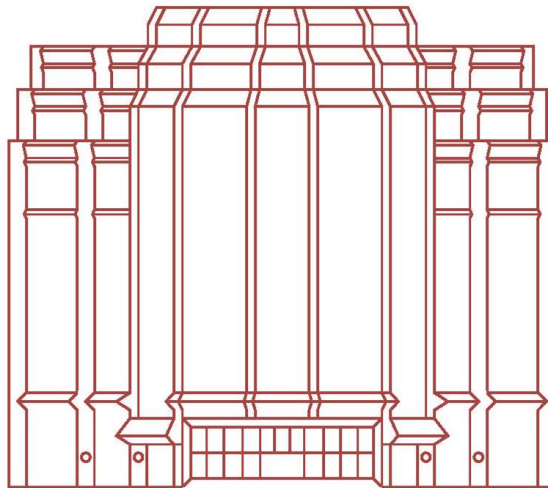


# Solvency and Financial Situation Report MAF Group



**31.12.2022**

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## Summary

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The Solvency and Financial Situation report 2022 presents information on the activity of the MAF group and its solvency as at 31<sup>st</sup> December 2022. It also contains information pertaining to the insurance and reinsurance entities of the MAF group subject to Solvency II.

- Mutuelle des Architectes Français Assurances,
- EUROMAF.

This report was prepared in accordance with the Solvency II regulations<sup>1</sup>, according to the plan indicated in Appendix 20 of the Delegated Regulation:

- Business and performance,
- System of governance,
- Risk profile,
- Valuation,
- Capital management.

Unless otherwise mentioned, the figures presented in this report are in millions of Euros.

### Business and performance

The MAF group was created in 1931 based on the *Mutuelle des Architectes Français Assurances (MAF Assurances)* which is its consolidating entity.

An insurer of French architects from the outset, the MAF group gradually opened up to other construction designers, creating its subsidiary EUROMAF in 2000.

The group's business is therefore principally driven by construction insurance, and more particularly professional and third-party liability insurance (97% of gross reinsurance premiums acquired in 2022).

The principal factors impacting the development of the MAF group's business are connected to the construction business in the various countries in which the two main companies operate, inflation given the long-winded clearance of commitments, the competitive environment, as well as the development of techniques and technologies in the construction sector.

In a context of very high geopolitical tensions, 2022 saw the return of inflation, with an average yearly increase of 5.2% in consumer prices in France. In this difficult environment, La Mutelle continued with the implementation of its strategic plan validated by the Board of Directors in December 2021 and presented to employees in April 2022. Several measures have already been taken in the 4 focus areas of the plan and were the subject of a progress report with the Board of Directors.

The gross reinsurance turnover increased by +€29.9M (9.6%) to €342.8M. This includes premiums acquired for €340M, the turnover for other activities for €2.6M and other operating revenue for €0.3M. Throughout the financial year that is currently being reviewed, for French activity, construction inflation was at +8.14%. As a reminder, this same inflation for the financial year 2021 amounted to +4.51%, and that of 2020 amounted to +0.59%.

In this context of inflation, a supplementary allocation of €28.6M to the provision for cost deviation was recorded, therefore taking it to €160.9M at a group level, with €159.3M for France, €1.5M for Germany and €0.1M for Belgium, respectively. The amount for claims paid increased by +€88.3M (39.5%), as well as fees by +€2.8M (+9.6%).

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<sup>1</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25<sup>th</sup> November 2009 Commission Delegated Regulation 2015/35 of 10<sup>th</sup> October 2014 supplementing the Directive

The financial profit decreased to €28.7M compared to €86.6M in 2021 due to allocations to the provision for depreciation (impact of ORPEA) and a decrease in non-recurring revenue (exceptional capital gains in 2021 following the transfer of EUROMAF Ré).

The group recorded a tax income of + €29.2M in 2022, composed of:

- +€25.6M in corporate tax reimbursements for MAF and EUROMAF France following claims filed in July 2021 for the tax years 2018 and 2019.
- -€6.3M in current tax,
- +€9.9M in deferred tax,

The net profit amounts to +€19.5M (-€20.9M compared to 2021).

## **System of governance**

The year 2022 saw:

- the appointment of Alexa Barry-Pujol as the Head of Internal Audit, as of October 2022,
- the appointment of Stéphanie Artigaud as Finance Director, as of 1<sup>st</sup> January 2023,
- the appointment of Philippe Potier as independent administrator and member of the Audit Committee.
- the appointment of the Cabinet Mazars as Statutory auditors, replacing the Cabinet KPMG as from the General Meeting of 8<sup>th</sup> June 2022.

The group's Board of Directors, together with that of its consolidating company, MAF Assurances, is responsible for defining the strategic guidelines and the general policy of the group and ensures their implementation. Without prejudice to the role and the specific prerogatives of the Board of Directors of each entity, the Board of Directors of the consolidating company has an overall view and ensures that the defined strategy is implemented within each company.

Moreover, the General Management is vested with the broadest powers to act in the group's name in all circumstances. It notably relies on:

- An Executive Committee specific to the French Companies of the group whose role is the operational implementation of the defined strategy,
- The International Management, tasked with ensuring the operational supervision and the coordination of activities performed abroad.

Finally, the group's key functions embody the same function within the principal entities of the group. Moreover, their role involves the global coordination of work performed within the other entities. The organisation ensures that they have the independence required to perform their duties, the necessary human means, and equipment, as well as direct access to various decision-making bodies (Executives, Board of Directors, Audit Committee, etc.).

## **Risk profile**

The solvency capital requirement (SCR) calculated on the basis of the standard formula is used by the MAF group to evaluate its risk profile. This is mainly composed of non-life (58% of the basic SCR before diversification) and market underwriting risks (39% of the basic SCR before diversification).

The MAF group's basic SCR has decreased by €90M compared to 2021, which is largely down to the decrease of the market SCR (-12%) following the downturn of the stock market caused by inflationary pressure and the decrease of non-life SCR (-7%) following rate increases.

It should be noted that the components of the risk profile presented in this report benefit from mitigation mechanisms enabling the reduction of their volatility.

## **Valuation**

The MAF group's prudential scope corresponds with the statutory scope of consolidation. The consolidation methods applied on a statutory level are reproduced on a prudential level for the consolidated entities (global integration after the elimination of reciprocal operations).

The major categories of assets and liabilities that make up the Solvency II balance sheet of the MAF group's consolidated entities were valued in accordance with the Solvency II prudential standards, at the amounts for which they could be traded as part of a transaction concluded under conditions of normal competition, between informed and consenting parties.

The valuation methodologies implemented on 31<sup>st</sup> December 2022 are presented in this report.

### **Capital management**

The own funds management process is regulated by a policy validated by the Board of Directors, specifying the objectives, the governance and the means implemented with regard to own funds management in order to ensure that the Board of Directors and the General Management possess the information necessary to supervise and manage the economic capital in accordance with the objectives and the strategy of each entity and the group.

The MAF group own funds management measures aim to limit risks to a level that aligns with the risk appetite, whilst enabling the Group to strengthen the own funds level to guarantee the sustainability and the development of its business.

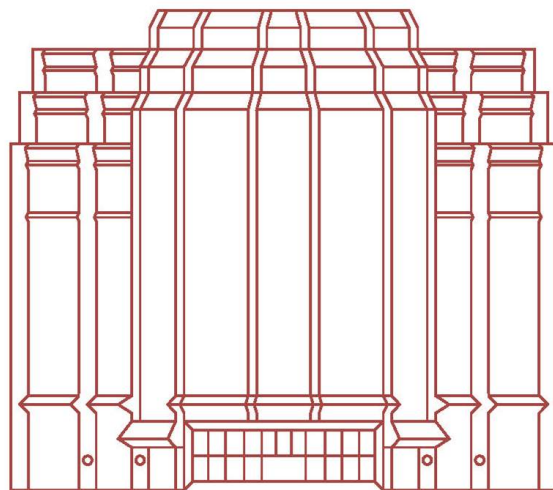
The MAF group's own funds of €1,654M are exclusively constituted of unrestricted tier 1 own funds. All of these are therefore eligible for the solvency capital requirement (SCR) and minimum capital requirement (MCR), evaluated according to the Standard Formula.

At the end of 2022:

- The SCR coverage ratio amounts to 225%, having increased in comparison to the previous year, following the sharp decrease in the capital requirement with regard to assets,
- The MCR coverage ratio amounts to 740%, having increased in comparison to the previous year.

It should be noted that no non-compliance with the SCR and MCR coverage requirements was observed during the financial year.





**MAF** | Mutuelle  
des Architectes  
Français  
assurances

VOUS AVEZ L'AUDACE, NOUS AVONS L'ASSURANCE.