Transatlantic Reinsurance Company
German Branch

Solvency and Financial Condition Report

As at 31 December 2018

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About this document

This document is the Solvency and Financial Condition Report ("SFCR") for the German Branch Office of Transatlantic Reinsurance Company ("GBO") as at the year ended 31 December 2018.

This SFCR covers GBO with respect to its branch operations on a solo basis.

GBO's functional and presentational currency is the Euro.

Branch management statement

GBO acknowledges its responsibility for preparing the SFCR in all material respects in accordance with the Insurance Supervision Act and the Solvency II Regulations.

GBO is satisfied that:

- throughout the financial year in question, GBO has complied in all material respects with the requirements of the Insurance Supervision Act and the Solvency II Regulations as applicable to GBO; and
- it is reasonable to believe that, at the date of the publication of the SFCR, GBO continues to comply, and will continue to comply in the future.

On behalf of GBO management.

Rüdiger Skaletz
Branch Manager

18 April 2019

Executive Summary

GBO is a branch of Transatlantic Reinsurance Company ("TRC"). GBO provides the TransRe group ("TransRe") with its main platform to write business mainly in Germany and Austria. TRC is domiciled in New York, USA. GBO's ultimate parent undertaking is Alleghany Corporation ("Alleghany").

TRC has had a German operation since 2008, previously as a Representative Office and since 1st January 2010 as a branch office regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

Business accepted by GBO is written on the TRC balance sheet, which has total assets of over US$14.3 billion and stockholders' equity of over US$4.6bn as at 31st December 2018. TRC has the following Financial Strength Ratings:

- Standard & Poor's Insurer Financial Strength Rating A+, outlook Stable;
- A.M. Best Best's Financial Strength Rating (FSR) A+ (Superior), outlook Stable;
- Moody's Long Term Rating A1, outlook Stable.

TRC is a specialist non-life reinsurance company concentrating on providing protection for cedants and not competing with them in their own direct markets. Many of TRC's senior management and underwriters have long tenure with TransRe and we value enduring relationships with our client base.

GBO continuously strives to enhance its analytical, underwriting and actuarial resources to further concentrate on providing clients with top quality service, expertise and financial security in challenging market conditions; our aim is to be their reinsurer of choice.

For 2018 GBO continued to focus on underwriting excellence, enhancing client relationships and navigating ever-changing emerging risk and political environments.

As part of TransRe's plans to reorganise its Continental European operations, as announced in the press release of 6th September 2018, "TransRe to Strengthen European Presence", it is envisioned that TransRe will seek BaFin approval for transfer of the GBO portfolio to a German branch (to be based in Munich) of the Luxembourg domiciled subsidiary. It is anticipated that this transfer will be completed prior to 31st December, 2019.

Business and Performance

GBO booked €20,247k of net written premium in 2018 and an underwriting loss of €10,354k. The claims ratio of 112.7% is driven by worse than expected motor and engineering experience, offset to a certain extent by better than expected natural catastrophe experience.

GBO's goal is to actively manage the underwriting cycle whilst maintaining a well-diversified portfolio and consequently to support TransRe's objective of achieving long-term book value growth.

GBO's portfolio and results reflect the continuous evolvement of TransRe's brand in Germany and Austria as strong non-life reinsurer. Even in the current competitive market environment, GBO managed to broaden the basis of business with an increasing number of clients and brokers. The branch's membership in the German Insurers Association (GDV), active cooperation with universities, the annual GBO liability discussion forum, activities in the area of InsurTech and presentations at conferences support the broadening of the client base.

GBO's assets are prudently invested to ensure GBO has access to funds as short notice, if required. These have been invested taking account of the liquidity requirements of GBO along with the nature and timing of insurance liabilities. Investments are made up of:

- cash and deposits;
- corporate bonds; and
- government bonds.

System of Governance

GBO has an established governance framework and internal control system.

GBO's Branch Manager maintains ultimate responsibility for overseeing the running of GBO.

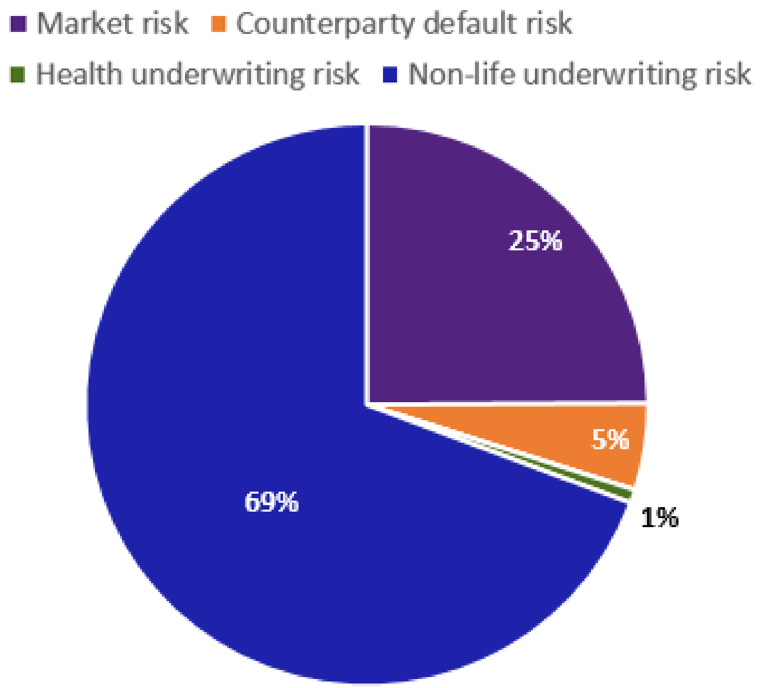
GBO adopts an approach to remuneration which supports and encourages appropriate behaviour that is aligned with TransRe's vision and values and Alleghany's Code of Business Conduct and Ethics.

GBO's Branch Manager possesses the skills, knowledge and experience required in order to undertake his role and responsibility for managing GBO. The system of governance of GBO has not materially changed in the year to 31 December 2018.

Risk Profile

GBO underwrites a diversified portfolio of property and casualty reinsurance, across multiple classes. GBO's standard formula basic SCR risk profile before the impact of diversification is shown in the below chart.

Figure 1: Basic SCR by risk type before the impact of diversification



As evidenced in the chart above, non-life underwriting risk and market risk make up the largest portions of GBO's SCR risk profile.

In order to help mitigate underwriting risks, GBO maintains a clear underwriting philosophy that is supported by risk appetites set at the aggregate level as well as individual class.

As a branch, GBO benefits from a comprehensive retrocession (reinsurers' reinsurance) programme that provides protection for TransRe globally. In addition, in 2017 a GBO specific Quota Share retrocession contract with TransRe Zurich was effected.

GBO undertakes detailed stress and scenario testing on a quarterly basis. Scenario tests are used to test the resilience of an insurer from shocks to the market. The results of the analysis showed that the most material impact on the SCR was the risk of a natural catastrophe event affecting Europe. The analysis undertaken indicates GBO is strongly capitalised and it would take an extreme event (return periods in excess of 1-in-200 years) to breach the SCR. GBO's underwriting risk profile is therefore assessed to be resilient to withstand severe shocks and is within TransRe's approved risk appetite.

Valuation for Solvency II Purposes

GBO's Solvency II assets and liabilities are presented on an economic basis consistent with the "fair value" accounting concept. GBO prepares its statutory financial statements in accordance with Handelsgesetzbuch ("HGB"). For the purpose of solvency reporting, a balance sheet in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use in the European Union was established. Details of the basis for the preparation of GBO's balance sheet, critical accounting estimates and judgements and key accounting policies are set out below.

Technical provisions are the amount of capital GBO needs to hold in reserve for claims and premiums net of commissions and other expenses for all contractually obliged policies. This is equivalent to the current amount an insurer would have to pay for an immediate transfer of its obligations to another insurer. Technical provisions are made up of the best estimate liabilities and a risk margin.

Best estimate liabilities are the probability weighted average of future cash flows, discounted back to the relevant balance sheet date using risk free discount rates.

The risk margin represents an allowance for the cost of capital necessary to support the policies to which GBO is obligated at the valuation date.

Capital Management

Under Solvency II the own funds of an insurance entity are placed into tiers 1, 2 or 3 based on their ability to absorb losses, tier 1 being the most able to do so. Below is a summary of the own funds held by GBO and a comparison to its regulatory capital requirements (the amount of capital the firm is required to hold):

Figure 2: Own funds by tier

Tier	Instrument(s)	At 31 December (€'000s)	
		2018	2017
Tier 1	Reconciliation reserve	53,537	52,559
Tier 2	N/A	N/A	N/A
Total own funds to cover MCR		**53,537**	**52,559**
Tier 3	Deferred tax assets	2,283	424
Total own funds to cover SCR		**55,820**	**52,983**

The reconciliation reserve comprises retained earnings and capital held by GBO, less the deferred tax asset.

Figure 3: Capital requirements

Valuation Date	At 31 December (€'000s)	
	2018	2017
Minimum Capital Requirement	10,734	13,278
Solvency Capital Requirement	42,935	38,197

Overall GBO held 130% of its SCR capital requirements and 499% of its MCR at 31 December 2018. Additional Eligible Own Funds were added to GBO in March 2019, increasing on as as-if basis the SCR ratio to 160%.

A. Business and Performance

A.1 Business

Company information

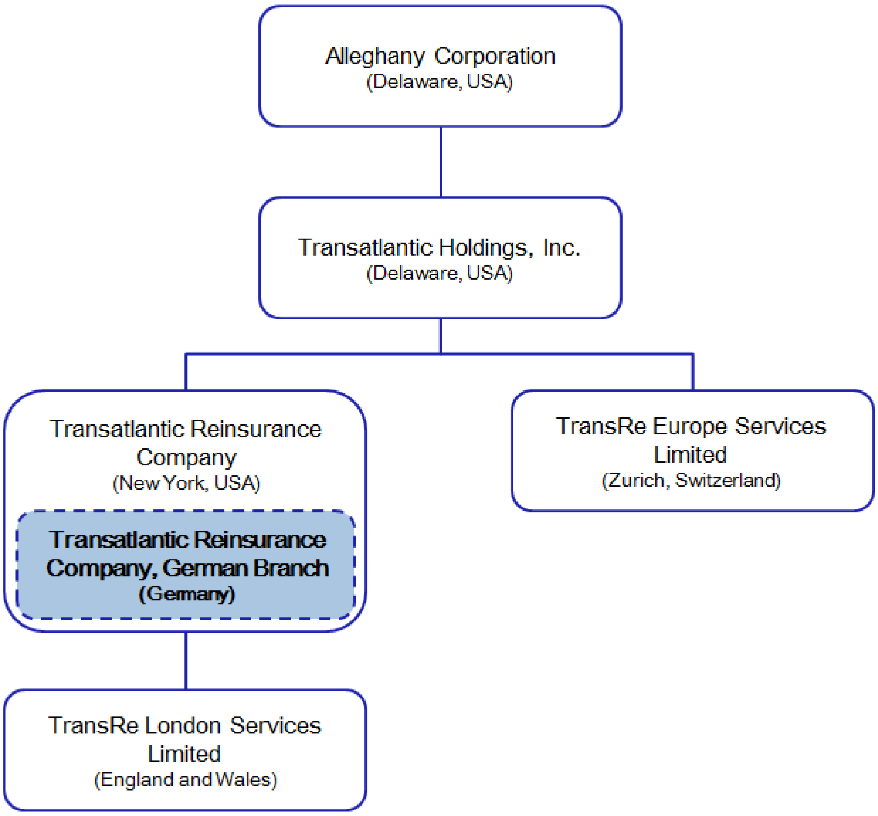
Transatlantic Reinsurance Company:	One Liberty Plaza 165 Broadway New York, NY 10006 United States of America Legal Entity Identifier: 549300PLPOLFILJYHZ44
German Branch Office of Transatlantic Reinsurance Company:	Promenadeplatz 8 80333 Munich Germany BaFin Register Number: 6806 State Registration Number: HRB 185 348 Tax Identification Number: DE 815179087
External auditors:	Ernst and Young GmbH Arnulfstrasse 59 80636 Munich Germany
Regulator:	BaFin Bundesanstalt für Finanzdienstleistungsaufsicht Graurheindorfer Str. 108 53117 Bonn Germany

GBO is a branch office of Transatlantic Reinsurance Company ("TRC"), which is a reinsurance company domiciled in New York, USA. GBO provides the TransRe group ("TransRe") with its main platform to write business mainly in Germany and Austria. GBO is domiciled in Munich and commenced underwriting risks effective from 1st January 2010.

GBO's ultimate parent undertaking is Alleghany, a company incorporated in Delaware, USA. Alleghany is listed on the New York Stock Exchange (NYSE: Y). Further information on Alleghany is available at www.alleghany.com.

In addition to Alleghany, Transatlantic Holdings, Inc., incorporated in Delaware, USA, is the direct parent and holder of a qualifying holding in TRC. There are no other holders of qualifying holdings in TRC. A simplified group structure chart is shown below. The Alleghany group is subject to group supervision by the New Hampshire Department of Insurance, NH, USA.

Figure 4: Organisational structure chart



(All subsidiaries are 100% owned and controlled.)

GBO offers reinsurance through treaty and facultative reinsurance arrangements covering non-life property and casualty lines of business on either a proportional or non-proportional basis. It underwrites a broad range of risks within those classes, seeking to maintain a diversified portfolio without over-dependence on a single line of business. GBO also benefits from shared functions made available through TransRe's support and global operational infrastructure.

The core reinsurance portfolio of property and casualty treaties provides protection to cedants based predominately in Germany and Austria. The portfolio includes coverage for a wide range of business events, enabling GBO to better navigate underwriting cycles.

Market commentary

Competitive trading conditions in both insurance and reinsurance markets persist. Fuelled by excessive capital, rates remain under pressure and widening coverage is commonplace. New categories of emerging risks including cyber, telematics/autonomous driving and socio-political classes are developing, all seeking cover from an industry whose knowledge is still evolving. New developments include the implementation of Artificial Intelligence in many areas and the development of InsurTech. All these new developments bring potential perils but also opportunities.

During 2018, the global market experienced multiple loss events (hurricanes and wildfires in the US and typhoons in Asia), but none were of sufficient scale to cause significant impact to GBO's profitability. Deterioriation on the motor business side is a matter of concern but GBO has taken measures to keep the situation under control.

Other on-going challenges such as Brexit and global political upheaval are constantly monitored to assess potential and future impact on the business.

Strategy and portfolio

GBO’s strategy is to achieve long-term book value growth throughout the underwriting cycle commensurate with the TransRe group objective of being a global property/casualty reinsurer of choice, maximising the benefits of local presence and global service, writing all products in all territories.

In the current low yield investment environment GBO’s focus on underwriting profitability is paramount to support the aim of book value growth.

Premium income distribution by line of business and distribution by domicile of cedant is shown in Figures 5 and 6. As described in the 2017 SFCR and noted in Section C3 below, GBO entered into a quota share reinsurance agreement with TransRe Zurich Limited (“TRZ”) in 2017. The lower net premium numbers in these, and other, figures reflect the fact that 2018 was the first full year of operation of that agreement.

Figure 5: Solvency II line of business (net earned premium €’000s) as at 31 December 2018

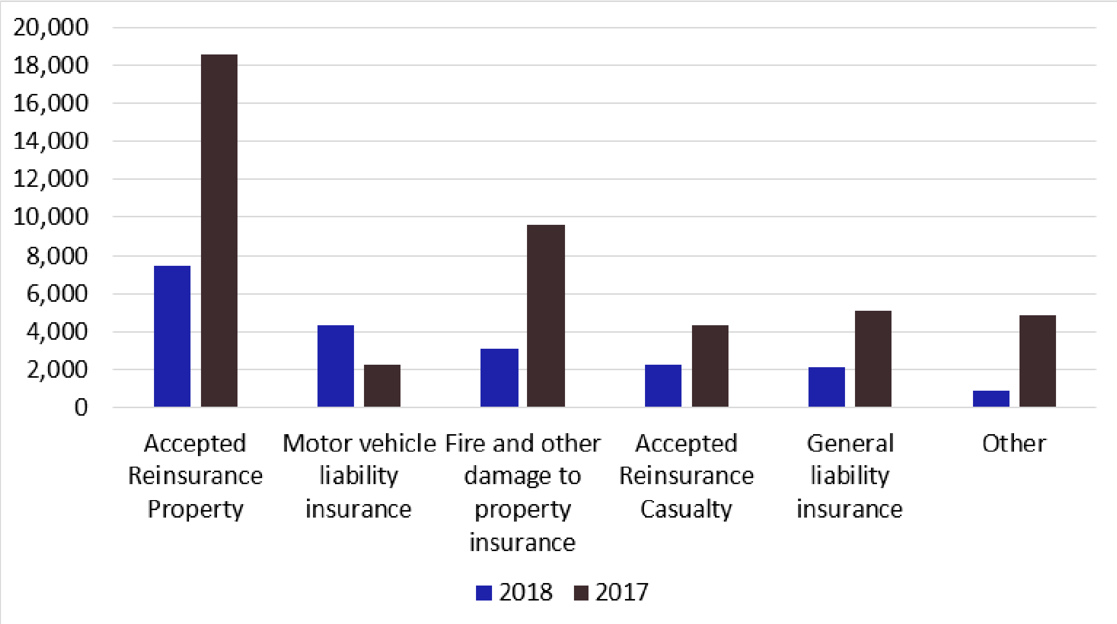


Figure 6a: net premium income by domicile of cedant for the year ended 31 December 2018

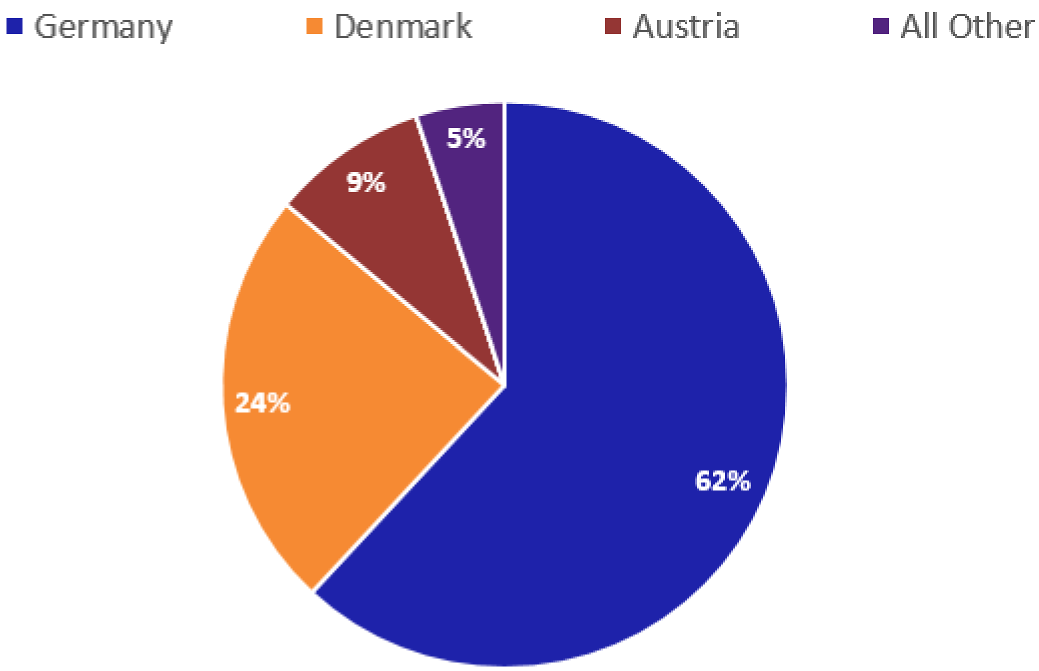
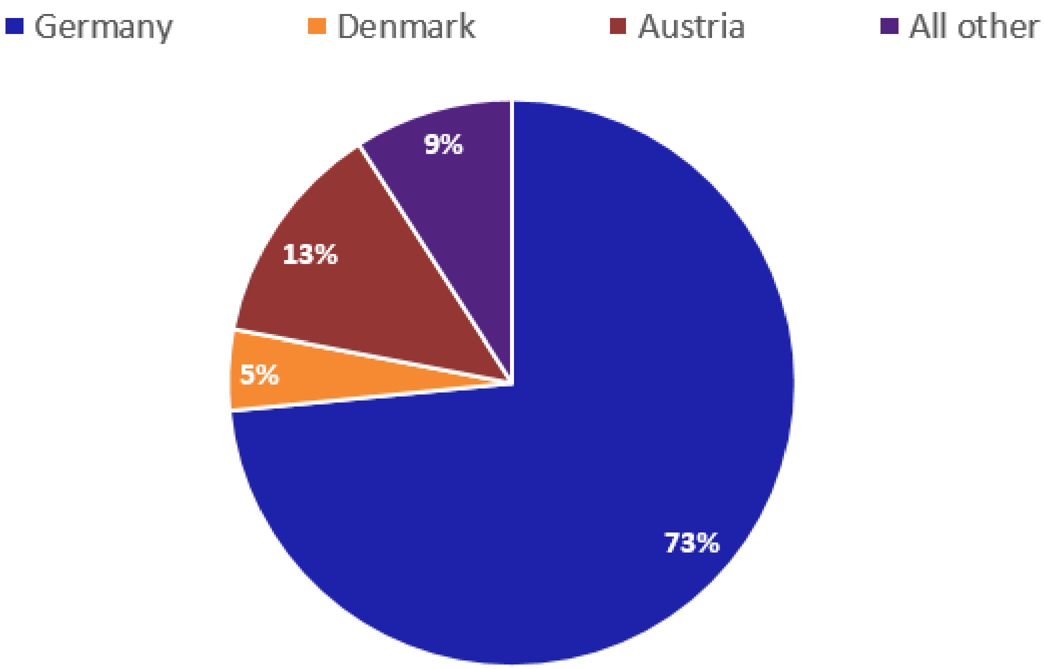


Figure 6b: net premium income by domicile of cedant for the year ended 31 December 2017



The majority of the business written by GBO originates from German, Danish and Austrian domiciled cedants. The Danish business relates to predominantly German insurance risks.

No significant new classes of business were undertaken in the current or prior year. Premium volumes in some lines varied from plan, depending on the expected profitability and contribution to GBO's business development.

Our strategy of expanding relationships more broadly with selected client groups progressed during 2018; providing wider support and relevance to those groups. Ongoing engagement in new areas like InsurTech and Emerging Risk are supporting this effort.

TRC is rated A+ by both Standard & Poor's and A.M. Best and A1 by Moody's.

A.2 Underwriting Performance

GBO booked €20,247k of net written premium in 2018. GBO's largest classes are 'Accepted re-insurance property insurance (non-proportional)', followed by 'motor vehicle liability (proportional)' which accounted for 36.8% and 21.5% of the total, respectively. In 2018 a new client relationship with a focus on German (proportional) motor business has developed according to business plan whereas in other lines of business due to non-placement or due to non-favourable terms and conditions lines have been reduced. Therefore the portfolio composition has changed so that motor business is now the second largest line. Overall the largest lines are Property, Motor and Fire and other damage to property business representing more than 70% of the portfolio.

The claims ratio of 112.7% is driven by worse than expected motor and engineering experience, offset to a certain extent by better than expected natural catastrophe experience, as well as in other lines of business.

2018 review of projections

There were no material deviations from income projections for 2018 apart from Motor Vehicle Liability. In this line, GBO had anticipated a better market development in respect of rate improvements on the insurance market that would have led to a stronger growth. This did not take place and GBO therefore followed a more cautious underwriting approach. We have observed a deterioration in the results of the motor business which we monitor very closely and have taken action to improve the results.

Top 5 Underwriting performance by Line of Business

A summary of the key underwriting performance of the top five lines of business on a gross and net basis is detailed below:

Figure 7a: Underwriting performance by line of business (gross) for the year ended 31 December 2018

Gross (€'000s)	Property (non-prop)	Motor vehicle liability (prop)	Fire and other damage to property (prop)	Casualty (non-prop)	General liability (prop)	Balancing lines of business ("LOB")	Total
Premiums written	23,877	13,579	9,834	7,114	6,600	2,880	63,884
Premiums earned	23,877	12,953	9,399	7,114	6,577	2,822	62,742
Claims incurred	(10,086)	(29,748)	(10,816)	(4,554)	(4,247)	(6,573)	(66,024)
Expenses	(3,758)	(4,287)	(3,185)	(1,346)	(2,466)	(818)	(15,860)
Underwriting profit / (loss)	**10,033**	**(21,082)**	**(4,602)**	**1,214**	**(136)**	**(4,569)**	**(19,142)**

Figure 7b: Underwriting performance by line of business (gross) for the year ended 31 December 2017

Gross (€'000s)	Property (non-prop)	Fire and other damage to property (non-prop)	General liability (prop)	Casualty (non-prop)	Marine, aviation and transport insurance (prop)	Balancing LoB	Total
Premiums written	20,591	10,722	6,270	5,875	3,731	5,495	52,684
Premiums earned	20,591	10,817	3,345	5,875	3,727	4,249	48,604
Claims incurred	(8,543)	(7,446)	(1,597)	(3,345)	(2,987)	(5,241)	(29,159)
Expenses	(3,422)	(4,403)	(1,555)	(954)	(1,932)	(1,695)	(13,961)
Underwriting profit / (loss)	**8,626**	**(1,032)**	**193**	**1,576**	**(1,192)**	**(2,687)**	**5,484**

Figure 8a: Underwriting performance by line of business (net) for the year ended 31 December 2018

Net (€'000s)	Property (non-prop)	Motor vehicle liability (prop)	Fire and other damage to property (prop)	Casualty (non-prop)	General liability (prop)	Balancing LOB	Total
Premiums written	7,445	4,345	3,147	2,277	2,112	923	20,247
Premiums earned	7,445	4,145	3,008	2,277	2,105	903	19,883
Claims incurred	(3,221)	(9,439)	(3,461)	(1,457)	(1,359)	(3,460)	(22,397)
Expenses	(2,154)	(1,960)	(1,376)	(845)	(1,133)	(369)	(7,837)
Underwriting profit / (loss)	**2,070**	**(7,254)**	**(1,829)**	**(25)**	**(387)**	**(2,926)**	**(10,351)**

Figure 8b: Underwriting performance by line of business (net) for the year ended 31 December 2017

Net (€'000s)	Property (non-prop)	Fire and other damage to property (prop)	General liability (prop)	Casualty (non-prop)	Marine, aviation and transport (prop)	Balancing LoB	Total
Premiums written	18,589	9,643	5,065	4,329	3,093	4,072	44,791
Premiums earned	16,292	9,671	2,497	4,089	3,091	3,173	38,812
Claims incurred	(8,431)	(7,402)	(1,188)	(2,257)	(2,581)	(4,024)	(25,883)
Expenses	(2,952)	(4,058)	(1,314)	(767)	(1,669)	(1,389)	(12,149)
Underwriting profit / (loss)	**4,909**	**(1,789)**	**(5)**	**1,065**	**(1,159)**	**(2,240)**	**780**

A summary of the underwriting performance by geographical area is provided below.

Figure 9a: Underwriting performance by material geographical area for the year ended 31 December 2018

Net (€'000s)	Germany	Denmark	Austria	Other	Total
Premiums written	12,823	5,023	1,751	650	20,247
Premiums earned	12,310	4,785	1,782	1,006	19,883
Claims incurred	(7,440)	(11,067)	(1,337)	(2,553)	(22,397)
Expenses	(4,312)	(2,255)	(912)	(358)	(7,837)
Underwriting profit / (loss)	**558**	**(8,537)**	**(467)**	**(1,905)**	**(10,351)**

Figure 9b: Underwriting performance by material geographical area for the year ended 31 December 2017

Net (€'000)	Germany	Austria	Denmark	Ireland	Switzer-land	France	Other	Total
Premiums written	33,539	5,040	2,347	1,979	269	382	1,235	44,791
Premiums earned	28,608	4,950	1,763	1,980	242	317	953	38,813
Claims incurred	(17,018)	(2,867)	(3,116)	(791)	(1,615)	(14)	(462)	(25,883)
Expenses	(8,193)	(1,919)	(816)	(645)	(86)	(60)	(430)	(12,149)
Underwriting profit / (loss)	**3,397**	**164**	**(2,169)**	**544**	**(1,459)**	**243**	**61**	**781**

For details and the breakdown of premiums, claims and expenses by geographical spread please refer to QRT S.05.02.01 in Appendix 2.

A.3 Investment Performance

Net investment income

Net investment income recognised in the statement of profit and loss and other comprehensive income includes investment income (comprising of interest and the amortisation of any discount or premium on available-for-sale debt securities for the period), realised gains and losses and movements in unrealised gains and losses on financial investments, net of interest payable, investment expenses and impairment losses on financial assets.

Interest income is recognised as accrued based on the effective interest method. Acquisition costs related to the purchase of bonds are capitalised and expensed over duration of the investment.

Financial investments

GBO's investment portfolio is made up predominantly of fixed income bonds, collateralised securities and cash deposits. The total value of the portfolio increased to €176,587k as at 31 December 2018 from € 168,428k in the prior year. Over the year, the investment portfolio made a total net investment loss of €255k (2017: total net investment return of €1,496k), as net losses on market valuations, largely as a result of temporary unrealised losses due to the rising interest rate environment, exceeded interest income on all asset classes.

Figure 10a: Investment portfolio 2018

	Year to 31 December 2018			31 December 2018
Asset category (€'000s)	Income	Gains/ (losses)	Total net investment return/(loss)	Total SII Value
Cash and deposits	38	0	38	7,086
Collateralised securities	253	(480)	(227)	0
Corporate bonds	340	(201)	139	134,257
Government bonds	515	(720)	(205)	35,244
Total	**1,146**	**(1,401)**	**(255)**	**176,587**

Figure 10b: Investment portfolio 2017

	Year to 31 December 2017			31 December 2017
Asset category (€'000s)	**Income**	**Gains/ Losses**	**Total net investment return/(loss)**	**Total SII Value**
Cash and deposits	58	0	58	11,117
Collateralised securities	33	50	83	0
Corporate Bonds	749	(579)	170	119,737
Government Bonds	333	852	1,185	37,574
Total	**1,115**	**381**	**1,496**	**168,428**

Securitisations

GBO does not hold any securitised investments.

A.4 Performance of other activities

GBO does not receive any material income other than from its underwriting and investment activities.

GBO has no financial or operating lease arrangements.

GBO's reporting and presentational currency is EUR. The operating results and financial position of each non-EUR ledger are translated into EUR. All resulting exchange differences are recognised in the statement of profit and losses and other comprehensive income.

A.5 Any other information

GBO does not consider that there is any other material information to disclose on its business and performance.

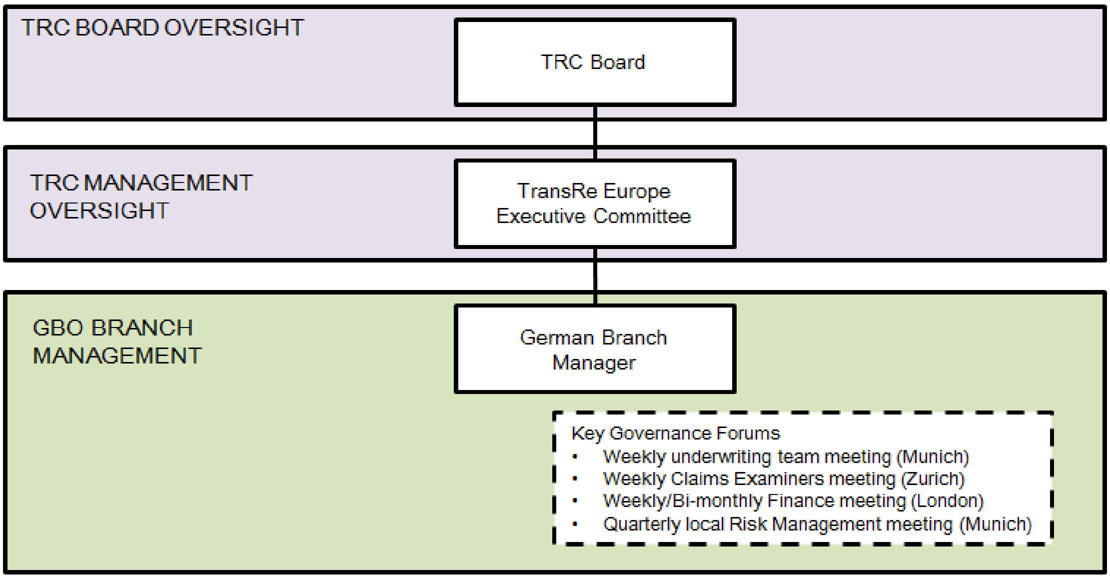
B. System of Governance

B.1 General information on the system of governance

GBO's governance structure reflects its status as a branch of TRC and TRC's membership of a large international group of companies, while ensuring that GBO maintains robust local governance arrangements.

The structure of GBO's governance oversight is shown in Figure 11.

Figure 11: Governance oversight and reporting lines



The GBO Branch Manager maintains ultimate responsibility for overseeing the running of GBO which includes:

- setting, promoting and demonstrating GBO's culture, vision and values;
- setting GBO's business strategy and monitoring performance against its business plan;
- approving GBO's risk appetite and tolerances ensuring they are in line with TransRe global appetites;
- maintaining oversight of GBO's compliance with relevant laws and regulation;
- day-to-day management and oversight of the business;
- development and execution of GBO's business strategy;
- monitoring underwriting and investment performance; and
- ensuring the effectiveness of the three lines of defence model and ultimately, GBO's internal control framework.

Key functions

GBO has identified the following functions as key functions:

Figure 12: Key functions and holders

Key Function	Holder
Risk Management System	Head of Risk – International, London
Compliance	Compliance Officer – TRC German Branch
Internal Audit	Director of Internal Audit – TRC New York
Actuarial	Responsible Actuary – TransRe Europe, Switzerland
The function of effectively running the firm	Branch Manager – TRC German Branch

Each of the key functions within GBO is operationally independent of each other, with its own key function holder. The key functions have their own teams and reporting lines. Each key function reviews its resource needs on at least an annual basis and the key function holder is responsible for ensuring the key function is adequately resourced.

All key functions report to the Branch Manager and to respective Head Office senior management. Further information on the authority, resources and operational independence of the control functions is included in Sections B3 (Risk Management function), B4 (Compliance function), B5 (Internal Audit function) and B6 (Actuarial function).

Remuneration policies and practices

Approach to remuneration

GBO adopts an approach which supports and encourages appropriate behaviour that is aligned with TransRe's vision and values and Alleghany's Code of Business Conduct and Ethics.

Assessment of performance

Reviews are performed by line managers and reviewed by senior management and Human Resources ("HR") before individual awards are finalised. This is a key component of the appraisal process to ensure GBO performance is linked to rewards.

Financial and non-financial criteria are taken into account when assessing an individual's performance. A key element of an individual's performance assessment is his/her adherence to the Alleghany Code of Business Conduct and Ethics and compliance with policies and procedures.

Fixed and variable components of remuneration

Remuneration is made up of two key elements, fixed and variable. The fixed element is base salary. The variable element has two components, an annual bonus and deferred compensation. Base salary, bonus and deferred compensation are reviewed annually following an appraisal and review process.

For more senior employees and officers, fixed base salaries generally comprise a minority of total compensation: the majority of compensation is tied to performance-based annual and long-term incentives.

There are no entitlements to share options or shares.

Benefits

There is a regular Benefits Committee meeting to consider all elements of the benefit package (including Pension, Private Medical, Life and Health insurance) offered to employees. The benefits provided are designed to be both competitive and to target insurance protection for health and loss of income.

There are no supplementary pensions or early retirement schemes for the members of the management body or other key function holders.

Material transactions with shareholders

GBO does not have any material transactions with the shareholders, members of the management body or those who can exert significant influence over the business.

GBO has assessed the nature and scale of complexity of its business against its governance structure and considers its system of governance to be adequate.

B.2 Fit and proper requirements

The Branch Manager and key function holders collectively possess appropriate qualification, experience and knowledge about at least:

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis; and
- regulatory framework and requirements.

Persons subject to assessment

The general representative of GBO is the Branch Manager.

The persons who effectively run or may influence branch operations are the Branch Manager and the two registered managers of GBO.

GBO ensures that all key function holders are at all times fit and proper persons.

Timing of assessment

GBO assesses the fitness & propriety of a person when that person is being considered for any controlled function or key function and on an on-going basis thereafter.

The on-going evaluation is performed at least annually and consists of, as a minimum, a performance assessment.

Nature of assessment

In deciding whether a person is fit and proper, GBO must be satisfied that the person:

- has the personal characteristics (including being of good repute and integrity);
- possesses the level of competence, knowledge and experience;
- has the qualifications; and
- has undergone or is undergoing all training

required to enable that person to perform his or her function effectively and in accordance with any relevant regulatory requirements and to enable sound and prudent management of GBO.

Any breaches of the fit and proper requirements are internally reported to the Branch Manager, Chief Compliance Officer ("CCO") and the Head of HR. The Branch Manager is responsible for notifying the relevant regulator(s) of the change in circumstances and any remedial action that is being undertaken by GBO.

Training and competency

GBO's training and competency ethos is designed to promote learning and development within TransRe and to ensure that the operation employs personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.

TransRe actively encourages staff to further develop and pursue professional qualifications. Personal development is the responsibility of each staff member.

In addition to the above, all staff who maintain professional qualifications are expected to undertake Continuing Professional Development ("CPD") in line with their relevant professional body requirements.

B.3 Risk Management System including the ORSA

Business accepted by GBO is written on the TRC balance sheet, which has total assets of over US$16.5 billion and stockholders' equity of over US$4.7bn as at 31st December, 2018. TRC has the following Financial Strength Ratings:

- Standard & Poor's Insurer Financial Strength Rating A+, outlook Stable;
- A.M. Best Best's Financial Strength Rating (FSR) A+ (Superior), outlook Stable;
- Moody's Long Term Rating A1, outlook Stable.

As a branch of a globally active reinsurance company, GBO's Enterprise Risk Management ("ERM") framework has been developed to enable GBO to understand and appropriately manage and mitigate the risks associated with GBO objectives over the short, medium and longer term in a manner that is commensurate with GBO and TransRe's risk profile and business arrangements.

The ERM framework seeks to engender a culture of no significant surprises and to ensure adequate tools are available to manage the most important risks to GBO, improve decision-making and to support the achievement of GBO's business objectives. In summary, the purpose of GBO's ERM framework is to:

- actively sponsor and foster a risk aware culture across GBO, supporting staff in making risk management based judgements, encouraging effective management of exposures within GBO's stated risk appetite;
- ensure a clear, coherent risk strategy that includes policies, standards, risk appetites and clarity of ownership for risks;
- ensure risk is taken into account in key business decisions;
- ensure that the 'three lines of defence' model operates effectively;
- implement risk strategies and policies that align with GBO's strategic and operational objectives;
- ensure risks and emerging risks are identified and understood and assessed on a forward-looking basis to allow management to take proactive steps; and
- sustain a robust Own Risk and Solvency Assessment ("ORSA") process that informs management's view of risk and capital.

The "three lines of defence" model has three separate groups— the business functions, risk, compliance and actuarial functions and internal auditors working together at different stages to provide increased protection against wide array of risks.

GBO's ERM framework is supported by a comprehensive set of risk policies and guidelines to ensure adequate processes and procedures are in place to manage all types of risk which is supported by a suite of management information. The framework, as a minimum, is aligned with the regulatory requirements under the Solvency II regime as adopted by BaFin.

By adopting this approach, GBO is able to effectively identify, measure, monitor, manage and report risks at an individual / contract level and at an aggregated level on an ongoing basis.

GBO management and risk owners identify key risks to the business as part of a rolling risk identification and assessment programme. Risk causes and consequences, together with mitigating controls, are identified for each risk category. Key risks, owners and mitigating controls are recorded in a risk register; which is presented to management for review and discussion. The risks recorded in the register form part of GBO's ORSA process and are used as an input in GBO's internal audit programme.

GBO adheres to the practices and principles established by TransRe, which include:

1. detailed risk appetites and tolerances;
2. first, second and third lines of defence;
3. underwriting guidelines and appetites;
4. inclusion in the group retrocession arrangements;
5. shared functions with other TransRe operations (e.g. claims, risk and catastrophe modelling); and
6. policies and procedures.

The Risk Management function is integrated into the organisation through the governance reporting lines to TRC's Chief Risk Officer ("CRO") and involvement in key decision making forums. Furthermore, the Risk Management Function leads the production of the ORSA, which incorporates key risks, stress and scenario analyses which are presented to senior management for review and discussion. Further information on the ORSA process is provided below.

GBO's Risk Management function's responsibilities include:

- developing, communicating and implementing systems, processes and procedures for the management and evaluation of risk accumulations and providing key risk indicator reports;
- working alongside other key control functions and ensuring existing control activities and reports are developed into the risk and control reporting framework;
- coordinating with the key control functions to ensure internal policies, controls and procedures for identifying and managing key risks are documented in sufficient detail to allow for effective compliance, testing and auditing;
- coordinating documentation of the key internal policies, procedures and controls for the management of risks identified in the risk register; and
- providing input and challenge into the development of stress and reverse stress tests for GBO.

By adopting such an approach, ERM and risk management more broadly are key considerations as part of the decision making and planning process.

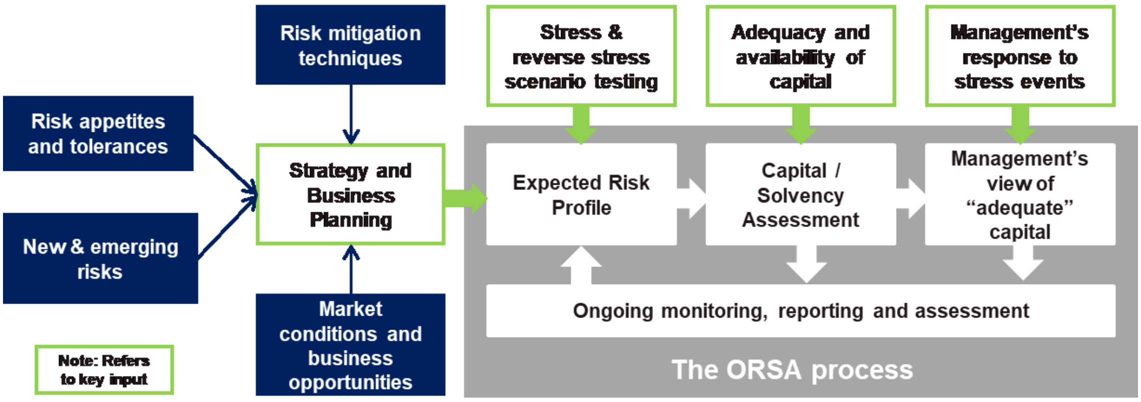
Own Risk and Solvency Assessment

The ORSA process considers GBO's own solvency assessment given its risk profile, business objectives and capital management strategy against its regulatory solvency requirement in order to determine whether additional capital is required. The ORSA also considers the impact on GBO should it be subject to significant losses arising from both insurance and non-insurance events; against such extreme events, the ORSA considers what actions GBO management would undertake to mitigate the impact of such events.

GBO produces an ORSA report on at least an annual basis. The ORSA is a key management tool and is aligned to GBO's business planning and strategy, risks GBO is exposed to and the associated capital.

GBO management has identified a number of business and event triggers that would result in the ORSA being re-run at any point during the year; these triggers are tracked by the Risk Management function.

Figure 13: GBO's ORSA process



The ORSA process provides GBO with a mechanism to assess the risks it faces and to determine the necessary level of capital required to ensure GBO meets its strategic and business objectives. The ORSA is GBO's view of its exposure to underwriting and non-underwriting risks and its solvency position and documents how GBO has reached its conclusions. The ORSA aims to assess, in a continuous and forward looking manner, the overall solvency needs of GBO, whilst being mindful of its risk profile and business environment.

GBO's Risk Management function coordinates the relevant processes with subject matter experts across the business and prepares the ORSA report for review and discussion by the GBO Branch Manager. Once the report is reviewed, the ORSA and the amount of capital GBO intends to maintain, based on its expected risk profile, is approved by the Branch Manager and the ORSA report is made available to BaFin.

B.4 Internal Control System

Within GBO, there is a robust internal control system that includes:

- the corporate governance framework, procedures and controls;
- a financial control framework;
- independent control functions which comprise of the Actuarial, Compliance and Risk Management functions; and
- independent assurance provided by the Internal Audit function.

The financial control framework is designed to ensure that:

- risks relevant to the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework have been identified and documented;
- GBO is in compliance with group Sarbanes Oxley requirements; and
- there are sufficient and effective controls in place (both manual and automated) to mitigate these risks and to prevent or detect material misstatements in the financial statements and disclosures.

The financial statements are subject to rigorous controls and review prior to inclusion within TransRe's statutory accounts. The actuarial liabilities are produced using best practice actuarial practices that are subject to independent review. TransRe's financial statements are subject to internal review and external audit review.

In addition to the above, GBO's Internal Audit function, through planned and commissioned reviews of GBO's processes, provides an independent opinion on the internal control framework of GBO's business.

Implementation of GBO's Compliance function

The purpose of GBO's Compliance function is to promote an organisational culture committed to integrity, ethical conduct and compliance with the law, and to set standards, policies and procedures that provide reasonable assurance that GBO acts in a manner consistent with its local compliance and regulatory obligations and within TransRe's overarching compliance requirements.

The Compliance function is headed up by GBO's Compliance Manager who has a direct reporting line to the Branch Manager and TRC's CCO. GBO's Compliance Manager is responsible for ensuring that TransRe's compliance mission is implemented, coordinated and enforced within GBO and reports any compliance violations or issues to the CCO.

GBO Compliance function reports on a quarterly basis to the local Risk Management meeting, as well as to TransRe's group compliance department, where appropriate. The Compliance function is responsible for reporting to Branch management any breaches, or non-compliance with its policy or any other relevant policy, rules and regulations. The Compliance Function has sufficient authority to carry out its functions on its own initiative without obstruction from management and other staff members.

The Compliance function's responsibilities include:

- advising GBO on compliance with Solvency II and related laws and regulations;
- providing training and guidance regarding applicable law and regulation and TransRe's and GBO's policies, and clearly communicating ethical guidance;
- assessing the possible impact of any changes in the legal and regulatory environment on the operations of GBO;
- identifying and assessing Compliance Risks relevant to GBO and managing the control environment that mitigates those risks;
- undertaking compliance monitoring and making recommendations to improve the effectiveness of compliance practices; and

- identifying GBO compliance training needs and working with TransRe's Corporate Compliance Department ("CCD") and HR to implement effective compliance training programmes.

B.5 Internal Audit Function

The GBO Internal Audit function is led by the TransRe Director of Internal Audit, based in New York, USA, who is registered as GBO's Responsible Person for the Internal Audit function. Internal Audit is an independent function that provides objective challenge and assurance. Internal Audit supports the GBO in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Those carrying out the Internal Audit function do not assume any other key functions.

The Internal Audit function is supervised by the TRH Audit Committee, with ultimate oversight provided by Alleghany's Audit Committee. Rolling three-year audit plans are submitted annually to TRH's Audit Committee for approval. Results of internal audits are distributed to GBO's Branch Manager, TRH's senior management and Audit Committee, as well as select senior management of Alleghany. Outstanding internal audit actions are tracked and progress is reported at TRH's Audit Committee and to the TransRe Europe Executive Committee, of which the GBO Branch Manager is a member.

B.6 Actuarial Function

The Actuarial function is responsible for:

- coordinating the calculation of technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- comparing best estimates against experience;
- informing the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the risk-management system.

The Actuarial function has a direct reporting line to the TransRe Senior International Actuary and to the Group Chief Actuary and reports on a quarterly basis to the TransRe Senior International Actuary. In addition, the Actuarial function reports on a quarterly basis to the TransRe Europe Reserve Committee in which GBO's Branch management participates. Moreover, on an annual basis, an internal Actuarial Function Report is provided to GBO management.

B.7 Outsourcing

Outsourcing management

There is no delegation by GBO's key function holders of their responsibility for those functions.

For each outsourcing arrangement, the Branch Manager is responsible for identifying whether the activity to be outsourced is critical or important, carrying out pre-contract due diligence including know your counterparty ("KYC") checks and agreeing the terms of the engagement. The Branch Manager is also responsible for the ongoing oversight and management of outsourcing arrangements.

Outsourcing of critical or important operational functions

Details of outsourcing in respect of GBO's critical or important operational functions are set out in Figure 14.

Figure 14: Outsourcing of critical or important operational functions

Outsourcing	Jurisdiction
Certain intra-group services and support services are provided by TRC.	New York, USA
Certain intra-group services and support services are provided by TransRe Europe Services Limited.	Zurich, Switzerland
The Actuarial key function is outsourced to TransRe Europe Services Limited	Zurich, Switzerland
Certain intra-group services and support services are provided by TRC Paris Branch Office.	Paris, France
GBO's day-to-day investment management activities are outsourced to Group.	New York, USA

B.8 Any Other Information

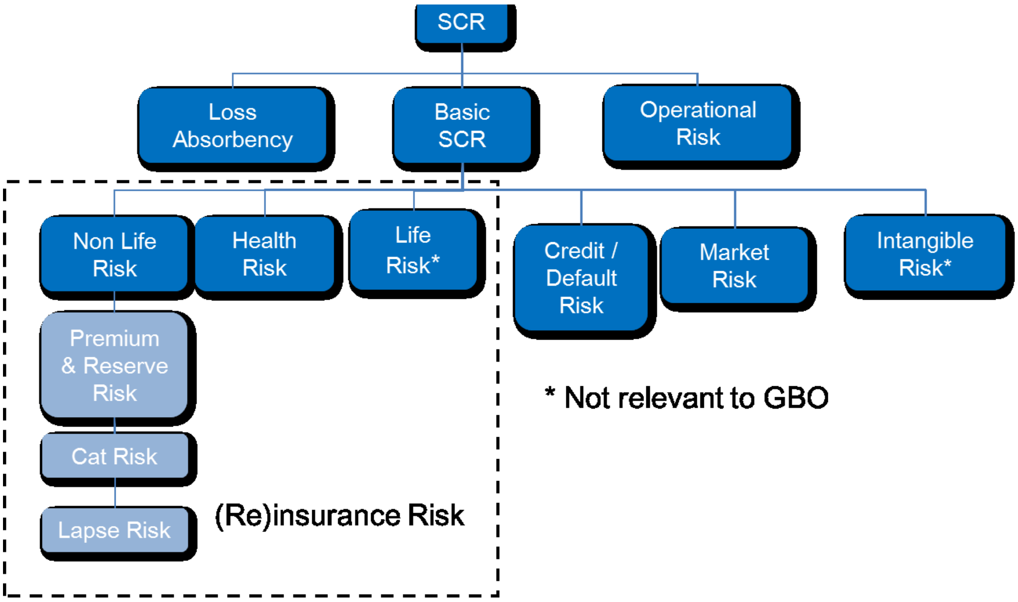
There have been no material changes to GBO's system of governance in 2018.

GBO does not consider there is any other material information to disclose on its system of governance.

C. Risk profile

GBO is a branch of TRC, a globally active reinsurer, and provides specialist non-life reinsurance. Under Solvency II, GBO's SCR is calculated using the Standard Formula for all components. The Standard Formula is a risk based capital requirement that covers underwriting risk, market risk, credit risk and operational risk in a formulaic way and can be diagrammatically represented as follows:

Figure 15: Standard Formula risk modules



The above diagram does not include the effect of diversification benefits or adjustments.

Each of the key risk categories and keys risks relevant to GBO are described in further detail below.

C.1 Reinsurance / Underwriting Risk

GBO underwrites a portfolio of property and casualty reinsurance predominantly across Germany and Austria. There has been no change in GBO's approach or appetite to reinsurance/underwriting risk during 2018.

Key underwriting risks to which GBO is exposed include:

- Premium / Underwriting risk
  - underwriting outside of appetite;
  - excess exposures in certain classes and/or territories;
  - underwriting below the technical price or without adequate risk transfer;
- Retrocession risk
  - failure of retrocession counterparties or retrocession programmes;
- Reserve risk
  - reserve risks, including inadequate reserving due to flaws in the provisioning/reserving methodology or in the application of the methodology, inadequate Incurred But Not Reported ("IBNR") and inadequate Incurred But Not Enough Reported ("IBNER");
- Catastrophe Risk
  - excessive aggregation/catastrophe risks in a single region/location; and
- Lapse risk
  - the uncertainty arising from the risk of loss or adverse change in the value of insurance liabilities as a result of the discontinuance of reinsurance policies.

GBO maintains a number of risk mitigation techniques and approaches to manage the risks associated with its underwriting risk profile. Further information on the monitoring and approach is provided below.

Premium / underwriting risk management and mitigation techniques

GBO maintains a clear underwriting philosophy that is supported by risk appetites set at the aggregate level as well as individual class and per risk. These are, in turn, supported by procedures and controls in relation to pricing, rigorous risk selection criteria and the ability to underwrite a diverse range of risks across multiple classes and geographies.

GBO assesses and mitigates premium/underwriting risks by having in place a number of key controls and processes, including:

- ongoing monitoring and exposure management that includes assessing individual and aggregate exposures across all lines of business;
- exposures assessed and tracked against risk tolerances; and
- performing on an ongoing basis, a range of extreme events and stress tests.

Furthermore, ongoing reviews of underwriting activities, including quarterly underwriting performance reviews, pricing adequacy reviews and rate monitoring supplement the oversight framework.

GBO's main risk concentration relates to natural catastrophe exposure in mainland Europe.

Retrocession risk management

Aside from the TRZ Solvency Cover, GBO does not have any specific retrocession in place

As a branch of a global reinsurer, GBO benefits from a comprehensive retrocession programme that provides protection for TransRe globally. Risks associated with retrocession are managed and mitigated by ensuring that all retrocession placements are subject to approval and must comply with TransRe's group-wide retrocession procedures (which include minimum credit quality and counterparty limits approved by the Alleghany Reinsurance Security Committee) and delegated retrocession purchasing authorities. Both TRZ and GBO benefit from these corporate protections.

GBO does not have any exposure to any special purpose vehicles.

Reserve risk management

Reserve risk is managed by the Actuarial function with oversight provided by TransRe's Senior International Actuary. Key controls to manage this risk include:

- a comprehensive annual reserve study;
- quarterly reserve reviews;
- reserving risk controls that include major activity reports, high cost claim alerts, major loss memos and retrocession transaction alerts; and
- independent validation of reserves.

Risk sensitivity for underwriting risks

Quarterly, GBO receives stress test information with the results incorporated into its ORSA process.

As part of the ORSA process, the current and projected solvency position over the business planning period have been calculated following adverse stresses at different return periods for the material underwriting risks (each risk's stress is considered individually) in addition to multiple losses arising from non-correlating events (e.g. market risks and underwriting risks) or a series of events. In addition to these underwriting events, consideration has been given to a material deterioration in GBO's reserves, including adverse development in claims ratios and IBNR.

Consistent with the 2017 SFCR, the results of the analysis continue to show that the most material impact on the SCR is the risk of a natural catastrophe event affecting mainland Europe. The analysis undertaken indicates GBO is strongly capitalised and it would take an extreme event (return periods in excess of 1-in-

200 years) to breach the SCR. GBO's underwriting risk profile was therefore assessed to be resilient to withstand severe shocks and is within the TransRe approved risk appetite.

Processes for monitoring the effectiveness of risk mitigation techniques

As a branch of a globally active reinsurance company, GBO benefits from a robust risk management framework that oversees GBO's risk profile via various governance committees throughout TransRe and Alleghany, the ORSA process, the GBO risk register and the stress and scenario testing GBO performs.

In relation to Reserve Risk, GBO's actuarial function conducts quarterly reserve reviews of GBO's portfolio to determine appropriate reserve levels and expected IBNR adequacy. Furthermore, TransRe engages an external firm to undertake an independent review of the adequacy of GBO's reserves.

C.2 Market Risk

Market risk is the risk of loss or adverse change in GBO's financial situation resulting from changes in the value of its assets and liabilities caused by the volatility of market prices of assets, liabilities and financial instruments.

For GBO, market risk comprises the following key components:

Figure 16: Standard Formula market risk sub-modules

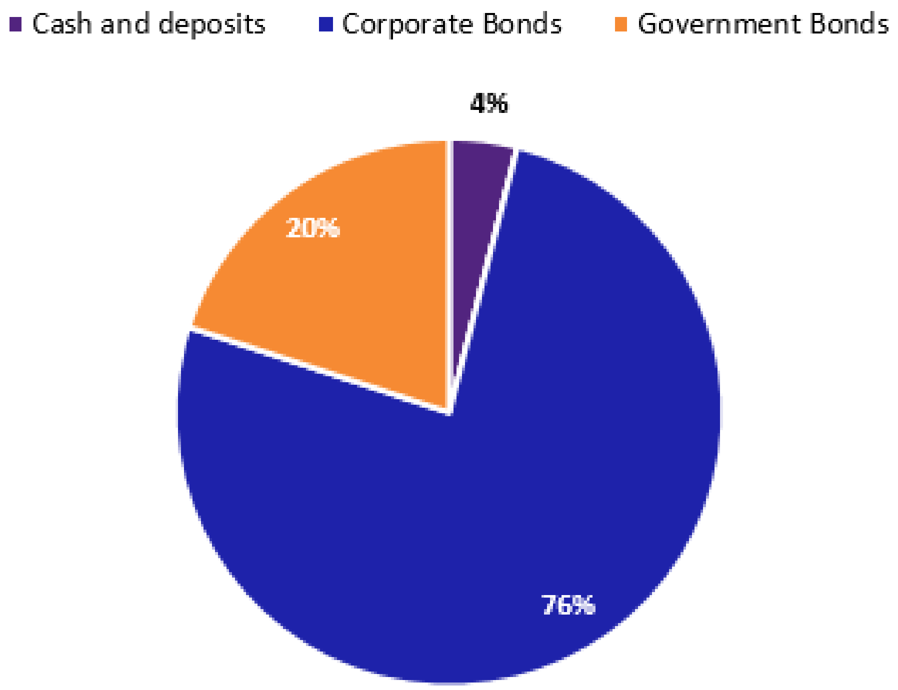
As a branch of TRC, GBO's investment strategy is aligned with TransRe's. At least annually, TRC's Investment Committee reviews the investment strategy which is based on four key principles, to:

1. preserve capital;
2. increase surplus;
3. maintain liquidity; and
4. optimise after tax total return on investments, subject to (1)-(3) above.

GBO's investment strategy forms the basis for the mandate given to GBO's asset managers (BlackRock). The mandate includes limits on certain classes and types of investments, restriction on investments in certain industries, sector and geographical limits and a prohibited list of companies which would result in excessive concentration of underwriting and investment risk. The execution of GBO's investment strategy is subject to ongoing monitoring and scrutiny by TRC's Investment Committee.

GBO's investment portfolio is summarised as follows:

Figure 17: Asset breakdown (% of Portfolio) as at 31 December 2018



The average credit quality of GBO's investment portfolio is AA- (Standard & Poors) (2017: AA-).

There has been no material change in the composition of the portfolio, with the German Government remaining the most material risk concentration. This exposure is managed through ongoing review and monitoring by the TRC Investment Committee and GBO's external investment managers.

GBO is exposed to the following key market risks:

Interest rate risk

Movements in interest rates affect the amount and timing of cash flows for GBO and the fair value of the fixed income securities. All other factors being equal, as interest rates rise, the fair value of fixed income portfolios declines and conversely, as interest rates decline, their fair value rises. To minimise this risk, GBO adheres to investment policy guidelines developed by TransRe in line with TransRe's overall objectives. These guidelines direct GBO to invest in high-quality issuers and, in particular, the strategy is to position its fixed income securities based on its view of future interest rates and the yield curve, balanced with liquidity requirements and the duration of GBO's technical liabilities.

Spread risk

This relates to the potential financial loss GBO may suffer due to a change in the spread that a fixed interest security trades at relative to a comparable government bond.

Currency risk

Assets backing the liabilities of GBO are maintained in currencies that its technical provisions are held in, thereby managing the impact of foreign exchange and interest rate risk on GBO's solvency position.

Market risk management and mitigation techniques

GBO maintains a number of risk mitigation techniques and approaches to managing the risks associated with market risk. Key techniques and controls that are in place include:

- group wide investment risk and underwriting risk accumulation reporting, including issuer accumulations;
- mandates and guidelines provided to external investment managers, which include:
  - regulatory compliance;
  - duration;
  - benchmark portfolio;
  - credit quality;
  - sector limitations;
  - issuer limitations;
  - currency;
- TransRe Investment Committee oversight;
- stress testing; and
- market risk/value at risk analyses, including extreme stress tests (including a +/-300bps movement).

Risk sensitivity for market risks

TransRe carries out stress and scenario testing as part of its approach to managing market risk, which includes consideration of GBO's investment portfolio. Results are presented at the TransRe Investment Committee and considered as part of GBO's ORSA process.

For the 2018 ORSA, the group wide solvency position and the projected solvency position over the business planning period were re-calculated following adverse market stresses, including a 300bps change in interest rates in both directions and a prolonged economic downturn, which considered more severe low interest rate environment scenarios. Under all of these scenarios, the analysis indicated that TransRe and GBO were strongly capitalised and were able to withstand these shocks, without breaching its capital requirements.

Prudent Person Principle

When making investment decisions, TransRe considers the risks associated with the investments, including the potential impacts of any economic shock, their liquidity and their admissibility under the Solvency II rules.

All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, are invested in highly rated and liquid assets that aim to ensure the security, quality, liquidity and profitability of the portfolio as a whole. All assets are held in Europe within GBO designated portfolios which ensures their availability.

Assets covering the technical provisions are invested in a manner appropriate to the nature and duration of GBO's reinsurance liabilities.

Processes for monitoring the effectiveness of risk mitigation techniques

As a branch of a globally active reinsurance company, GBO benefits from ongoing oversight of its investment portfolio by the TransRe Investment Committee and by TransRe's Treasury function. Furthermore, stress tests incorporated into the ORSA process, the GBO risk register and the stress and scenario testing the group performs supplement these controls.

GBO's investment managers are provided with an investment mandate and are subject to quarterly compliance attestations confirming they have operated in accordance with the mandate.

GBO does not use derivative instruments nor hold assets that are not admitted to trading on regulated financial markets. Assets are managed in such in way as to limit excessive reliance on any particular asset, issuer or group of undertakings, or geographical area that would represent an excessive accumulation of risk to the portfolio as a whole.

C.3 Counterparty Default Risk (Credit Risk)

Credit risk is assumed whenever GBO is exposed to a loss if another party fails to perform its financial obligations to GBO, including the failure to perform them in a timely manner. This includes default by brokers, retrocessionaires, customers and investment counterparties. Included within this category is the management of the credit risk associated with the TRZ Solvency Cover described in Section B1.

Brokers / intermediaries / retrocessionaires

Similar to other insurance and reinsurance companies, GBO has a concentration risk with international brokers and intermediaries, as they represent a major conduit of business to GBO. All brokers, intermediaries and retrocessionaires are subject to ongoing review by a range of fora, including the TransRe Counterparty and Credit Risk Committee and Corporate Risk Management Committee ("CRMC") as well as through local GBO oversight and monitoring.

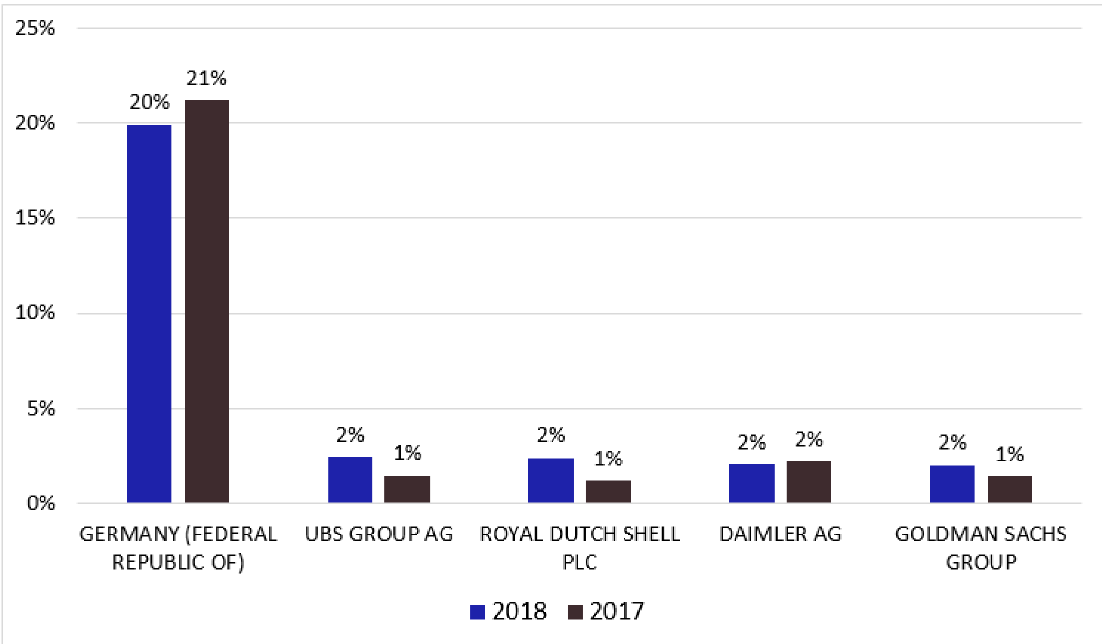
Prior to transacting with brokers, cedants or ceded reinsurers for the first time, a KYC check is carried out.

Retrocessionaires must go through a credit and security assessment which is overseen by Alleghany's Reinsurance Security Committee and TransRe's Global Risk Management function ("GRM") based in New York and monitored by TransRe's Counterparty and Credit Risk Committee. Once approved, they are placed on TransRe's approved Security List. All prospective markets and proposed programme limits are reviewed against the Security List prior to placement and in some cases require specific GRM approval prior to placement. The Security List designates separate short-tail and long-tail programme limits for each retrocessionaire.

Investment counterparties

GBO maintains a well-diversified highly rated investment portfolio in its main functional currency, Euros, with its main investment exposure being to the German Government.

Figure 18: Top 5 portfolio issuer exposures as at 31 December 2018



GBO's credit risk management strategies outline the credit rating requirements for its investments. Adherence with this helps to ensures investments are selected in a way that enables the effective management of the risk of counterparty default to an acceptable level in line with TransRe approved risk appetite and tolerances. The credit management strategy also takes into account the exposure to credit spreads.

To aid compliance with rating requirements in GBO and TransRe's capital management strategy and to minimise the risk of counterparty failure, TransRe has established its own set of key risk indicators which are consistent with its investment strategy and investment risk appetite and tolerances. These indicators take into account, but do not rely solely on the financial security rating and credit rating assigned by external rating agencies.

TransRe and GBO use external credit assessments primarily to:

- review the credit quality of assets in its investment portfolios; and
- review the credit quality of its retrocessionaires.

TransRe and GBO do not rely solely on one rating agency and give consideration to a range of views provided by rating agencies as well as their own market knowledge and intelligence provided by professional investment managers.

The TRZ Solvency Cover

With effect from 1 October 2017, GBO effected a 68% whole account retrocession arrangement, including Loss and Premium Portfolios, with TRZ.

As consideration for the liabilities that may accrue to TRZ arising out of the Loss and Premium Portfolios, GBO holds funds totalling €74million (the "Deposit") on behalf of TRZ. The Deposit was calculated on inception as the expected present value of projected cash flows relating to the Loss and Premium Portfolios after deducting a 1% Overriding Commission plus a risk margin.

GBO intends to continue ceding 68% of all premiums to TRZ under the TRZ Solvency Cover.

Key controls

Key controls to mitigate credit risk include:

- Counterparty & Retrocession Risk Committee oversight;
- investment risk and underwriting risk accumulation reporting;
- approved retrocessionaire lists;
- mandates and guidelines provided to external investment managers, which include:
  - regulatory compliance;
  - duration;
  - benchmark portfolio;
  - credit quality;
  - sector limitations; and
  - issuer limitations.
- GBO operates the quota share arrangement with TRZ on a funds withheld basis.

Risk sensitivity for credit risks

The sensitivity of the solvency ratio to credit defaults or rating downgrades of GBO's counterparties has also been considered and the results demonstrate that GBO is resilient to a range of events including severe counterparty rating downgrades.

Prudent person principle applied to credit risks

Counterparties are selected by taking into account their credit rating and reputation. Credit ratings are used as a way of properly identifying and managing counterparty credit risk and TransRe and GBO ensure only counterparties with sufficiently high credit ratings are used. Furthermore, TransRe and GBO do not rely on a single rating agency, rather seek to use a number agencies as well as its own analysis to avoid excessive counterparty exposures.

Processes for monitoring the effectiveness of risk mitigation techniques

As noted above, GBO is able to leverage its membership of a globally active reinsurance company to continually monitor and assess the effectiveness of its controls. TransRe's Counterparty and Credit Risk Committee and the Corporate Risk Management Committee review the risks and effectiveness of controls on a regular basis as well as the risk profile of GBO. Information is provided to key forums to enable the monitoring of reinsurance recoverables and excessive counterparty exposures to be tracked and action taken to enhance existing processes where appropriate.

Furthermore, GBO benefits from the additional oversight provided by Alleghany's Reinsurance Security Committee, which approves counterparties and monitors the credit quality of the retrocessionaires on TransRe's security list.

C.4 Liquidity Risk

Liquidity risk would arise if GBO did not have sufficient financial resources available to enable it to meet its obligations as they fall due, or could secure them only at excessive cost.

Key controls

Key controls that aid in mitigating this risk include:

- asset/liability assessment performed every quarter;
- quarterly case reserving exercise;
- access to its parent's well capitalised balance sheet;
- quarterly balance sheet review; and
- half yearly profitability reviews.

Liquidity risk is managed through investing in highly liquid investments held in functional currencies matching GBO's liabilities and claim duration profile.

Risk sensitivity for liquidity risk

GBO has carried out stress and scenario testing as part of its approach to managing liquidity risk and as part of the annual ORSA process. GBO does not consider liquidity to be a material risk.

Prudent person principle as applied to liquidity risks

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities. GBO manages its liquidity risk by maintaining a diversified liquid investment portfolio.

Process for monitoring the effectiveness of risk mitigation techniques

TransRe has established a liquidity risk framework which includes setting a liquidity risk appetite. Adherence to the appetite has reviewed every quarter with TransRe reviewing its ability to meet its short and medium term financial commitments in a timely manner in both normal and stressed conditions.

Expected profit included in future premiums ("EPIFP")

The EPIFP as at 31 December 2018 is €10,699k. Following a change in guidance during 2018, this is stated gross of reinsurance and any associated recoveries. EPIFP, as at 31 December 2017, on a net basis, was €5,429k.

C.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is diverse in nature and permeates all business activities but remains a distinct form of risk in its own right. Operational risk within GBO has been divided into the following key operational risk areas:

- regulatory and legal – the risk of legal or regulatory sanctions or loss caused by a failure to comply with applicable laws, regulations, internal policy and standards of best practice;
- financial crime, including internal and external fraud – this is the risk that the firm might be used to further financial crime;
- Cyber threats / data breaches and data privacy – the risks associated with unauthorised access to GBO's systems caused by internal and external security breaches;
- financial & accounting – these are the risks associated with financial reporting and integrity of the financial information;
- people – this is the risk that people do not follow GBO's procedures, practices and/or rules, thus deviating from expected behaviour in a way that could damage GBO;
- business continuity management – the risk associated with the failure to appropriately manage unforeseen events;
- processing failures, including IT system failures – the risks associated with IT systems;
- model risk – the risk that the output from the models used by GBO is incorrect or flawed due to errors in the design or operation or management's failure to understand the limitations in the output of the models;
- outsourcing – failures relating to the outsourcing of key activities; and
- external events and other changes – failure to react to changes in the external business environment.

GBO does not have any material concentrations to operational risk.

Quarterly, GBO's risk owners identify the key risks, causes and consequences together with relevant mitigating controls, within their function / span of control, on an ongoing basis. The results of the assessment are recorded in GBO's risk register and reviewed by the Risk Committee.

GBO maintains an Operational Risk policy that sets out GBO's approach to mitigating operational risks.

Key controls

Key mitigating controls include:

- local and corporate risk committees oversight;
- policies and procedures, including the Group's Code of Conduct, business continuity plans and succession planning;
- service level agreements; and
- purchase of insurances.

Risk sensitivities for operational risk

Within GBO's ORSA, the current and projected solvency position over the business planning period were re-calculated following adverse operational risk stresses. Under all modelled scenarios, the analysis indicated that GBO was strongly capitalised and was able to withstand these events without breaching its SCR.

Process for monitoring the effectiveness of risk mitigation techniques

GBO and TransRe have an established operational risk framework that monitors and records:

- key risks facing GBO, including their mitigating controls and their effectiveness;
- operational risk events and losses;
- the environment in which GBO operates; and
- emerging risks and the mitigating steps taken to address them.

The framework is supported by policies and procedures and a strong corporate culture that encourages early notification of operational events or losses. This enables the business to learn from events or near losses and to continually enhance its framework.

C.6 Other Material Risks

Franchise/reputation risk: GBO recognises that its long-term success depends on its relationship with clients, brokers, rating agencies, regulators and capital providers and the TransRe brand. Consequently, GBO and TransRe will not accept risks, both underwriting and non-underwriting, that may materially impair or impact the reputation of GBO or TransRe.

Group Risk: As a branch of a large international group, there is a risk GBO could be adversely affected by the actions of another company within the group.

Emerging Risk: On an ongoing basis, TransRe and GBO undertake horizon scanning with a view to identifying new and emerging risks. Annually, TransRe holds a Global Emerging Risk Forum in New York with senior level executives and employees from across the world attending. Where new and emerging risks are identified, these are tracked and reported on at key fora. This ensures GBO is able to react quickly should the environment it operates in were to change.

C.7 Any Other Information

As noted in Section A5, TransRe plans to reorganise its Continental European operations and it is envisioned that TransRe will seek BaFin approval for the transfer of the GBO portfolio to a German branch (to be based in Munich) of the Luxembourg domiciled subsidiary. It is anticipated that this transfer will be completed prior to 31 December 2019.

Risk Sensitivity

GBO's SCR coverage ratio as at 31 December 2018 is 130%. The below table shows the absolute change in the coverage ratio under several hypothetical scenarios.

Figure 19: SCR coverage ratio sensitivity analysis

Scenario	% change to coverage ratio
Exchange rates: +10%	-1%
Exchange rates: -10%	1%
Interest rates: +1%	5%
Interest rates: -1%	-3%
Credit spreads: +1%	-16%
Credit spreads: -1%	16%
Catastrophe loss: €20m gross of all reinsurance	-22%

GBO does not consider there is any other material information to disclose on its risk profile.

D. Valuation for Solvency Purposes

GBO's Solvency II assets and liabilities are presented on an economic basis consistent with the "fair value" accounting concept. GBO prepares its statutory financial statements in accordance with Handelsgesetzbuch ("HGB"). For the purpose of solvency reporting, a balance sheet in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use in the European Union was established. Details of the basis for the preparation of GBO's balance sheet under IFRS, critical accounting estimates and judgements and key accounting policies are set out below.

GBO's IFRS valuation is used where consistent with Solvency II's economic basis. Assets and liabilities measured at cost or amortised cost in GBO's balance sheet have been revalued to economic value. Solvency II also requires specific valuation approaches for some assets and liabilities, which have been followed.

GBO exercises judgement in selecting each of its accounting policies. IFRS requires management to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent when preparing the financial statements, and GBO has followed a consistent approach in selecting its valuation approaches for Solvency II. These judgements and estimates are based on management's knowledge as well as current factors and circumstances that may impact business performance, together with appropriate predictions of future events and actions. Actual results may differ from those estimates, possibly significantly. To the extent that actual experience differs from the assumptions used, GBO's financial position, results of operations and cash flows could be materially affected.

The following sections describe the valuation approaches used by GBO for valuing its assets and liabilities.

D.1 Assets

The material classes of assets shown on GBO's Solvency II Balance Sheet, their Solvency II values and corresponding values under IFRS (all in EUR) are summarised in the table below.

Figure 20: Summary assets as at 31 December 2018

	Solvency II (€'000s)	IFRS (€'000s)	Difference (€'000s)
Deferred acquisition costs	0	564	(564)
Deferred tax assets	2,283	0	2,283
Investments			
Government bonds	35,244	35,244	0
Corporate bonds	134,257	134,257	0
Reinsurance recoverables			
Non-life excluding health	88,259	100,656	(12,397)
Health similar to non-life	868	956	(88)
Deposits to cedants	1,299	1,299	0
Insurance and intermediaries receivables	2,096	9,988	(7,892)
Reinsurance receivables	772	772	0
Receivables (trade, not insurance)	9,879	9,879	0
Cash and cash equivalents	5,787	5,787	0
Other assets	0	0	0
Total assets	**280,744**	**299,402**	**(18,658)**

The following sections provide further details on the specific valuation policies that GBO has applied to produce its Solvency II balance sheet.

Deferred acquisition costs

Under IFRS the proportion of acquisition costs incurred that corresponds to the proportion of gross premiums written which are unearned at the balance sheet date are classified as DAC. Under Solvency II, acquisition costs are recognised on a cash flow basis within the reporting period, with any future cash flows for acquisition costs recognised in technical provisions.

Deferred tax

Deferred tax balances (other than in respect of the carry forward of unused tax credits and unused tax losses) are determined by reference to the difference between the Solvency II balance sheet and the values ascribed for tax purposes.

A positive value is only ascribed to deferred tax assets where it is probable that future taxable profits will lead to the realisation of that deferred tax asset. This assessment takes into account time limits that apply to the carry forward of unused tax losses or credits.

Deferred tax balances are recognised and valued in relation to all assets and liabilities that are recognised for solvency or tax purposes. Deferred tax balances are not discounted.

Deferred tax is recognised and valued on a basis consistent with its treatment under IFRS. However, the recognition and valuation of deferred tax assets or liabilities is carried out by reference to the Solvency II balance sheet rather than the accounting basis. The resulting amount of deferred tax differs as a result of changes in recognition and valuation of other balance sheet items.

Figure 21: Deferred tax calculation as at 31 December 2018

	€'000s
Deferred tax asset/(liability) per IFRS	-
Adjustment needed (all timing differences are expected to unwind at a tax rate of 32.975%)	
Change in valuation of investments	(236)
Change in technical provisions (incl. removal of unearned premium reserve)	1,297
Risk margin	1,451
Receivables (trade, not insurance)	(229)
Total Solvency II deferred tax asset/(liability)	**2,283**

Financial Instruments

Recognition and derecognition of investments

A financial asset is initially recognised on the date GBO becomes committed to purchase the asset at its fair value plus directly related acquisition costs. A financial asset is derecognised when GBO's rights to receive cash flows from it have expired or where the risks and rewards of ownership have been substantially transferred by GBO.

On initial recognition, GBO classifies its financial assets into one of the following categories: financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets. For financial instruments classified in categories that require them to be measured at their fair value at the reporting date, fair value is determined with reference to the quoted market bid prices, or by using an appropriate valuation model.

Fair value of investments

The fair value of a financial instrument is the amount that would be received to sell an asset or settle a liability in an orderly transaction between willing, able and knowledgeable market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the assets being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

GBO's management is responsible for the determination of the fair value of the financial assets and the supporting methodologies and assumptions. With respect to securities, GBO employs independent third-party valuation service providers to gather, analyse and interpret market information and derive fair values based upon relevant methodologies and assumptions for individual instruments. When GBO's valuation service providers are unable to obtain sufficient market-observable information on which to estimate the fair value for a particular security, fair value is determined either by requesting from brokers who are knowledgeable about these securities to provide a quote, which is generally non-binding, or by employing widely accepted internal valuation models.

GBO maximises the use of observable inputs and minimises the use of unobservable inputs when measuring fair value. Whenever available, GBO obtains quoted prices in active markets for identical assets at the date of the statement of financial position to measure at fair value fixed maturity securities in its available for sale ("AFS") portfolios. Market price data generally are obtained from exchange or dealer markets.

GBO estimates the fair value of fixed maturity securities not traded in active markets by referring to traded securities with similar attributes, using dealer quotations and matrix pricing methodologies, discounted cash flow analyses or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating and tenor, its coupon rate, its position in the capital structure of the issuer, yield curves, credit curves, prepayment rates and other relevant factors. For fixed maturity securities that are not traded in active markets or that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Fair values for fixed maturity securities based on observable market prices for identical or similar instruments implicitly include the incorporation of counterparty credit risk. Fair values for fixed maturity securities based on internal models incorporate counterparty credit risk by using discount rates that take into consideration cash issuance spreads for similar instruments or other observable information.

Assets recorded at fair value in the statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three levels based on the observability of inputs available in the marketplace used to measure the fair values as discussed below:

Level 1: Fair value measurements that are quoted prices in active markets that the Company has the ability to access for identical assets. Market price data is generally obtained from exchange or dealer markets.

Level 2: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and inputs other than quoted prices that are observable for the asset, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. These measurements may be made under circumstances in which there is little, if any, market activity for the asset.

Impairment

Each quarter, GBO evaluates its investments portfolio for impairment. The determination that a security has incurred an impairment in value requires GBO's management to consider the fundamental condition of the issuer, its near-term prospects and all relevant facts and circumstances. Significant factors considered include:

- the severity of the decline in fair value;
- the length of time the fair value is below cost;
- the issuer's financial condition, including profitability and cash flows;
- the issuer's credit status;
- the issuer's specific and general competitive environment;
- published reports;
- the general economic environment;
- the regulatory and legislative environment; and
- various other factors that may arise or provide evidence.

If it is determined that impairment exists, GBO recognises the impairment as follows:

AFS assets: The impairment loss is the difference between the carrying value of the asset less any impairment loses previously recognised in the statement of profit or loss and its fair value at the measurement date. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of profit or loss.

Impairment losses on AFS debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. If, in a subsequent period, the fair value of an AFS debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan and receivables and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Financial assets carried at cost: For an equity instrument that is not quoted in an active market, and whose fair value cannot be reliably measured, the impairment loss is the difference between the carrying amount of the financial asset and the present value estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment shall not be reversed.

Valuation differences between the Solvency II and IFRS balance sheets

GBO considers its policy on the fair value of investments, as described above, to be consistent with the hierarchy of valuation methods required for Solvency II for both assets and liabilities within the balance sheet. All investments in GBO's investment portfolio as at 31 December 2018 and 2017 are carried at fair value. Accordingly, the investment valuation bases between its Solvency II and IFRS balance sheets are the same, with the exception that the value of investments in the Solvency II balance sheet includes interest accrued since the last coupon payment, while accrued interest is disclosed separately under IFRS.

Fair Value Sources and Use of Pricing Vendors

GBO uses New England Asset Management (NEAM) to provide pricing and fair value of its investments.

Although TransRe outsources the portfolio valuation function to pricing vendors and investment manager, GBO is responsible for ensuring that the valuation methods and assumptions they employ provide reliable fair values.

(Re) Insurance and Intermediaries Receivable and Payable

Insurance and reinsurance receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. Receivables and payables are recognised at the amount expected to be received or paid when due. Due to the short term nature of GBO's (re)insurance receivables and payables, amounts are not discounted.

The presentation of (re)insurance receivables and payables on the Solvency II balance sheet differs from IRFS, since (re)insurance receivables and payables for financial reporting purposes include accrued premiums and claims which are included in Technical Provisions in the Solvency II Balance Sheet.

Other Receivables and Other Payables (Trade not Insurance)

The valuation and presentation of GBO's other receivables and payables, in the Solvency II balance sheet, is consistent with the treatment for GBO's financial reporting and IFRS. Other receivables are not discounted.

Cash and Cash Equivalents

Cash and cash equivalents comprises of cash on hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible into known amounts of cash and that are not subject to a significant risk of a change in value. Such investments are classified as cash equivalents where they have maturity dates of three months or less from the date of acquisition.

Foreign Currency Transactions and Balances

GBO presents its financial statements and Solvency II reporting in Euros, which is GBO's functional currency. GBO applies a consistent policy for translating transactions and balances in currencies other than the relevant currency of presentation between its financial statements, IFRS and Solvency II reporting. Where necessary, ground up recalculations for each reporting currency are performed for items with multiple underlying exchange rates (for example, for deferred acquisition costs).

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in non-Euro currencies, are recognised in the statement of profit or loss and other comprehensive income.

Assets and liabilities held in non-Euro currencies at year end have been translated at the prevailing rate at 31 December 2018.

Translation to Functional Currency

The operating results and financial position of each non-US dollar ledger are translated into Euros as follows:

- assets and liabilities for each statement of financial position presented are translated at the exchange rate at the date of each statement of financial position;
- income and expenses for each statement of profit or loss is translated at the average exchange rates for each period;
- non-monetary assets are at historic rate;
- all resulting exchange differences are recognised in the statement of profit or loss; and
- both the functional and presentational currency are Euros.

D.2 Technical Provisions

GBO holds technical provisions to represent the current amount it would have to pay for an immediate transfer of its obligations to another insurer. The technical provisions are comprised of two key elements:

- Best estimate liabilities ("BEL") are the probability weighted average of future cash flows, discounted back to the relevant balance sheet date using risk free discount rates. This includes all of the relevant cash inflows and outflows to meet the requirements of the policies GBO is obligated to at the valuation date.
- The risk margin represents an allowance for the cost of capital necessary to support the policies GBO is obligated to at the valuation date over their lifetime. It is calculated by taking 6% of future capital requirements attributable to the policies and discounting back to the relevant balance sheet date using risk free discount rates.

GBO calculates all of its technical provisions using the sum of the BEL and risk margin, therefore:

Technical Provisions = Best Estimate Liability + Risk Margin

GBO does not calculate technical provisions as a whole.

Segmentation into lines of business

BELs are segmented into twelve lines of business for non-life insurance obligations (with additional segmentation for non-proportional reinsurance accepted) and three lines of business for health insurance obligations pursued on a similar basis to non-life insurance (with additional segmentation for non-proportional reinsurance accepted).

Lines of business for financial reporting purposes are mapped to Solvency II lines of business according to “sub-department” classification in GBO’s accounting system, subject to allocations for private and commercial motor lines of business. With the exception of these allocations, the sub-departments and Solvency II lines of business are in one-to-one correspondence.

Figure 22: Technical provisions (TPs) by Solvency II line of business as at 31 December 2018

Solvency II line of business (€'000s)	Gross best estimate	Recoverables	Net	Risk Margin	Net TPs
General liability insurance	30,675	20,377	10,298	916	11,214
Motor vehicle liability insurance	28,127	17,973	10,154	903	11,057
Fire and other damage to property insurance	25,145	16,158	8,987	799	9,786
Non-proportional casualty reinsurance	25,028	16,308	8,720	775	9,495
Non-proportional property reinsurance	19,943	12,065	7,878	700	8,578
Other motor insurance	5,054	3,228	1,826	162	1,988
Credit and suretyship insurance	1,843	1,186	657	58	715
Marine, aviation and transport insurance	1,424	945	479	43	522
Non-proportional health reinsurance	1,055	693	362	32	394
Income protection insurance	264	175	89	8	97
Non-proportional marine, aviation and transport reinsurance	62	21	41	4	45
Total	**138,620**	**89,129**	**49,491**	**4,400**	**53,891**

Technical provisions bases, methodologies and key assumptions

Basis

GBO uses the IFRS financial reporting framework as the starting basis for determining the Solvency II technical provisions.

The following sections outline the key methodologies and assumptions in determining the technical provisions. Where relevant, adjustments to the IFRS basis to move to the Solvency II basis are highlighted.

Figure 23: IFRS to Solvency II reconciliation as at 31 December 2018

Solvency II line of business (€'000s)	Assumed	Ceded	Net
IFRS Technical Provisions	**150,766**	**101,612**	**49,154**
Less deferred acquisition costs	(1,932)	(1,368)	(564)
Add contingent acquisition costs	(290)	(197)	(93)
Reserving margins	(1,502)	(1,136)	(366)
Future premiums & acquisition costs	(7,602)	(5,104)	(2,498)
Future other expenses	3,221	-	3,221
Legally obliged unincepted business	(2,424)	(3,557)	1,133
Discounting	(1,617)	(1,039)	(578)
Counterparty default	-	(82)	82
Solvency II Best Estimate	**138,620**	**89,129**	**49,491**
Risk margin	4,400	-	4,400
Solvency II Technical Provisions	**143,020**	**89,129**	**53,891**

Figure 24: IFRS to SII reconciliation of gross technical provisions for top 5 Solvency II lines of business as at 31 December 2018

Solvency II Line of Business Gross (€'000s)	Proportional general liability	Proportional motor vehicle liability	Proportional fire & other property damage	Non-prop Reinsurance casualty	Non -prop reinsurance property	Other	Total
IFRS technical provisions	34,222	29,929	27,124	26,025	22,888	10,578	150,766
Deferred acquisition costs	(881)	(45)	(858)	0	0	(148)	(1,932)
Contingent commission costs	12	(53)	(36)	0	0	(213)	(290)
Reserving margins	(2,227)	(210)	50	(162)	927	120	(1,502)
Future premiums & acquisition costs	(456)	(2,887)	(2,110)	(200)	(1,192)	(757)	(7,602)
Future other expenses	199	1,350	885	228	257	302	3,221
Legally obliged unincepted business	300	9	195	(89)	(2,858)	19	(2,424)
Discounting	(494)	34	(105)	(774)	(79)	(199)	(1,617)
Solvency II best estimate	**30,675**	**28,127**	**25,145**	**25,028**	**19,943**	**9,702**	**138,620**
Risk margin	916	903	799	775	700	307	4,400
Solvency II technical provisions	**31,591**	**29,030**	**25,944**	**25,803**	**20,643**	**10,009**	**143,020**

Figure 25: IFRS to SII reconciliation of net technical provisions for top 5 Solvency II lines of business as at 31 December 2018

Solvency II Line of Business Net (€'000s)	Proportional general liability	Proportional motor vehicle liability	Proportional fire & other property damage	Non-prop Reinsurance casualty	Non -prop reinsurance property	Other	Total
IFRS technical Provisions	11,223	9,603	8,873	8,591	7,437	3,427	49,154
Deferred acquisition costs	(261)	(5)	(255)	0	0	(43)	(564)
Contingent commission costs	4	(17)	(12)	0	0	(68)	(93)
Reserving margins	(775)	153	(16)	(91)	291	72	(366)
Future premiums & acquisition costs	(150)	(949)	(695)	(65)	(389)	(250)	(2,498)
Future other expenses	199	1,350	885	228	257	302	3,221
Legally obliged unincepted business	208	6	240	299	303	77	1,133
Discounting	(172)	4	(44)	(268)	(32)	(66)	(578)
Counterparty default	22	9	11	26	11	3	82
Solvency II best estimate	**10,298**	**10,154**	**8,987**	**8,720**	**7,878**	**3,454**	**49,491**
Risk margin	916	903	799	775	700	307	4,400
Solvency II technical provisions	**11,214**	**11,057**	**9,786**	**9,495**	**8,578**	**3,761**	**53,891**

Best estimate liability

The BEL is calculated as the sum of the following two components:

Claims provision

GBO holds a claims provision that relates to claims events that are already incurred, regardless of whether these claims have been reported or not. The provision includes all cash flows associated with future benefits, expenses and premiums related to the claim events. GBO considers the expected incidence and cost of future claims, including infrequent, high severity claims and latent claims. The best estimate claims provision is calculated as:

- the best estimate of outstanding losses, and any expenses in loss adjustment (Loss Adjustment Expenses, or “LAE”);
- plus the best estimate of incurred-but-not-reported claims (“IBNR”) based on earned premiums;
- plus the best estimate of unpaid non-contingent acquisition costs that have been incurred;
- plus the best estimate of unpaid contingent commission on earned premiums;
- plus the best estimate of unpaid other expenses that have been incurred;
- less the best estimate of unpaid premiums that have been earned.

Further information on the calculation of these items is discussed in the following sections.

Premiums provision

GBO holds a premium provision for events which may happen in the future that fall within the contract boundary. The provision includes all cash flows associated with all future premiums, claims and expenses related to these events. GBO consider the expected incidence and cost of future claims, including infrequent, high severity claims and latent claims. The best estimate premium provision is calculated as:

- the best estimate of IBNR claims based on unearned premiums;
- plus the best estimate of unpaid non-contingent acquisition costs that have not been incurred;
- plus the best estimate of unpaid contingent acquisition costs based on unearned premiums;
- plus the best estimate of unpaid other expenses based on unearned premiums;
- less the best estimate of unpaid premiums that have not been earned.

Further information on the calculation of these items is discussed in the following sections.

Methodologies for loss reserves and IBNR

The methods employed to estimate loss reserves include the following:

Paid loss development, incurred loss development methods

In the loss development methods, paid and incurred losses are projected to the time period by which the liabilities are extinguished (known as the 'ultimate' time period) by applying appropriate development factors to the inception-to-date paid and incurred losses to date.

Paid Bornhuetter-Ferguson ("BF") and incurred BF methods

In the Bornhuetter Ferguson methods, estimates of unpaid and unreported losses based on earned premiums (on an ultimate basis) are calculated by multiplying earned or ultimate premiums for each contract by an expected loss ratio ("ELR") and an estimated percentage of unpaid or unreported losses. The percentages of unpaid or unreported losses are derived from the loss development factors described below.

In establishing reserves for IBNR losses, three key actuarial judgements are used to project losses:

- Loss development factors ("LDF") – these are used to arrive at the ultimate amount of losses incurred for each underwriting year based on reported loss information. These factors, which are calculated initially based on historical loss development patterns (i.e. the emergence of reported losses over time relative to the ultimate losses to be paid), may then be adjusted for current trends.
- Loss trend factors ("LTF") – these typically focus on any underlying trends which may progress through the projection into the future, such as provisions for inflation, including social inflation (awards by judges and juries which increase progressively in size at a rate exceeding that of general inflation) and trends in court interpretations of coverage.
- Expected loss ratios ("ELR") – for the latest underwriting years these generally reflect the ELRs from prior underwriting years adjusted for LTFs, as well as the impact of changes in rating strength and other quantifiable factors.

These methods yield an indication of the ultimate losses for each underwriting year. The IBNR reserve is then determined by subtracting the reported losses from the indicated ultimate losses.

Estimates of reserves for IBNR claims take into account a number of assumptions with respect to factors that will affect ultimate losses. The techniques GBO uses (described above) are employed to estimate ultimate losses, including the delay between the claim being reported to the insurer, and the insurer reporting the claim to GBO. Expert judgement is employed to select the most appropriate method, particularly when the delays previously identified within the data fluctuate between claims.

During the loss settlement period, additional facts regarding individual claims and trends will emerge. As these facts and trends emerge, it usually becomes necessary to refine and adjust the loss reserves upward or downward; and even then the ultimate net liability calculated by GBO may be materially different from the original estimates. There is potential for significant variation in the development of loss reserves when actual costs differ from those costs implied by the use of the assumptions employed in the process of setting reserves.

Methodologies for expired and unexpired periods of coverage

With respect to expired periods of coverage, IBNR amounts calculated under IFRS are intended to reflect undiscounted best estimates of unpaid and unreported obligations, without margins for prudence.

With respect to unexpired periods of coverage, the valuation of technical provisions under Solvency II includes future cash flows with respect to premiums, losses (including claims management costs) and acquisition costs. Consequently, differences arise between the valuation of technical provisions under IFRS for GBO and the corresponding valuation of technical provisions for Solvency II.

The estimation of unpaid and unreported losses arising from unexpired periods of coverage is based on the same principles underlying the corresponding calculations for expired periods of coverage. GBO estimates ultimate losses for each contract by multiplying:

- ultimate premiums calculated for each contract; by
- the expected loss ratio; and
- an estimated percentage of unpaid or unreported losses.

The percentages of unpaid or unreported losses are derived from loss development factors and the indicated IBNR reserve is then determined by subtracting the reported losses from the indicated ultimate losses.

Future premiums & acquisition costs

Under IFRS, unpaid premiums and acquisition costs are shown separately on the balance sheet at the accounting date as insurance and reinsurance receivables and payables.

Under Solvency II, the cash flows in respect of future claims are reduced by the amount of expected future premium cash inflows and increased by the amount of expected future acquisition costs cash outflows.

Future other expenses

Under IFRS, unpaid other income or expenses are shown separately on the balance sheet at the accounting date as other receivables or payables as appropriate.

Under Solvency II, technical provisions are increased by the amount of expected future cash outflows in respect of other expenses. GBO estimates the reserves for other expenses, as:

- other acquisition costs;
- claims management costs;
- general administration costs;
- overhead costs; and
- investment management costs.

Undiscounted best estimates of unpaid other expenses are then allocated by contract and Solvency II line of business and discounted back to the valuation date using the risk free rates.

The starting point for the calculation of the future other expense cashflows are historical data for the payment of other expenses by calendar period. GBO calculates paid claims management costs and investment management costs, expressed as percentages of paid and incurred losses, and paid other acquisition costs, general administration costs and overhead costs, expressed as percentages of linear combinations of paid and written premiums. Best estimates of unreported claims management costs and investment management costs are then calculated by multiplying the relevant percentages by linear combinations of outstanding and IBNR losses. Best estimates of unreported other acquisition costs, general administration costs and overhead costs are calculated by multiplying the relevant percentages by linear combinations of accrued and unreported premiums.

Legally obliged unincepted business

At any given time, GBO may have contracts that have been written but have not yet incepted (the cover has not yet commenced). For example, a contract that was bound on 28 December 2018 which incepts on 1 January 2019 would be included within legally obliged unincepted business at 31 December 2018.

Under IFRS, the valuation of insurance reserves does not include legally obliged unincepted contracts.

Under Solvency II, cashflows arising from these contracts are included within the premium provision. The calculations of technical provisions relating to legally obliged unincepted business use the same principles as the calculations for existing business; estimates of ultimate losses for each contract are obtained by multiplying ultimate premiums by an expected loss ratio for the forthcoming underwriting year. Expected loss ratios for forthcoming underwriting years are generally calculated based on the expected loss ratios from prior underwriting years, with adjustments to allow for loss trend factors and other quantifiable factors.

Events not in data

GBO accounts for events not in data (“ENIDs”) using a scenario approach, based on the business profile and data available.

Whilst GBO has nine years of history itself, TRC has written business in Germany since more than 23 years and has thus credible claims experience which is used to derive assumptions. This historical claims experience contains many significant natural and man-made catastrophe losses.

Natural and man-made catastrophe scenarios, with associated severities and return periods, are established using expert judgement through discussions with underwriters and the catastrophe modelling team.

These scenarios, along with the historic data, are used in the selection of actuarial assumptions underlying the calculation of technical provisions for both solvency purposes and for the valuation under IFRS. As a result, ENIDs are implicitly included in underlying reserving patterns.

The specific ENID claim and premium provisions are split out using calculated factors for each line of business.

Discounting

Technical provisions are not discounted under IFRS.

Under Solvency II, GBO calculates best estimates separately for obligations in different currencies using the relevant risk-free term structures of interest rates prescribed by EIOPA. The set of currencies for which spot discount curves are provided by EIOPA form a subset of the complete table of currencies defined in the accounting system of GBO. Where, for a given currency, spot discount curves are not provided by EIOPA, the spot discount curve for US dollars is used by default or, if deemed material to the calculation of fair values, the relevant term structure determined according to the methodology specified in the Solvency II technical specifications.

The allocation of unpaid cash flows to different currencies with respect to premiums, losses, acquisition costs and other expenses is estimated for each contract based on corresponding historical allocations of inception-to-date cash flows and accruals, and other relevant information.

Development factors of paid premiums, losses and acquisition costs are used to separate expected future cash flows into incremental amounts in future calendar periods. Incremental expected cash flows are then discounted at the risk-free discount rate applicable for the relevant maturity at the accounting date. Discounting estimates of unpaid other expenses for the time value of money is based on development patterns of paid premiums for other acquisition costs, general administration costs and overheads; and paid losses for claims management costs and investment management costs.

Counterparty default

GBO does not adjust the technical provisions calculated under IFRS for potential counterparty default.

Under Solvency II, the calculations of technical provisions are adjusted to reflect the potential for default events, which are defined to occur whenever counterparties fail to meet all of their obligations in full, whether arising from insolvency or dispute. The adjustment, which is given by the expected present value of the change in cash flows underlying the amounts recoverable, is calculated by multiplying:

Probability of default *x* *Loss given default*

These are defined as follows:

- Probability of default — cash flows are adjusted to reflect the likelihood of default at different time periods, also considering that cumulatively, counterparties are more likely to default as time moves on. The distribution of the time of default is assumed to have an exponential distribution, calibrated according to credit quality and the corresponding probability of default over one year. The derivation of credit quality is based on official credit ratings corresponding to those attributed by a commercial rating agency such as A.M. Best, S&P, Moody's and Fitch, where such credit ratings are available. Where more than one official credit rating is available for a counterparty, the second-highest credit quality step is used; and
- Loss given default — this is the estimated impact of the default. Unless reliable estimates of these losses are available, the adjustment is calculated using an assumed loss of 50%. With the exception of the TRZ Solvency Cover, which is partially collateralized by a deposit held at the GBO, GBO does not adjust the amounts recoverable to allow for deposits or collaterisation arrangements. The loss given default for the TRZ Solvency Cover is reduced by the ratio of the current value of the collateral and the current outstanding and IBNR claims allocated to the TRZ Solvency Cover.

Risk margin

The risk margin is calculated as the present value of future SCRs, multiplied by the prescribed rate for the cost of capital of 6% per annum as determined by Solvency II regulation.

The following risks from the SCR are projected into the future:

- insurance risk (both reserve and premium risk) with respect to obligated business, whether incepted or not;
- counterparty default risk;
- operational risk; and
- unhedgeable or unavoidable market risk.

The cost of capital at each future time period is discounted back to the valuation date using the risk free rate.

Reinsurance arrangements within the technical provisions

Under Solvency II, GBO reflects the value of reinsurance agreements where risk is ceded to a third party (which includes consideration of the counterparty default calculations above) within the technical provisions. This allows GBO to denote a technical provision figure net of reinsurance.

Existing reinsurance

With respect to proportional retrocession, outwards premiums and recoveries are calculated and included on the basis of correspondence, i.e. future premiums are included only to the extent that any associated liabilities are also included in the technical provisions. If a contractual liability does not exist, then the associated future premium cash flows are not taken into account within the valuation of technical provisions under Solvency II.

GBO does not have any non-proportional retrocession in place for any outstanding or future business.

Future reinsurance purchases

To the extent that TransRe has a history of renewing outwards retrocession, the purchase of future outwards retrocession is assumed in the assessment of technical provisions under Solvency II. In particular, expected cash flows arising from future retrocession that will cover existing inwards contracts but has not yet been purchased at the valuation date are included in the valuation of the best estimate according to the principle of correspondence.

Uncertainty within the technical provisions

GBO writes a variety of coverages whose major risk factors materially impact the variability of GBO's loss reserves. In particular, GBO's portfolio has exposure to long-tail casualty lines of reinsurance business including some high excess layers of coverage in volatile long-tail classes such as professional indemnity and directors and officers.

At the primary insurance level (i.e. the insurer as opposed to reinsurer level), there are significant risk factors which contribute to the variability and unpredictability of loss cost trends and loss emergence patterns. As a reinsurer, GBO faces additional risk factors arising from its dependence upon the claims reserving and reporting practices of its cedants, which vary greatly by size, specialisation, degree of sophistication, and country of operation, and are subject to change without notice.

It is also inherently more difficult for reinsurers to quantify unpaid liabilities under long-tail coverages because it takes longer for credible loss experience to emerge compared to the initial writer of the risks. Similarly, the loss experience under non-proportional coverages can take relatively longer to emerge. GBO's portfolio includes exposure to high excess liability layers and casualty lines of business, for which loss cost trends are especially difficult to assess. In addition, a reinsurer's loss experience may vary due to a concentration of small risks occurring close together, which can impact several layers of coverage across different lines of business and across different cedants.

The variability in the loss cost trends, the difficulty inherent in estimating developing losses and infrequent but high impact events, and the correlation across reinsurance coverages and cedants all contribute to the risk of material uncertainty and deviation in GBO's loss reserves.

GBO assesses continually the reserve adequacy of IBNR in light of the following factors:

- current levels of reserves for reported claims and expectations with respect to reporting lags;
- catastrophe events;
- historical data;
- legal developments; and
- economic conditions, including the effects of inflation.

The actuarial methodologies employed to calculate loss and IBNR development incorporates the inherent lag from the time claims occur to when they are reported to an insurer and to when the insurer reports the claims to their reinsurers. Certain actuarial methodologies may be more appropriate than others in instances where this lag may not be consistent from period to period. Consequently, additional actuarial judgement is employed in the selection of methodologies to best incorporate that potential impact. Information gathered through underwriting and claims audits is also considered.

The estimation of GBO's loss reserves is made more difficult and subjective in view of changing legal and economic environments that impact the development of claims. Such factors, both internal and external, which contribute to the variability and unpredictability of loss costs, include:

- trends relating to jury awards;
- social trends;
- medical inflation;
- worldwide economic conditions;
- tort reforms;
- court interpretations of coverages;

- the regulatory environment;
- underlying policy pricing;
- terms and conditions; and
- claims handling.

Consequently, quantitative techniques are frequently supplemented by subjective considerations and expert judgement. In addition, GBO is mindful that trends that have affected development of liabilities in the past may not necessarily occur or affect liability development to the same degree in the future. Owing to the inherent uncertainties in the process of establishing these liabilities, the actual ultimate loss from a claim is likely to differ, perhaps materially, from the liability initially recorded.

The uncertainty inherent in estimating IBNR relating to unexpired periods of coverage is exacerbated by the application of the same underlying valuation techniques to the calculation of technical provisions in respect of unexpired periods of coverage, including obligations arising from legally obliged unincepted business.

With respect to unexpired periods of coverage, GBO's loss reserves include exposure to extreme or exceptional events, both natural and man-made. Unexpired periods of coverage relating to property and casualty reinsurance contracts of GBO cover unpredictable events, including exposures to natural catastrophes such as:

- catastrophic hurricanes;
- windstorms;
- tornadoes;
- earthquakes;
- floods; and
- other natural disasters;

and man-made catastrophes such as:

- fires;
- industrial explosions;
- riots; and
- other man-made disasters, including those that may result from terrorist activity.

Management expects that the loss experience of GBO will include infrequent events of great severity from time to time and the occurrence of losses from such events will cause substantial volatility in the financial results of GBO.

The frequency and severity of catastrophe losses are inherently unpredictable. Insured losses arising out of a single occurrence have the potential to impact a wide range of lines of business.

The severity of catastrophe losses is subject to a high level of uncertainty arising out of extremely complex causation and coverage issues, which can include:

- attribution of losses to different perils;
- potential legal and regulatory developments related to losses; and
- inflation in repair costs owing to the limited availability of labour and materials after the occurrence of catastrophic events.

With respect to discounting for the time value of money, the difficulty inherent in estimating the currency and timing of future cash flows, including tail factors for long-tail classes of business, contribute to the risk of adverse deviation in the technical provisions of GBO.

Sensitivity analysis for technical provisions

The following table considers sensitivities on the key assumptions underlying the technical provisions and shows the percentage change in gross technical provisions for each of these sensitivities.

Figure 26: Technical provision sensitivities

	Exchange Rates		Interest Rates		Reserving Assumptions*	
Key assumptions	10%	-10%	1%	-1%	5%	-5%
Technical provisions	1%	-1%	-3%	1%	12%	-5%

* This sensitivity includes a +/-5% change to the ELR assumptions along with an adjustment of +/- 5% to the tail of the loss development.

Exclusions from technical provisions

There are a number of additional aspects of the Solvency II regime that firms can apply for:

Matching adjustment

GBO does not use the matching adjustment within the calculation of technical provisions.

Volatility adjustment

The volatility adjustment to risk free rates is not used by GBO in the calculation of technical provisions.

Transitional measures to Technical Provisions (TMTP)

GBO does not apply any transitional arrangements to the Solvency II balance sheet.

Changes in assumptions since prior period

There have been no material changes to relevant assumptions since the prior period.

D.3 Other liabilities

The material classes of other liabilities shown on GBO's Solvency II balance sheet, their Solvency II values and corresponding values shown on a IFRS basis are summarised in the table below.

Figure 27: Other liabilities – IFRS & Solvency II reconciliation as at 31 December 2018

(€'000s)	Solvency II	IFRS	Difference
Insurance and intermediaries payables	0	0	0
Reinsurance payables	4,771	10,100	(5,329)
Payables (trade, not insurance)	3,138	3,922	(784)
Deposits from reinsurers	73,995	73,995	0
Total other liabilities	**81,904**	**88,017**	**(6,113)**
Total technical provisions	143,020	150,766	(7,746)
Total liabilities	**224,924**	**238,783**	**(13,859)**

(Re)insurance and intermediaries payable

Please see Section D1 (Re)insurance and Intermediaries Receivable.

Other payables (trade not insurance)

Please see Section D1 Other Receivables and Other Payables (Trade not Insurance).

Technical provisions

For a detailed description of the valuation differences for the technical provisions between IFRS and Solvency II, please refer to Section D2.

D.4 Alternative methods for valuation

GBO does not use any alternative valuation methodologies.

D.5 Any other information

GBO does not consider there is any other material information to disclose on its valuation for solvency purposes.

E. Capital Management

E.1 Own funds

GBO is a branch of TRC. Business accepted by GBO is written on the TRC balance sheet, which has total assets of over US$16.5 billion and stockholders' equity of over US$4.7bn, as at 31 December 2018. TRC has the following Financial Strength Ratings:

- Standard & Poor's Insurer Financial Strength Rating A+, outlook Stable;
- A.M. Best Best's Financial Strength Rating (FSR) A+ (Superior), outlook Stable;
- Moody's Long Term Rating A1, outlook Stable.

The overall objective of GBO, in relation to own funds, is to maintain capital at a level of at least 150% of the SCR while also ensuring the levels of own funds within GBO are within the risk appetite of the firm. As such, GBO maintains a very stable investment portfolio and follows the group's conservative investment strategy.

In order to monitor compliance with the above requirement, GBO undertakes a number of activities. These include:

- the TRC investment committee monitors BlackRock's adherence and compliance with the Investment Mandate;
- production and review of the Solvency II quarterly returns ("QRTs"), ensuring the minimum buffer set by GBO is maintained; and
- KPI's provided to the Branch Manager quarterly to provide further information not contained within the QRTs.

As at 31 December 2018, the available own funds of GBO were as follows:

Figure 28: Own funds by tier

Tier	Instrument(s)	At 31 December (€'000s)	
		2018	2017
Tier 1	Reconciliation reserve	53,537	52,559
Tier 2	N/A	N/A	N/A
Total own funds to cover MCR		**53,537**	**52,559**
Tier 3	Deferred tax asset	2,283	424
Total own funds to cover SCR		**55,820**	**52,983**

Following an underwriting loss in 2018 as set out in Section A2, and supported by TRC's strong capital position, additional capital was contributed to GBO to ensure that the own funds remain at a healthy level and even increased slightly compared to last year. At the date of this report, GBO has no ancillary own funds. GBO recognises a reconciliation reserve of circa €53.5m which is made up of retained earnings and capital held by GBO, less the deferred tax asset.

Below is an explanation of material differences between GBO's net assets under IFRS and the excess of assets over liabilities as calculated for Solvency purposes:

Figure 29: Net assets to Solvency II reconciliation as at 31 December 2018

	€'000s	Description
IFRS Net Assets	**60,618**	
Change in:		
Net deferred acquisition costs	(564)	Valued at nil under Solvency II
Reinsurance receivables	(7,892)	Estimated premium and Contingent Commission Reserve not yet due moved to TP's
Reinsurance recoverables	(12,485)	Adjustment from reinsurer's share of IFRS insurance reserves to Solvency II TP's
Reinsurance payables	5,329	Estimated premium and Contingent Commission Reserve not yet due moved to TP's
Other payables	785	Accrued insurance related expenses not yet due moved to TP's
Technical provisions	12,146	Adjustment from IFRS insurance reserves to Solvency II TP's
Risk margin	(4,400)	Inclusion of Solvency II Risk Margin
Deferred tax asset	2,283	Pre-tax change in Net Assets x 32.975% deferred tax rate
SII excess of assets over liabilities	**55,820**	

Except for the additional attributed retained earnings laid out in Section E1, there have not been any significant changes to own funds during the year.

Due to the makeup of GBO's own funds, the recognised items are fully eligible to cover both the SCR and MCR of GBO. In particular, GBO does not have any restricted items, such as ring-fenced funds. Therefore, GBO has not applied to use any transitional measures for the calculation of own funds. Grandfathering is not needed because all own funds items meet the Solvency II classification criteria.

GBO does not voluntarily disclose any other solvency ratios other than those reported on the own funds QRT (S.23.01).

E.2 SCR and MCR

Based on the business plan and strategic initiatives outlined above and using the Solvency II Standard Formula to calculate its SCR, GBO's Solvency II capital requirements are outlined below.

Figure 30: Solvency II capital requirements as at 31 December 2018

	(€'000s)
Eligible own Funds to cover SCR	55,820
Minimum Capital Requirement	10,734
Solvency Capital Requirement	42,935
Operational Risk	4,158
Market risk	11,642
Counterparty default risk	2,323
Health underwriting risk	361
Non-life underwriting risk	32,849
less Diversification	(8,398)
Basic Solvency Capital Requirement:	**38,777**
Non-life catastrophe risk	23,288
Non-life premium & reserve risk	18,005
Non-life lapse risk	1,700
less Diversification	(10,144)
Non-life underwriting risk:	**32,849**

GBO's SCR as at 31 December 2018 was €42,935k (2017: €38,197k). This increase was primarily due to an increase in reserve volume.

In order to calculate the MCR for the year, GBO uses the written premiums on an IFRS basis split by Solvency II line of business.

The inputs applied to the calculation of the MCR are made up of the technical provisions (excluding the risk margin) and net written premiums over the last year (for line of business), together with the prescribed minimum (or "absolute floor") and the most recently calculated SCR.

In summary, GBO's capital requirements and SCR ratios are:

Figure 31: Solvency II capital ratios as at 31 December 2018

Valuation Date	(€'000s)
Eligible Own Funds (MCR)	53,537
Eligible Own Funds (SCR)	55,820
Minimum Capital Requirement	10,734
Solvency Capital Requirement	42,935
MCR ratio	499%
SCR ratio	130%

The decrease in SCR ratio from the prior year arises primarily due to the underwriting loss laid out in Section A2, partially offset by the additional retained earnings allocation as explained in Section E1. Given GBO's business target of a minimum SCR ratio of 150%, a management action was consequently triggered in March 2019 for the allocation of additional eligible own funds by TRC to GBO ensure that the SCR ratio is maintained in excess of 150% during 2019. With these additional funds, on an as-if basis the SCR ratio would have been 160%.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

GBO does not use the duration-based equity risk sub module to calculate the SCR.

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

GBO does not use an internal model to calculate the SCR and MCR.

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

During the period, there have been no instances of non-compliance with the MCR and SCR by GBO.

E.6 Any Other Information

GBO does not consider there is any other material information to disclose regarding its capital management.

Appendix 1 - Abbreviations used in this report

A.M. Best	A.M. Best Company, Inc. and/or its affiliates
AFS	Available for sale
Alleghany	Alleghany Corporation
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BEL	Best Estimate Liabilities
BF	Bornhuetter-Ferguson method
BlackRock	BlackRock, Inc and BlackRock Investment Management (UK) Limited
bps	Basis points (0.01%)
CCD	Corporate Compliance Department (New York)
CCO	Chief Compliance Officer (New York)
CPD	Continual Professional Development
CRMC	Corporate Risk Management Committee
ELR	Expected Loss Ratio
ENID	Event not in Data
EPIFP	Expected Profit Included in Future Premiums
ERM	Enterprise Risk Management
FSR	Financial Strength Rating
GAAP	Generally Accepted Accounting Practice
GBO	German Branch Office of Transatlantic Reinsurance Company
GRM	Global Risk Management
HGB	Handelsgesetzbuch
HR	Human Resources
IBNER	Incurred but not Enough Reported
IBNR	Incurred but not Reported
ICE	ICE Data Services
IFRS	International Financial Reporting Standards
IT	Information Technology
KYC	Know Your Counterparty
LDF	Loss Development Factor
LTF	Loss Trend Factor
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
QRT	Quarterly Reporting Template
S&P	Standard & Poor's Financial Services LLC and/or its affiliates
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II Directive
TransRe	Collective term for TRH, its subsidiaries, branches and representatives
TRC	Transatlantic Reinsurance Company
TRH	Transatlantic Holdings, Inc.
TRZ	TransRe Zurich Ltd.
TRZ Solvency Cover	The reinsurance arrangements described in Section A5
US or USA	United States of America
USD	United States of America Dollar

Appendix 2 – Public Quantitative Reporting Templates (QRT)

Templates		
S.02.01.02	Balance Sheet	Relevant element
S.05.01.02	Premiums, claims and expenses by line of business	Other information
S.05.02.01	Premiums, claims and expenses by country	Other information
S.17.01.02	Non-Life Technical Provisions	Relevant element
S.19.01.21	Non-life insurance claims	Other information
S.23.01.01	Own funds	Relevant element
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula	Relevant element
S.28.01.01	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity	Relevant element

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	2,283
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	169,501
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	169,501
R0140	*Government Bonds*	35,244
R0150	*Corporate Bonds*	134,257
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	89,127
R0280	*Non-life and health similar to non-life*	89,127
R0290	*Non-life excluding health*	88,259
R0300	*Health similar to non-life*	868
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	1,299
R0360	Insurance and intermediaries receivables	2,096
R0370	Reinsurance receivables	772
R0380	Receivables (trade, not insurance)	9,879
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	5,787
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	280,744

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	143,020
R0520	*Technical provisions - non-life (excluding health)*	141,661
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	137,301
R0550	*Risk margin*	4,360
R0560	*Technical provisions - health (similar to non-life)*	1,359
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	1,319
R0590	*Risk margin*	40
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	73,995
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	4,771
R0840	Payables (trade, not insurance)	3,138
R0850	Subordinated liabilities	
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	224,924
R1000	**Excess of assets over liabilities**	55,820

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0120	Gross - Proportional reinsurance accepted	0	97	0	13,579	2,596	-938	9,834	6,600	861	0	0	0					32,629
R0130	Gross - Non-proportional reinsurance accepted													246	7,114	18	23,877	31,255
R0140	Reinsurers' share	0	66	0	9,234	1,765	-638	6,687	4,488	586	0	0	0	168	4,837	12	16,432	43,637
R0200	Net	0	31	0	4,345	831	-300	3,147	2,112	275	0	0	0	78	2,277	6	7,445	20,247
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0220	Gross - Proportional reinsurance accepted	0	97	0	12,953	2,485	-933	9,399	6,577	909	0	0	0					31,487
R0230	Gross - Non-proportional reinsurance accepted													246	7,114	18	23,877	31,255
R0240	Reinsurers' share	0	66	0	8,808	1,690	-635	6,391	4,472	618	0	0	0	168	4,837	12	16,432	42,859
R0300	Net	0	31	0	4,145	795	-298	3,008	2,105	291	0	0	0	78	2,277	6	7,445	19,883
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0320	Gross - Proportional reinsurance accepted	0	18	0	29,748	5,379	-97	10,816	4,247	920	0	0	0					51,031
R0330	Gross - Non-proportional reinsurance accepted													352	4,554	1	10,086	14,993
R0340	Reinsurers' share	0	12	0	20,309	2,301	-66	7,355	2,888	626	0	0	0	239	3,097	1	6,865	43,627
R0400	Net	0	6	0	9,439	3,079	-31	3,461	1,359	294	0	0	0	113	1,457	0	3,221	22,397
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	19	0	1,960	380	-202	1,376	1,132	143	0	0	0	30	845	1	2,153	7,837
R1200	**Other expenses**																	
R1300	**Total expenses**																	7,837

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			DK	AT				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted	10,951	15,699	4,898	0	0	0	31,548
R0130	Gross - Non-proportional reinsurance accepted	29,698	0	579	0	0	0	30,277
R0140	Reinsurers' share	27,826	10,676	3,726	0	0	0	42,228
R0200	Net	12,823	5,023	1,751	0	0	0	19,597
	Premiums earned							
R0210	Gross - Direct Business	0	0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted	9,349	14,953	4,994	0	0	0	29,296
R0230	Gross - Non-proportional reinsurance accepted	29,698	0	579	0	0	0	30,277
R0240	Reinsurers' share	26,737	10,168	3,791	0	0	0	40,696
R0300	Net	12,310	4,785	1,782	0	0	0	18,877
	Claims incurred							
R0310	Gross - Direct Business	0	0	0	0	0	0	0
R0320	Gross - Proportional reinsurance accepted	10,232	34,840	3,677	0	0	0	48,749
R0330	Gross - Non-proportional reinsurance accepted	13,041	-2	498	0	0	0	13,537
R0340	Reinsurers' share	15,833	23,771	2,838	0	0	0	42,442
R0400	Net	7,440	11,067	1,337	0	0	0	19,844
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	4,312	2,255	912	0	0	0	7,479
R1200	**Other expenses**							0
R1300	**Total expenses**							7,479

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0	-105	0	11,968	2,101	28	1,488	-241	158	0	0	0	5	-372	15	-1,862	13,183
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	-72	0	7,330	1,283	14	466	-252	74	0	0	0	-11	-619	-11	-2,536	5,666
R0150	**Net Best Estimate of Premium Provisions**	0	-33	0	4,638	818	14	1,022	11	84	0	0	0	16	247	26	674	7,517
	Claims provisions																	
R0160	Gross	0	369	0	16,159	2,953	1,396	23,657	30,916	1,685	0	0	0	1,050	25,400	47	21,805	125,437
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	247	0	10,643	1,945	931	15,692	20,629	1,112	0	0	0	704	16,927	32	14,601	83,463
R0250	**Net Best Estimate of Claims Provisions**	0	122	0	5,516	1,008	465	7,965	10,287	573	0	0	0	346	8,473	15	7,204	41,974
R0260	**Total best estimate - gross**	0	264	0	28,127	5,054	1,424	25,145	30,675	1,843	0	0	0	1,055	25,028	62	19,943	138,620
R0270	**Total best estimate - net**	0	89	0	10,154	1,826	479	8,987	10,298	657	0	0	0	362	8,720	41	7,878	49,491
R0280	**Risk margin**	0	8	0	903	162	43	799	916	58	0	0	0	32	775	4	700	4,400
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0320	**Technical provisions - total**	0	272	0	29,030	5,216	1,467	25,944	31,591	1,901	0	0	0	1,087	25,803	66	20,643	143,020
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0	175	0	17,973	3,228	945	16,158	20,377	1,186	0	0	0	693	16,308	21	12,065	89,129
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	0	97	0	11,057	1,988	522	9,786	11,214	715	0	0	0	394	9,495	45	8,578	53,891

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2009	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2010	1,679	19,867	7,211	5,547	3,677	1,291	785	785	771			771	41,613
R0180	2011	1,139	17,146	4,390	7,416	2,955	1,156	1,175	1,582				1,582	36,959
R0190	2012	1,723	14,772	5,239	2,825	1,277	789	812					812	27,437
R0200	2013	3,091	22,279	13,975	4,456	2,669	952						952	47,422
R0210	2014	1,292	12,516	5,057	2,571	1,059							1,059	22,495
R0220	2015	780	10,548	6,242	500								500	18,070
R0230	2016	-276	7,501	3,755									3,755	10,980
R0240	2017	1,424	15,461										15,461	16,885
R0250	2018	641											641	641
R0260												Total	25,533	222,502

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2009	0	0	0	0	0	0	0	0	0	0		0
R0170	2010	31,701	24,991	19,962	14,781	12,120	9,727	7,925	6,944	6,471			6,462
R0180	2011	35,005	25,209	21,054	17,110	11,156	11,557	9,581	11,572				11,523
R0190	2012	39,167	29,339	19,992	14,762	12,899	11,670	10,223					10,112
R0200	2013	54,706	36,415	21,705	15,427	10,625	8,851						8,805
R0210	2014	33,629	24,206	19,383	15,827	12,990							12,810
R0220	2015	19,694	10,564	6,748	5,903								5,850
R0230	2016	16,311	10,767	8,941									8,776
R0240	2017	26,850	35,816										35,403
R0250	2018	25,862											25,697
R0260												Total	125,438

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)					
R0030	Share premium account related to ordinary share capital					
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings					
R0050	Subordinated mutual member accounts					
R0070	Surplus funds					
R0090	Preference shares					
R0110	Share premium account related to preference shares					
R0130	Reconciliation reserve	53,537	53,537			
R0140	Subordinated liabilities					
R0160	An amount equal to the value of net deferred tax assets	2,283				2,283
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above					
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	55,820	53,537	0	0	2,283
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand					
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
R0320	Unpaid and uncalled preference shares callable on demand					
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	55,820	53,537	0	0	2,283
R0510	Total available own funds to meet the MCR	53,537	53,537	0	0	
R0540	Total eligible own funds to meet the SCR	55,820	53,537	0	0	2,283
R0550	Total eligible own funds to meet the MCR	53,537	53,537	0	0	
R0580	**SCR**	42,935				
R0600	**MCR**	10,734				
R0620	**Ratio of Eligible own funds to SCR**	130.01%				
R0640	**Ratio of Eligible own funds to MCR**	498.77%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	55,820
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	2,283
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	53,537
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	10,699
R0790	**Total Expected profits included in future premiums (EPIFP)**	10,699

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	11,642		0
R0020	Counterparty default risk	2,323		
R0030	Life underwriting risk	0		0
R0040	Health underwriting risk	361		0
R0050	Non-life underwriting risk	32,849		0
R0060	Diversification	-8,398		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	38,777		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	4,158
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	42,935
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	42,935
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	8,819

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	89	30
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	10,154	3,321
R0060	Other motor insurance and proportional reinsurance	1,825	649
R0070	Marine, aviation and transport insurance and proportional reinsurance	480	509
R0080	Fire and other damage to property insurance and proportional reinsurance	8,987	3,462
R0090	General liability insurance and proportional reinsurance	10,298	2,398
R0100	Credit and suretyship insurance and proportional reinsurance	658	289
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	362	79
R0150	Non-proportional casualty reinsurance	8,720	2,303
R0160	Non-proportional marine, aviation and transport reinsurance	42	6
R0170	Non-proportional property reinsurance	7,878	7,248

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	8,819
R0310	SCR	42,935
R0320	MCR cap	19,321
R0330	MCR floor	10,734
R0340	Combined MCR	10,734
R0350	Absolute floor of the MCR	3,600
R0400	**Minimum Capital Requirement**	10,734