1. Capital and Funding Risk

Capital and Funding risk is defined as the risk of FIL Life Ireland not having sufficient regulatory capital to meet relevant regulatory requirements, with a reasonable margin of safety.

The Company has adopted a Capital Management Policy, which includes a discretionary buffer above the greater of the SCR and ORSA requirements. The Board is responsible for determining the size of the buffer as appropriate to the circumstances of the Company at the time, and any changes anticipated in the future. The discretionary buffer is subject to by the Finance function and by the Board.

C.6.2. Risk Concentrations

Concentration risk can be defined as the overall spread of a company's assets and outstanding accounts over the number or variety of debtors. The financial and counterparty risks are largely mitigated through legal agreements and are considered above.

Management actions have been modelled in respect of counterparty risk, with the Loss-Given-Default (LGD) limited by a management action to terminate all in-force contracts in the event of a default by FFML. The LGD associated with the FPA has been limited to the expenses that would be incurred by the Company upon invoking its unilateral right to terminate all contracts with a specified time period.

No derivatives are used as risk mitigation techniques.

C.6.3. Strategic Risk

Strategic Risk is defined as the risk of the Company not meeting its strategic business objectives which could affect its long-term positioning and performance.

FIL Life Ireland manages a range of strategic risks, including risks relating to clients, pricing, distribution, competition, regulation and infrastructure. It uses risk management tools such as scenario analysis, stress testing and wind-down analysis to understand the scale and impact of each risk and to test implementation plans in place.

The strategy for FIL Life Ireland is defined based on a 5-year time horizon, supported by the annual, 3 and 5-year business plan. It is underpinned by clearly articulated objectives and supported by qualitative and quantitative measures. Strategic Risk is directly managed by the Board and the CEO of FIL Life Ireland. The Board has overall responsibility for issues of strategy and business risk management pertaining to the business activities of FIL Life Ireland. The Board approves the strategy and/or material changes in the same and will receive such information to monitor performance against the strategic goals of the business.

A strategy day is held annually with the Board and relevant business stakeholders to assess client needs and experience, the competitive environment as well as threats from internal and external market events and how these may impact the current strategy and financial position as assessed through the ORSA process.

C.7. Any Other Information

C.7.1. Stress and Scenario Testing

The outcome of stress testing and sensitivity analysis for material events is completed as part of the ORSA and business planning process as described in B.3.10.

Stress tests - Stress tests are concluded separately to explore potential threats to the business over the 5-year planning period, incorporating both plausible, single factor stresses and more severe multi-factor scenarios. They are determined by senior stakeholders and subject matter experts, with Board review and consideration. Loss scenarios are developed on the possible outcomes of those risks with a financial impact after controls and mitigations have been considered.

Stress testing assesses the impact on the net revenue and capital surplus. It compares the expected net revenue forecast for the next financial year against a revised forecast based on the various stresses. It calculates a full SCR and risk margin using the stress test assumptions and related outcomes, which are compared to the expected capital position for the following year.

Scenario analysis - The ORSA capital requirement is derived through prescribing 1 in 200 year level shocks to capital bearing risks and aggregating the resulting own funds impacts. The capital requirement is aggregated assuming no diversification and compared to capital resources.

The individual stress tests are combined to create a very extreme stressed result and compared to the internal and regulatory capital requirements.

The stress testing projections indicate that FIL Life Ireland will meet its capital requirements in all but the very extreme scenarios which are considered to be beyond the 1-in-200 confidence interval.

C.7.2. COVID-19 Impact on the Risk Profile

The Board has considered in detail the operational impacts of COVID-19 to date and the impact on the Company's clients, recognising that the full impact on the global economy and general economic and market conditions are still emerging.

The Company has continued to work with its customers to deal with the impact on their business and servicing requirements as a result of COVID-19, and whilst there has been no material change to the Company's risk profile as a result of the COVID-19 pandemic, the Company does, however, recognise that there may be emerging risks and vulnerabilities should the pandemic intensify or continue for a prolonged period. FIL Life's suppliers are reliant on working from home strategies requiring robust technology networks and staff availability. The increased pace of digitalisation for certain processes required arising from remote and working from home requirements due to COVID-19 may result in increased exposure in the supply chain to risks associated with fraud and data management.

C.7.3. Other information

There is no other material information relevant to the Company's risk profile.

D. Valuation for Solvency Purposes

D.1. Assets

D.1.1. Valuation, Methodology and Assumptions

FIL Life Ireland's assets are primarily those held to back the unit-linked liabilities, with the surplus held as cash or similarly liquid investments.

Table D.1: Breakdown of Material Assets by Solvency II Value with June 2020 Comparison

Classes of Material Assets	31 Dec 2020 €'000	30 Jun 2020 €'000
Investments (other than assets held for index/unit-linked funds)	4,431	3,519
Assets held for index-linked and unit-linked contracts including shareholder	1,104,579	1,000,002
Receivables (trade, not insurance)	694	202
Cash and cash equivalents	11,808	13,636
Any other assets, not elsewhere shown	22,317	21,703
Total Assets	**1,143,829**	**1,039,062**

Assets held for index-linked and unit-linked contracts

Assets held for unit-linked funds are all forms of available collective investment schemes, primarily UCITS and are stated at the market value provided by the fund managers, with policyholder investments in such regulated collective investment schemes, which are normally priced on a daily basis.

The assets are stated at either market value, in accordance with International Financial Reporting Standards, or nominal value, in the case of cash deposits. The methodology for valuing and recognising these assets is therefore, not expected to change in the foreseeable future. The valuation methodology and assumptions for these assets, including reasons for aggregation, are summarised below.

D.1.1.1. Investments: Other than Assets Held for Unit-linked Funds

These represent listed investments in quoted liquidity funds. The assets are stated at market value using quoted market prices in active markets or expected realisable value, in the case of cash deposits.

D.1.1.2. Assets Held for Index-linked and Unit-linked Contracts

Assets held for unit-linked funds are all forms of publicly available collective investment schemes, primarily UCITS (Undertakings for Collective Investment in Transferable Securities) and are stated at the market value provided by the fund managers. In response to adverse events, FIL Life Ireland may take a number of actions to protect the interests of policyholders in a fund, for example, suspend trading or pricing, defer dealing or diverge from the stated investment policy. These practices would only be used to the minimum extent possible. FIL Life Ireland retains the discretion as to whether or not, and if so how, to implement these measures.

D.1.1.3. Receivables (Trade not Insurance) and any Other Assets, not Elsewhere Shown

Receivables and other assets, such as debtors are included at the expected realisable value. This is a good proxy for market value due to the short-term nature of the assets.

D.1.1.4. Cash and Cash Equivalents

Cash and cash equivalents represent cash at bank and are valued at expected realisable value. This is a good proxy for market value due to the short-term nature of the assets.

D.1.1.5. Other Assets

There are no intangible assets or deferred tax assets in the balance sheet.

D.1.2. Reconciliation to Financial Statements

There are no material differences between the basis, methods and assumptions used for the valuation of assets for solvency purposes and those used in the Financial Statements.

Table D.2: Reconciliation to Financial Statements

	31 Dec 2020 €'000
Net Assets	10,312
Best Estimate Liabilities	(14,603)
Rebate Asset	17,251
Risk Margin	(2,106)
Net Assets per SII	**10,854**

The methodologies used in these valuations are consistent with those used in previous reports.

D.2. Technical Provisions

D.2.1. Valuation, Methodology and Assumptions

There are three components of the Technical Provisions for FIL Life Ireland. These are:

- the Unit Liability
- the BEL
- the Risk Margin

Table D.3: Technical Provisions as per QRT S.02.01 & S.12.01 with June 2020 Comparison

Technical Provisions	31 Dec 2020 €'000	30 Jun 2020 €'000
Unit Liability	1,103,657	999,107
Best Estimate Liabilities	14,603	13,998
Risk Margin	2,106	2,020
Gross Technical Provisions	**1,120,366**	**1,015,125**

Where a liability can be replicated using financial instruments, for which a reliable market value is available, the value of the Technical Provisions for that liability is determined as the market value. An example of this is the unit liability, where the value is set equal to the value of the units deemed allocated to policyholders.

Otherwise, where a market value is not observable for a liability, the value of Technical Provisions equals the sum of the BEL and the Risk Margin.

The BEL is the expected present value of the probability-weighted average of future cash-flows, using a relevant risk-free interest rate term structure.

The Risk Margin is the cost of holding the risk capital over the lifetime of the business. The cost of capital rate is set in the Solvency II Delegated Regulation to be 6% p.a.

Under Solvency II, the Technical Provisions only reflect insurance liabilities for business in-force at the valuation date, and not any future insurance business. Since future contributions on pensions policies are discretionary, these are treated as future new insurance business and are excluded when valuing the liabilities.

D.2.1.1. Methodology

There are no differences between the basis, methods and assumptions used for the valuation of liabilities for solvency purposes and those used in the Financial Statements, with the exception of:

- The establishment of a rebate asset within the solvency valuation

- The establishment of a BEL plus a Risk Margin within the solvency valuation of the Technical Provisions, in addition to the unit liability. The Technical Provisions in the Financial Statements are set equal to the unit liability.

The rebate asset is similar in nature to a reinsurance asset and captures the benefit of the intercompany agreement. The value of the rebate asset for year-end reporting was €17.25m (30 June 2020: €16.3m).

For Financial Statements reporting, the Company classifies all contracts as "Investment Contracts" for the purpose of calculating the Life Assurance Provision under the International Financial Reporting Standard (IFRS). Therefore, the total liability held in respect of the book of business for Financial Statement is the unit linked liability. As per Solvency II methodology, the unit liabilities under IFRS are equal to the value of units allocated to members and are matched by corresponding unit-linked assets held on behalf of members. The value of units is calculated as the price per unit multiplied by the number of units. There is no BEL or RM in the Financial Statements therefore, these items are zero.

The matching adjustment is not used within the Technical Provisions.

The volatility adjustment is not used within the Company's Technical Provisions.

No transitional measure has been applied to the Company's Technical Provisions.

Transitional deduction is not applied to the Company's Technical Provisions.

The Company currently does not have any reinsurance arrangements in place. It does, however, have an alternative risk transfer arrangement in place, this agreement acts in a similar fashion to reinsurance.

This is the sixth year-end that technical provisions are reported for FIL Life Ireland. Comparisons of results and assumptions against last year are documented above.

D.2.2. Unit-linked Liabilities

All policies written by FIL Life Ireland are unit-linked and can be cancelled in accordance the policy conditions.

The unit liability amounted to €1,103.6m at 31 December 2020 (30 June 2020: €999m). The increase of €104.5m is the net effect of new premiums received, investment returns, charges and claims, together with exchange rate movements.

The unit liabilities are equal to the value of units allocated to policyholders and are matched by corresponding unit-linked assets held on behalf of policyholders. The value of units is calculated as the price per unit, multiplied by the number of units. These are calculated by the policyholder administration system.

D.2.3. Best Estimate Liability

The BEL amounted to €14.6m (30 June 2020: €13.99m) at the period end of 31 December 2020. The increase is mainly due review of expense assumptions. The non-TPA maintenance expense assumption has increased due to review of the allocation basis of maintenance costs and a general increase in staff related expenses, professional fees and outsourcing. This is offset of surrender assumptions been updated with partial surrender rates decreasing.

The BEL represents the present value of the expected future cash flows arising from the inforce book of business, discounted using risk-free interest rates. It does not include the unit liability as this has been unbundled and classified as Technical Provisions calculated, as outlined above. As the projected future outgoings are expected to exceed the expected future income from the in-force business, the BEL for this business is positive.

The cash flows projected include the following, where relevant:

- Fund management charges
- Member record keeping fees
- Maintenance Expenses
- Third-party administration fees, including investment management fees

For the Company, the definition of contract boundaries determines what premiums and associated cash flows should be included in the calculation of the BEL. Any premiums and associated cash flows that lie beyond the contract boundary are excluded from the calculation of the Technical Provisions. For the International Pension Plan or IPP business, the contract boundary occurs immediately, since the product charges are fully reviewable, and hence no new premiums are included in the calculation of the BEL.

Each of the demographic assumptions is derived at a homogeneous risk group level.

Surrender Rates

The best estimate lapse rate assumption allows separately for both full and partial surrenders in respect of scheme members. The actuarial function has carried out an experience investigation on the book of business. The full and partial lapse rate assumptions are set in line with the results from this investigation.

Maintenance and Third-Party Administrator (TPA) Expense

The expense assumptions are based on future sales and expense assumptions based on the annual assumptions & judgements paper as approved by the Board in December 2020.

Expense and TPA Fee Inflation

Expense Inflation is modelled separately in respect of EUR and GBP denominated expenses.

The EUR denominated expense inflation is determined based on the European Central Bank target inflation rate. A margin for wage inflation has been added to this rate to allow for the proportion of the underlying cost base which is salary-related. The margin was derived using relevant data from the Economic and Social Research Institute (ESRI).

The GBP expense inflation rate is set in line with observed market yields on UK inflation linked securities of suitable duration. TPA fee inflation is based on the GBP expense inflation rate.

Discount Rate and Investment Growth

In calculating the Technical Provisions, the yield curve is based on the prescribed Solvency II methodology.

Risk Margin

The risk margin is €2.1m as at 31 December 2020. The risk margin has increased by €86k over the period, from €2.02m at 30 June 2020. This increase was mainly driven by increase in the overall SCR of the company as a result of the updated lapse and expense assumptions.

The risk margin is calculated as the cost of holding the risk capital over the lifetime of the obligations. The risk margin is calculated at a total portfolio level rather than at an individual policy level. The risk margin component of the liabilities reflects the cost of holding capital against current and future non-market risk capital requirements. The risk margin is calculated based on the SCR for non-hedgeable risks over the future lifetime of the obligations. The projection of the SCR for in-force contracts is the key input to this calculation. The risk margin is calculated using the cost of capital approach set out in the Solvency II Directive.

The Company uses a simplified approach in calculating the SCR for each future year, whereby the future SCR is projected based on the projected future BEL of the in-force business. This approach is unchanged from last year and is consistent with Method 2 in the hierarchy of methods for the calculation of the risk margin as described in the EIOPA “Guidelines on the Valuation of Technical Provisions”. The SCR that is projected into the future to calculate the risk margin reflects the existence of the intercompany agreement. The inclusion of this agreement results in a reduction in the projected SCR of the Company, as it acts to mitigate some of the Company’s risk exposure under the various stresses of the SCR. This in turn results in a reduction in the risk margin.

As the Company only writes one line of business, it does not need to allocate the risk margin by line of business.

D.2.4. Reinsurance Recoverables and Special Purpose Vehicles

There are no Special Purpose Vehicles.

The Company currently does not have any reinsurance arrangements in place. It does, however, have an alternative risk transfer arrangement in place. This agreement acts in a similar manner to reinsurance.

D.2.5. Alternative Methods for Valuation

There is no alternative valuation method or alternative valuation techniques used.

D.2.6. Material Uncertainties

There are no material uncertainties relating to FIL Life Ireland’s valuation.

D.2.7. Uncertainty associated with the Value of the Technical Provisions

The methodology employed is proportionate to the nature, scale and complexity of the risks accepted by the business.

The sensitivity of the BEL to changes in the assumptions used in calculating the Technical Provisions is shown in table D.4.

Table D.4: Sensitivity Analysis

Sensitivity Analysis	31 Dec 2020 €'000	30 Jun 2020 €'000
Change due to 48.4% (June 2020: 42%) decrease in unit prices (per SCR equity shock)	+8,964	+6,299
Change due to 10% increase in expenses and 1% increase in expense inflation	+6,917	+6,134
Change due to 50% decrease in surrender rates	+17,349	+15,811
Change due to 15% decrease in mortality rates	-22	+28
Change due to decrease in interest rates (per the SCR interest rate shock)	+82	+65
Change due to increase in interest rates (per the SCR interest rate shock)	(2,277)	(1,951)

The sensitivity analysis above shows that the BEL is reasonably sensitive to an adverse movement in equity values, with the BEL increasing by €8.96m in response to the Standard Formula equity shock (which reduces unit values by 48% based on current asset splits). The increase in BEL is the result of lower margins arising from the AuA (due to the drop in the value), partially offset by a reduction in fund related expenses.

The BEL is also quite sensitive to the expense assumptions used. A 10% increase in expense assumptions, combined with a 1% increase in expense inflation rates results in an increase in BEL of €6.9m. The expense assumptions referred to in this scenario include maintenance expenses and TPA expenses.

The BEL is very sensitive to changes in surrender rates. Since the projected future level of expenses is greater than the projected future income from the in-force business, a decrease in surrender rates results in an increase to the BEL. The 50% decrease in surrender rates described here equates to a decrease in lapse rates from 8.9% p.a. to 4.5% p.a. for full service members. This decrease in surrender rates has the effect of increasing the liability on the business by €17.35m.

The BEL is not particularly sensitive to changes in mortality rates. The Company is not exposed to significant mortality risk due to the absence of any death benefits in excess of the unit fund on contracts. A decrease in mortality rates has practically no impact on the BEL, and so this is not considered a material risk for the Company.

The BEL is not very sensitive to a further fall in interest rates. A decrease in the yield curve (as per the SCR shock) results in an increase in BEL of €82k. The impact of this is quite minor, as the down-shock applied to interest rates under Solvency II (given their already very low level) is quite small. However, the impact of an increase in interest rates in accordance with the up-shock specified under the Standard Formula (which is a minimum upwards movement of 1 percentage point) is much greater. This up-shock would result in a reduction in BEL of approx. €2.3.

Sensitivity of the BEL to other potential factors, such as policyholder fund switch activity, was also considered. In the case of fund switches, the net margin to the Company remains quite stable irrespective of the fund options chosen by the policyholder and results in only a marginal impact on the BEL.

There are no material deficiencies in the data used for the Technical Provisions.

D.2.8. Reconciliation to Financial Statements

The accounting policies are consistent between the Financial Statements under IFRS (International Financial Reporting Standard) and the Company's Solvency II reporting. Assets and liability values are the same in both.

D.3. Other Liabilities

D.3.1. Valuation, Methodology and Assumptions

Other financial liabilities and payables are €12.6m at 31 December 2020.

Components of other liabilities are shown in table D.4. These amounts are based on a market consistent valuation and consistent with values included in the Financial Statements.

The same valuation basis, methods and assumptions, where relevant, are used for the Company's Financial Statements, as are used for Solvency II reporting purposes.

Aggregation is not used in the calculation of other liabilities.

Other financial liabilities and payables, such as premiums received in advance and general creditors are included at expected settlement value.

Table D.4: Other Liabilities with June 2020 Comparison as per QRT S.02.01

Other Liabilities	31 Dec 2020 €'000	30 Jun 2020 €'000
Insurance & intermediaries payables	11,674	12,714
Payables (trade not insurance)	935	794
Any other liabilities not elsewhere shown	-	-
Total Other Liabilities	**12,609**	**13,508**

There are no contingent liabilities or material provisions in the Financial Statements.

FIL Life Ireland has no lease arrangements.

As outlined in B.1.6, staff are employed by other FIL Group companies. The expenses in relation to these employees are recharged on a cost plus 5% basis and are included in Administrative expenses. There is no defined benefit plan.

As at 31 December, 2020 all staff engaged in the management and administration of the Company are employed by other Fidelity Group Companies. Their services are provided under a secondment agreement or Insurance Administration Services Agreement in place between these companies and FIL Life Insurance (Ireland) DAC. The expenses in relation to these employees are recharged under these agreements on the basis of cost plus 5% basis and are included in Administrative expenses.

With the exception of Independent Non-Executive Directors, the Company does not remunerate any member of the Board for their service. The Independent Non-Executive Directors were paid remuneration of €78,904 in the period to 31 December 2020 (year to 30 June 2020 €169,217).

The Company has no defined benefit pension plan.

D.4. Other Information

D.4.1. Any Other Information

The Solvency position has remained stable for FIL Life Ireland despite the COVID-19 crisis. Market movements to date, although volatile, have been less severe than the 40% market shock stress test scenario considered within the Company's ORSA.

The range of material risks to which the Company is exposed is curtailed due to the existence of an intercompany agreement. Due to the existence of this intercompany agreement, the Company's risk exposure is effectively concentrated with the contracting company (in the form of counterparty risk, including the risk that the counterparty will decide to terminate the agreement). FIL Ltd, the ultimate parent company of this counterparty, is sufficiently capitalised and has a significant capital buffer. There are no current concerns of the counterparty failing to meet its commitments under the fund provision agreement.

The Directors have considered the principal risks faced by the Company, its existing financial and operational resources and its overall solvency position and have concluded that the use of the going concern basis of accounting for the Company is appropriate for a period of at least twelve months from the 24 March 2021 (the date of approval of the Company's financial statements for the period ended 31 December 2020).

In making the going concern assessment, the Directors considered the principal risks faced by the Company, its existing financial and operational resources and its overall solvency position.

In making this assessment the Directors considered the potential impact of Covid-19 on the Insurance industry and the wider company's business, including:

(a) the Company's capital position and the surplus over its required solvency capital ratio and minimum capital ratio;

(b) the potential range of impact that Covid-19 may have on this surplus taking account of the Company's ORSA stress testing where appropriate;

(c) the Company's initial assessment of the impact on its business, claims and investments

(d) the Company's liquidity position.

The Directors do not expect such to impact the Company's ability to satisfy regulatory solvency requirements over the period of assessment. On the basis of the above, the Directors have concluded that the going concern basis of accounting is appropriate.

There is no other material information relevant to the Company's valuation for solvency purposes.

E. Capital Management

E.1. Own Funds

E.1.1. Capital Management Policy

The objectives of the Company's capital management policy are twofold. Firstly, it aims to ensure that capital continues to be adequate to maintain the safety and stability of FIL Life Ireland, assuring a high level of confidence in the Company.

It is the policy of FIL Life Ireland to maintain sufficient capital to readily absorb its material risks, based on current volumes of business and any new business expected to be written over the next year. Under normal circumstances, the Company will maintain a capital buffer in excess of its calculated SCR, the amount of which is determined in accordance with the Company's Risk Appetite. Current levels of solvency coverage are monitored closely against set limits with trigger levels as set by the Board.

E.1.2. Management of Own Funds

The Own Funds are managed to be in a "risk free" environment, such that they have low liquidity and market risk. FIL Life Ireland manages this objective by keeping the Own Funds that are not used on a day to day basis in a Fidelity Money Market Liquidity Fund, which is AAA rated, with funds maintained outside of this fund placed with approved investment grade bank counterparties.

The capital policy goal is to hold a Board approved capital amount above the solvency capital requirement together with an appropriately prudent buffer that supports the business plan, set by reference to an amount being the greater of the SCR and ORSA requirements. The discretionary buffer is subject to ongoing monitoring by management and the Board. The Company monitors this position on an ongoing basis, taking into consideration the business plan time horizon of 1, 3 and 5 years.

The quality of Own Funds is continuously monitored to ensure that sufficient eligible Own Funds are maintained at all times. The Company has determined a list of actions which it could undertake in order to address any concerns which may arise in respect of the quantity or quality of Own Funds.

E.1.3. Components of Own Funds

The Company's Own Funds are all Tier 1 capital in accordance with the guidelines on loss absorption and repayment of capital and dividends. These are materially free from any liens and encumbrances. They have no terms and conditions attached to them.

Table E.1: Breakdown of Solvency II Own Funds as per QRT S.23.01 with 30 June 2020 Comparison

Own Funds	31 Dec 2020 €'000	30 Jun 2020 €'000
Ordinary Share of €1 each, issued and fully paid up	8,700	8,700
Other Reserves	2,154	1,728
Total Own Funds	**10,854**	**10,428**

E.1.4. Reconciliation to Financial Statements

The Financial Statements are prepared under IFRS accounting standards, whilst the Solvency II balance sheet is prepared in accordance with the Solvency II directive and associated regulations and guidance.

There are no material differences between the basis, methods and assumptions regarding the valuation of Own Funds used for the valuation for solvency purposes and those used in the Financial Statements.

There are no basic Own Fund items subject to transitional arrangements.

There are no ancillary Own Funds items.

There are currently no deductions from Own Funds.

There is no subordinate debt included in the Company's Own Funds.

There are no restrictions to the available Own Funds or ring-fenced funds.

There is no loss absorbency mechanism in relation to Own Funds.

Table E.2: Assets over Liabilities - Reconciliation of Own Funds as per QRT S.02.01, S.12.01 and S.23.01 with 30 June 2020 Comparison

Reconciliation of Own Funds	31 Dec 2020 €'000	30 Jun 2020 €'000
Total of Reserves and Retained Earnings from Financial Statements	10,312	10,144
Less: Best Estimate Liability	(14,603)	(13,998)
Less: Risk Margin	(2,106)	(2,020)
Add: Rebate Asset	17,251	16,302
Excess of Assets over Liabilities (Solvency II Own Funds)	10,854	10,428

There were no significant changes to Own Funds during the year.

E.1.5. Expected Developments in Own Funds

As at 31 December 2020 there are no plans to issue, repay or otherwise change the Company's Own Funds position. Under both the current solvency position and forward-looking projection, FIL Life Ireland has sufficient capital to cover the identified material risks.

Under the ORSA process, projections take into account the ways in which Own Funds may develop and change over time under stress tests and severe scenarios. The primary purpose of the ORSA is to ensure that the Company engages in the process of assessing all of the material risks inherent in its business and has determined its related capital needs.

The Board does not consider the reconciliation reserve (total Own Funds, less the issued and paid up ordinary share capital) to be significantly volatile. For the unit-linked policies the asset and liabilities are matched and all movements in values are for the benefit of the policyholders. In addition, the FPA with FFML ensures that fluctuation in operating costs are linked to the income generated by the Company.

The components of the reconciliation reserve are shown in table E.3.

Table E.3: Reconciliation Reserve as per QRT S.02.01, S.12.01 and S.23.01 with 30 June 2020 Comparison

Reconciliation Reserve	31 Dec 2020 €'000	30 Jun 2020 €'000
Total retained earnings from the Financial Statements	1,612	1,444
Less: Best Estimate Liability	(14,603)	(13,998)
Less: Risk Margin	(2,106)	(2,020)
Add: Rebate Asset	17,251	16,302
Reconciliation Reserve	**2,154**	**1,728**

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Solvency Capital Requirement

The SCR has been calculated in accordance with the methodology specified under the Standard Formula, which involves applying a series of prescribed stress tests.

Table E.4: Solvency Capital Requirement as per QRT S.25.01 with 30 June 2020 Comparison

SCR Module	31 Dec 2020 €'000	30 Jun 2020 €'000
Counterparty Default Risk	1,882	1,935
Market Risk	1,069	1,008
Life Underwriting Risk	436	366
Diversification Benefit	(833)	(777)
Total BSCR	**2,554**	**2,532**
Operational Risk	1,179	1,172
Total SCR	**3,733**	**3,704**

FIL Life Ireland applies a proportionate approach for the market risk scenario by applying the prescribed 49% stress for the equity type 2 scenario, pre symmetrical adjustment applying this pre look-through on the underlying assets.

An assumption is made that FIL Life's expenses are split both variable and fixed, with the variable element proportional to AuA for the purposes of calculating the equity risk and lapse risk stresses. In practice there is also a component of fixed expenses that are unaffected by the level of AuA and linked to member plan numbers.

E.2.1.1. Material Changes

The change in SCR reflects normal changes in business assets (premiums received less claims paid) and market movements where any gains and losses are matched to the unit-linked policyholders' assets and liabilities.

There are no undertaking-specific parameters for the SCR components. There are no regulatory capital add-ons applied.

E.2.2. Minimum Capital Requirement

The Minimum Capital Requirement (MCR) is €3.7m (30 June 2020: €3.7m).

June 2020 Comparison

MCR Module	31 Dec 2020 €'000	30 Jun 2020 €'000
SCR	3,734	3,704
MCR Cap (45% of SCR)	1,680	1,667
MCR Floor (25% of SCR)	933	926
Combined MCR	1,680	1,667
Absolute Floor of MCR (AMCR)	3,700	3,700
MCR	**3,700**	**3,700**

The calculation of the MCR is purely formula based, as dictated by the EIOPA Solvency II requirements. It is subject to a floor of the higher between 25% of the SCR or €3.7m (or equivalent) and a cap of 45% of the SCR.

E.2.2.1. Material Changes

The MCR remains at €3.7m representing the absolute floor of the MCR, the AMCR. There are no additional funding requirements projected, with the SCR exceeding the AMCR at end 31 December 2020.

E.3. Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the SCR

The Company does not use the duration-based equity sub-module.

E.4. Differences between the Standard Formula and any Internal Model used

The Board has taken the view that the Standard Formula is appropriate for the Company to use in assessing its Pillar 1 capital requirement and that it does not therefore, need to develop its own internal model.

E.5. Non-Compliance with the MCR and SCR

The Company monitors the compliance with the MCR and SCR on a regular basis. This monitoring consists of a daily calculation on movements in cash and a recalculation of significant debtors' positions on a quarterly basis.

Table E.6: Ratio of Eligible Own Funds to SCR/MCR as per QRT S.23.01 with 30 June 2020 Comparison

Own Funds, SCR, MCR & Coverage Ratio	31 Dec 2020 €'000	30 Jun 2020 €'000
SCR	3,734	3,704
MCR	3,700	3,700
Eligible Own Funds	10,854	10,428
Ratio of Eligible Own Funds to SCR	291%	282%
Ratio of Eligible Own Funds to MCR	293%	282%

There have been no periods of non-compliance with either the MCR or SCR and there is no reasonable, foreseeable risk of non-compliance with the MCR or SCR in the future.

E.6. Any Other Information

E.6.1. Change to Financial Year End

The Company's financial year end changed from 30 June to 31 December. Accordingly, this SFCR covers the first new financial year for the period to 31 December 2020.

E.6.2. Covid-19 Impact on Capital Management

FIL Life's Own Funds continued to be managed during the COVID-19 crisis such that they have low liquidity and market risk. There were no strains on liquidity due to policyholder switching or surrenders. Daily monitoring of liquidity requirements proceeded as usual. The conclusion of the Own Risk Solvency Assessment (ORSA) was that the Company has sufficient existing Own Funds and should be able to maintain its Solvency Coverage ratio significantly above its Risk Appetite level under the majority of stressed scenarios. This assumption has been proven during the current COVID-19 emergency.

E.6.3. Other information

There is no other material information relevant to the capital management of the Company.

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Report of the independent auditors of FIL Life Insurance (Ireland) DAC ('the Company') to the Central Bank of Ireland pursuant to Regulation 37 of the European Union (Insurance and Reinsurance) Regulations 2015: Report on the audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following quantitative reporting templates prepared by the Company:

- S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 as at 31 December 2020;

(the 'relevant elements of the Solvency and Financial Condition Report').

The relevant elements of the Solvency and Financial Condition Report have been prepared by the Company in accordance with the financial reporting provisions of the Solvency II Regulations. The Solvency II Regulations consist of:

- European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015);
- European Commission Delegated Regulation (EU) 2015/35; and
- The European Commission Implementing Regulations designated as designated enactments in section 2(2A) of the Central Bank Act 1942, in particular Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the Solvency and Financial Condition Report in accordance with Directive 2009/138/EC of the European Parliament and of the Council.

In our opinion, the information in the relevant elements of the Solvency and Financial Condition Report of the Company as at 31 December 2020 is properly prepared, in all material respects, in accordance with the financial reporting provisions of the Solvency II Regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)), including ISA (Ireland) 800 and ISA (Ireland) 805.

Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the relevant elements of the Solvency and Financial Condition Report in Ireland, including the Irish Auditing and Accounting Supervisory Authority's (IAASA) Ethical Standard for Auditors (Ireland) as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared, by the Company, to assist the Company in complying with the financial reporting provisions of the Solvency II Regulations. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our report is intended solely for the Central Bank of Ireland and the Company in accordance with the terms of our engagement and should not be distributed to or used by parties other than the Central Bank of Ireland and the Company. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of Covid-19 risks.
- Understanding and evaluating the company's financial forecasts and the company's stress testing of liquidity and regulatory solvency, including the severity of the stress scenarios that were used.
- Reading and evaluating the adequacy of the disclosures made in the Solvency and Financial Condition Report in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Solvency and Financial Condition Report is authorised for issue.

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises the financial and non-financial information in the information accompanying the relevant elements of the Solvency and Financial Condition Report and consists only of:

- D.1. – Assets;
- D.2 – Technical provisions;
- D.3 – Other liabilities;
- D.4 – Alternative methods for valuation;
- D.5 – Any other information;
- E.1 – Own funds;
- E.2 – Solvency Capital Requirement and Minimum Capital Requirement;
- E.3 – Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement; and
- E.6 – Any other information.

The Directors are responsible for the other information. Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the relevant elements of the Solvency and Financial Condition Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or with our knowledge obtained in the course of the audit of the relevant elements of the Solvency and Financial Condition Report, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the Solvency II Regulations.

In accordance with Regulation 57 of the European Union (Insurance and Reinsurance) Regulations 2015, the Directors are responsible for having in place appropriate systems and structures to meet the Company's public disclosure requirements in relation to the Solvency and Financial Condition Report and for the approval of the Solvency and Financial Condition Report.

The Directors are also responsible for such internal control as management determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error. The Directors are responsible for overseeing the Company's financial reporting process.

The Directors should be satisfied that, throughout the financial period in question, the Company has complied in all material respects with the requirements of the Solvency II Regulations as applicable to the Company. All Directors are required to sign a Compliance Statement, as required under Section 25 of the Central Bank Act 1997, for submission with the annual quantitative reporting templates.

Auditors' responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, in accordance with the financial reporting provisions of the Solvency II Regulations.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making or the judgement of users taken on the basis of the Solvency and Financial Condition Report.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report is located on IAASA's website at:

http://iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

Report on other legal and regulatory requirements

In accordance with paragraph 6 of The Central Bank's Requirement for External Audit of Solvency II Regulatory Returns / Public Disclosures, we are required to read the other information to identify material inconsistencies, if any, with information made available to us in the course of the audit of the relevant elements of the Solvency and Financial Condition Report and in the course of the audit of the statutory financial statements of the Company. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
26 March 2021

Appendix 2 - Quantitative Reporting Templates (all figures in €'000)

Annex I S.02.01.02: Balance Sheet

S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	4,431
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	4,431
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	1,104,579
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	5,066
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	694
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**	11,808
Any other assets, not elsewhere shown	**R0420**	17,251
Total assets	**R0500**	1,143,829

Annex I S.02.01.02: Balance Sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	
Technical provisions – non-life (excluding health)	**R0520**	
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	1,120,367
TP calculated as a whole	**R0700**	1,103,657
Best Estimate	**R0710**	14,603
Risk margin	**R0720**	2,106
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	11,674
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	935
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	1,132,975
Excess of assets over liabilities	**R1000**	10,854

Annex I S.05.01.02: Premiums, Claims and Expenses by Line of Business

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**			89,127						89,127
Reinsurers' share	**R1420**									
Net	**R1500**			89,127						89,127
Premiums earned										
Gross	**R1510**			89,127						89,127
Reinsurers' share	**R1520**									
Net	**R1600**			89,127						89,127
Claims incurred										
Gross	**R1610**			41,901						41,901
Reinsurers' share	**R1620**									
Net	**R1700**			41,901						41,901
Changes in other technical provisions										
Gross	**R1710**			105,242						105,242
Reinsurers' share	**R1720**									
Net	**R1800**			105,242						105,242
Expenses incurred	**R1900**			3,162						3,162
Other expenses	**R2500**									
Total expenses	**R2600**									3,162

Annex I S.12.01.02: Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**		1,103,657								1,103,657						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**			14,603							14,603						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**																
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			14,603							14,603						
Risk Margin	**R0100**		2,106								2,106						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**		1,120,367								1,120,367						

Annex I 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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	8,700	8,700			
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	2,154	2,154			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
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**					
Total basic own funds after deductions	**R0290**	10,854	10,854			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	10,854	10,854			
Total available own funds to meet the MCR	**R0510**	10,854	10,854			
Total eligible own funds to meet the SCR	**R0540**	10,854	10,854			
Total eligible own funds to meet the MCR	**R0550**	10,854	10,854			
SCR	**R0580**	3,734				
MCR	**R0600**	3,700				
Ratio of Eligible own funds to SCR	**R0620**	290.68%				
Ratio of Eligible own funds to MCR	**R0640**	293.35%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	10,854	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	8,700	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	2,154	
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**		

Annex I S25.01.21 - Solvency Capital Requirement for Undertakings on Standard Formula

-

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	1,069	-	
Counterparty default risk	**R0020**	1,882	-	
Life underwriting risk	**R0030**	436		
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**			
Diversification	**R0060**	-833	-	-
Intangible asset risk	**R0070**		-	-
Basic Solvency Capital Requirement	**R0100**	2,554	-	-

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,179
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	3,734
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	3,734
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

		Yes/No
Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	2 - No

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		**C0130**
LAC DT	**R0640**	

LAC DT justified by reversion of deferred tax liabilities	**R0650**	
LAC DT justified by reference to probable future taxable economic profit	**R0660**	
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	

Annex I - S28.01.01 - Minimum Capital Requirement - Only Life or Non-Life Insurance or Reinsurance Activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	7,828

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**	1,118,261	
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		

Overall MCR calculation

		C0070		
Linear MCR	**R0300**	7,828		
SCR	**R0310**	3,734	-	-
MCR cap	**R0320**	1,680		
MCR floor	**R0330**	933		
Combined MCR	**R0340**	1,680		
Absolute floor of the MCR	**R0350**	3,700		
-	-	**C0070**		
Minimum Capital Requirement	**R0400**	3,700		

Appendix 3 - Glossary of Abbreviations

Term	Meaning
AMC	Annual Management Charge
AUA	Assets under Administration
ASSEP	Association d'épargne-pension
BEL	Best Estimate Liabilities
The Board	The FIL Life Insurance (Ireland) DAC Board of Directors
CBI	Central Bank of Ireland
CDO	Cyber Defense Operations
CEO	Chief Executive Officer
The Company	FIL Life Insurance (Ireland) DAC
Delegated Acts	Delegated Regulation (EU) 2015/35
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
FCA	Financial Conduct Authority
FFML	FIL Fund Management Limited
FIL Group	The international group of companies with FIL Limited as the ultimate parent company
FIL Life Ireland	FIL Life Insurance (Ireland) DAC
FIL Ltd	FIL Limited
FPA	Fund Provision Agreement
FPM	FIL Pensions Management
GBP	Pounds Sterling
IASA	Insurance Agency & Services Agreement
ICAAP	Internal Capital Adequacy Assessment Process
ILF	Fidelity Institutional Liquidity Fund plc
IORP	Institution for Occupational Retirement Provisions
KRI	Key Risk Indicator
MCR	Minimum Capital Requirement
MLRO	Money Laundering Reporting Officer
ORSA	Own Risk & Solvency Assessment
QRT	Quantitative Reporting Template
RCSA	Risk and Control Self-Assessment
RM	Risk Margin
SCR	Solvency Capital Requirement
SFCR	Solvency & Financial Condition Report
TPA	Third-Party Administrator
UK	United Kingdom