



TransRe Europe S.A.

Solvency and Financial Condition Report

As at 31 December 2023



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About this document

This document is the Solvency and Financial Condition Report ("SFCR") for TransRe Europe S.A. ("TRE" or "the Company") as at 31 December 2023.

This SFCR covers TRE on a solo basis. TRE's reporting and presentational currency is US dollars ("US\$").

Directors' statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the Commissariat aux Assurances ("CAA") Rules and the Solvency II Regulations (Solvency and Financial Condition Report under Articles 51 et seq. of the SII Directive 2009/138 / EC in conjunction with Articles 290 et seq. of Delegated Regulation (EU) 2015/35 of the Commission of 10 October 2014 and Articles 82 et seq. of the local Law of 7 December 2015 on the insurance sector).

Unless otherwise mentioned in the report, the information contained herein is based on facts and knowledge as at the reference date of the report.

We are satisfied that:

- throughout the financial year in question, TRE has complied in all material respects with the requirements of the CAA Rules and the Solvency II Regulations as applicable to TRE; and
- it is reasonable to believe that, at the date of publication of this SFCR, TRE has continued to comply and subsequently will continue to comply in the future.

On behalf of the Board of Directors

Matthew Mahoney
Chairman of the Board of Directors

8 April 2024



Executive summary

TRE is a wholly owned subsidiary of Transatlantic Reinsurance Company (“TRC”) and provides the TransRe group (“TransRe”) with its main platform to write business in Continental Europe and in the Middle East and North Africa region (“MENA”). TRC is incorporated in New York, USA. TRE’s ultimate parent undertaking is Berkshire Hathaway Inc. (“Berkshire Hathaway”), a company incorporated in Delaware, USA.

TRE commenced trading under the name of Guardian Reinsurance Company in January 1977 before being acquired by TRC in 1996. As of 1st July 2019, TRE redomiciled from Zurich to Luxembourg and is regulated by the CAA. TRE has authorisation to transact all types of reinsurance business and operates through its branch offices in Germany, France and Switzerland. In addition to paid up capital of US\$ 27 million, share premium of US\$ 133 million and reconciliation reserve of US\$ 185 million, TRE has the benefit of internal retrocession with TRC and a parental capital support guarantee agreement (“TRC Capital Support Agreement”).

TRE has been granted the same financial strength ratings as TRC by both Standard & Poor’s (“S&P”) and AM Best, being AA+ and A++ (Superior) respectively.

TRE is a specialist non-life and life reinsurance company concentrating on providing reinsurance protection for insurance companies not competing with cedants in their own direct markets. Many of TRE’s senior management and underwriting teams have long tenure with TransRe and place great value on enduring client relationships.

TRE continues 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 the first-choice provider of reinsurance to our clients.

TRE’s focus remains on underwriting excellence and ensuring that opportunities are maximised during this period of relative market hardening, enhancing client relationships and navigating emerging risks and the ever-changing geopolitical environment.

Business and performance

TRE’s strategy is to concentrate foremost on achieving underwriting profitability, not top line growth, and to return excess capital and underwriting profit to the group at the appropriate time to support the wider investment objectives of Berkshire Hathaway. The strategy continues to be aligned with the TransRe group objective of being the first-choice provider of reinsurance.

TRE accesses business through both broker and direct distribution channels and writes a diverse portfolio of treaty reinsurance, avoiding over-dependence on any one class. We adopt a lead approach to our business, combining technical analysis with underwriting expertise and strong cycle management. TRE reduced the amount of external reinsurance cover it buys locally in line with the broader Berkshire Hathaway strategy of managing exposures within the group. However, it continues to purchase some key strategic covers to manage volatility within its Solvency Capital Requirement (“SCR”).

Our business strategy during 2023 highlighted the continuing need to focus on underwriting returns. We sought to de-risk those areas seen as dilutive and continued to build our portfolio around those lines of business that were responding more robustly to the much changed macro-economic and emerging insurance exposure environment.

Overall, TRE improved its net claim ratio from 70.1% in 2022 to 49.4% in 2023, based on net earned premiums of US\$ 91,711k (2022: US\$ 83,663k). After deducting acquisition and operating expenses of US\$ 22,009k (2022: US\$ 26,314k), TRE returned a net underwriting profit of US\$ 24,369k (2022: underwriting loss of US\$ -1,338k). The 2022 claims ratio was affected by the major French summer hailstorm events offset by the benefit of positive loss reserve development on the run-off portfolio. The 2023 claims ratio was affected by various catastrophe events (e.g., earthquake in Türkiye, floods and hailstorms in Italy, and storms Cirian and Denis) and fire losses. The improved claims ratio is due to the benefit of positive loss reserve development and a focus on underwriting discipline over recent years.

Following Berkshire Hathaway’s acquisition of Alleghany Corporation (“Alleghany”), during the fourth quarter of 2022 and continuing throughout 2023, TRE’s investment portfolio has been substantially de-risked, involving the sale of its corporate bonds and its longer dated fixed income holdings. The proceeds have



been reinvested in short-dated US and German government bonds. At 31 December 2023, the portfolio's average duration was 0.5 years (2022: 2.9 years) and its average credit quality was AA+ (2022: AA+).

Following sharp rises in 2022, market interest rates stabilised during 2023, with yields on one year US Treasury notes, for instance, averaging close to 5% for the year. The fixed income investment market in 2022 was characterised by sharply rising bond yields, linked primarily to the inflationary effects of the Russia-Ukraine conflict and also to Covid-19 induced supply and demand imbalances. With a portfolio largely invested in fixed income securities, TRE experienced substantial falls in the value of its fixed income portfolio. Having suffered a combined investment loss of US\$ -53.1 million in 2022, the shift into short-term government bonds with attractive yields delivered a secure combined investment return of US\$ 14.3 million in 2023. With a much shortened duration profile, the portfolio's sensitivity to future interest rate movements has reduced substantially.

System of governance

TRE has an established governance framework and internal control system. The governance structure enables the Board of Directors (the "Board") to discharge its oversight responsibilities, helping to ensure TRE meets its strategic objectives while managing risks within its stated risk appetite.

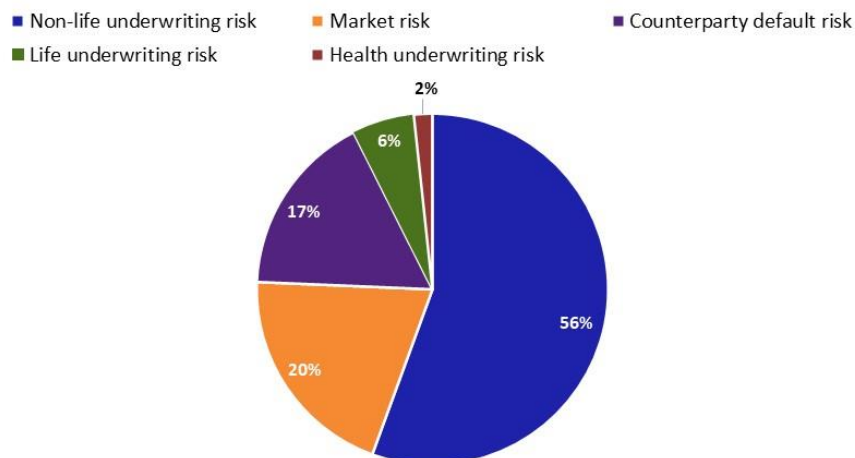
The Board maintains ultimate responsibility for the oversight of TRE and delegates authority for day-to-day management of the business to certain functions and committees. The Board and the committees operate under the guidance of formal terms of reference, which are agreed by the Board.

The members of the Board possess the skills, knowledge and experience required to undertake their roles and responsibilities for overseeing TRE.

Risk profile

TRE underwrites a diversified portfolio of property and casualty reinsurance as well as life reinsurance, across multiple regions and classes. TRE's 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 shown in the chart, non-life underwriting risk, encompassing non-life premium and reserve risk, makes up the largest portion of the SCR risk profile.

To help mitigate underwriting risks, TRE maintains a disciplined underwriting philosophy that is supported by risk appetites reflecting TRE's portfolio and risk management tolerances.

TRE continues to benefit from a whole account quota share treaty with its parent, TRC, as well as certain group retrocession protections that provide protection for TransRe globally as well as TRE specifically.

TRE undertakes detailed stress and scenario testing on an annual or ad-hoc basis. Scenario tests are used to test the company's resilience against shocks from both its underwriting and non-underwriting activities.



The results of the analysis show that TRE is strongly capitalised and it would require an extreme event to breach its SCR. TRE's underwriting risk profile is therefore resilient to severe shocks and is within the Board's approved risk appetite. For additional information on the SCR sensitivity to different risks, please refer to section C.7.

In light of the significant spike in economic inflation, pricing and reserving trends were reviewed more frequently during the year.

Valuation for Solvency II purposes

Assets and liabilities, including technical provisions, are valued in TRE's regulatory balance sheet according to Solvency II rules and related guidance, giving valuations which differ from those in the financial statements, under Generally Accepted Accounting Principles in Luxembourg ("Lux GAAP").

As at 31 December 2023, TRE's excess of assets over liabilities under Solvency II rules was US\$ 350.9 million (2022: US\$ 310.5 million) compared to US\$ 362.4 million (2022: US\$ 322.9 million) reported in the financial statements under Lux GAAP.

Section D provides a description of the methods, bases and assumptions employed in valuing assets and liabilities in the regulatory balance sheet, together with an analysis of material differences between Lux GAAP and Solvency II valuation bases.

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 TRE and a comparison to TRE's regulatory capital requirements (the amount of capital the firm is required to hold).

Figure 2: Own funds by tier and capital requirements

Tier	Instruments	At 31 December (US\$'000s)	
		2023	2022
Tier 1	Ordinary share capital	27,000	27,000
	Share premium account	132,959	132,959
	Reconciliation reserve	185,102	141,020
Tier 2	Not applicable	-	-
Total own funds to cover Minimum Capital Requirement ("MCR")		345,061	300,979
Tier 3	Deferred tax assets	4,257	4,568
Total own funds to cover Solvency Capital Requirement ("SCR")		349,319	305,547
MCR		42,077	44,219
SCR		155,666	162,485
MCR coverage ratio		820%	681%
SCR coverage ratio		224%	188%

Overall TRE held eligible own funds of 224% (2022: 188%) of its SCR and 820% (2022: 681%) of its MCR at 31 December 2023.

The SCR decreased by US\$ -6.8 million from US\$ 162.5 million as at 31 December 2022 to US\$ 155.7 million at 31 December 2023; and the eligible own funds to cover its SCR increased by US\$ 43.8 million from US\$ 305.5 million to US\$ 349.3 million during the same period.

The increase in the SCR coverage ratio is driven by a number of factors:

- Own funds increased by US\$ 43.8 million driven by a positive technical and investment result for the financial year 2023.
- Non-life underwriting risk charge decreased as a result of an increase in QS cession;
- Life underwriting and health underwriting risk charges reduced consistently with our exposure;
- Counterparty risk charge increased due to the increased amount of outstanding recoverable from TRE's major counterparty, i.e., TRC.

There have been no instances of non-compliance with the MCR and SCR in the current period.



TRE's SCR ratio is reviewed regularly to ensure TRE maintains regulatory capital consistent with its stated capital appetite.



A. Business and Performance

A.1 Business

Company information

TransRe Europe S.A.: 1, avenue du Bois
L-1251 Luxembourg

Company Number: B235795
Legal Entity Identifier: 213800QMSSWIO7459N54

Branch offices

TransRe Europe S.A., Luxembourg, Zurich Branch
Sihlstrasse 38, 8001 Zurich (Switzerland)
Company Number: CHE-282.098.466

TransRe Europe S.A., Munich Branch
Promenadeplatz 8, 80333 Munich (Germany)
Company Number: HRB 253912

TransRe Europe S.A., Paris Branch
52 rue de la Victoire, 75009 Paris (France)
Company Number: 879 465 193 R.C.S. Paris

External auditors: Deloitte Audit, Société à responsabilité limitée
20 Boulevard de Kockelscheuer, L-1821 Luxembourg

Regulator: Commissariat aux Assurances
11, rue Robert Stumper, L-2557 Luxembourg

TRE is a Société Anonyme under the Luxembourg law, limited by shares, with its registered office in Luxembourg. It is a wholly owned subsidiary of TRC, which is a reinsurance company incorporated and authorised in New York, USA. TRE provides the TransRe group with its main platform to write business in Continental Europe and the MENA region.

TRE has been headquartered in Luxembourg since 1 July 2019. TRE commenced underwriting risks under the name of Guardian Reinsurance Company effective from 1 January 1977 and was acquired by TRC in 1996 and renamed to TransRe Zurich Ltd. Upon re-domiciliation to Luxembourg the Company was renamed to TransRe Europe S.A.

TRE operates through branch offices in Zurich, Munich and Paris.

TRE's ultimate parent undertaking and controlling party is Berkshire Hathaway Inc., a company incorporated in Delaware, USA and headquartered in Omaha, Nebraska, USA. Berkshire Hathaway is listed on the New York Stock Exchange. Further information on Berkshire Hathaway is available at www.berkshirehathaway.com.

In addition to TRC and Berkshire Hathaway, Transatlantic Holdings, Inc. ("TRH"), incorporated in Delaware, USA and Alleghany, also incorporated in Delaware and TRH's immediate parent, are indirect parents and holders of qualifying holdings in TRE.

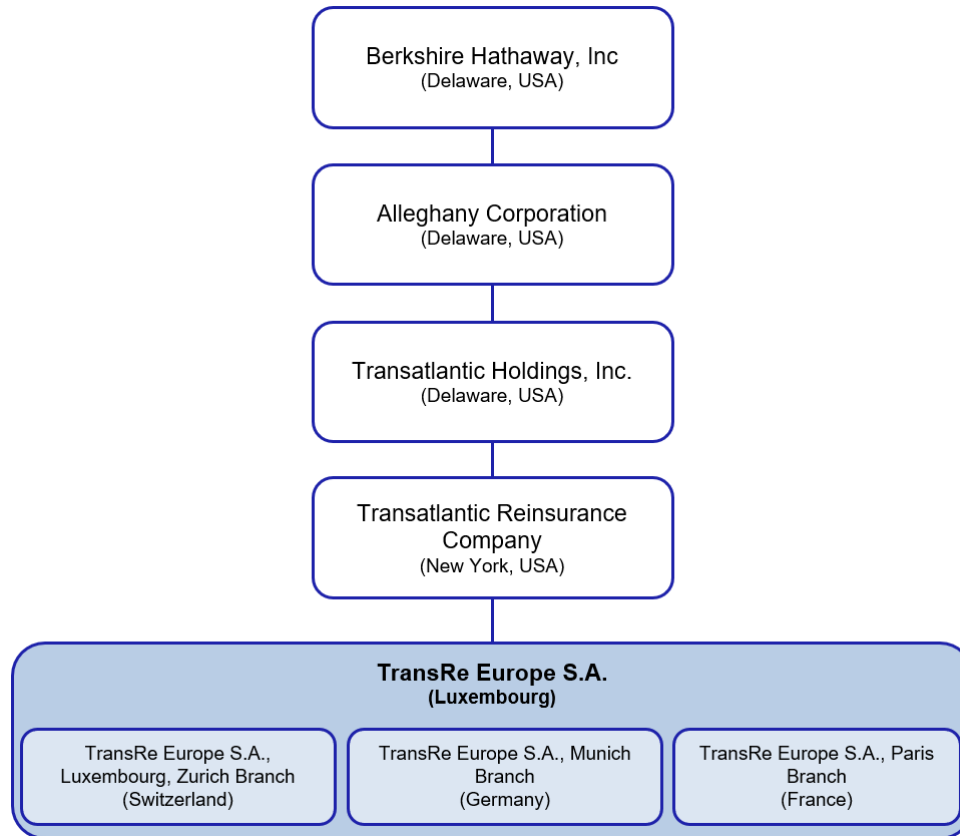
As of the close of business on 15 March 2024, Mr Warren E. Buffett held approximately 31.0% of the aggregate voting power of the common stock of Berkshire Hathaway outstanding and entitled to vote and 15.0% of the aggregate economic interest.

Except as identified above, there are no other holders of qualifying holdings in TRE. TRE has no related undertakings as defined in Article 212 of the Solvency II Directive.



The Berkshire Hathaway group of insurance companies is subject to group supervision and the lead supervisor is the Nebraska Department of Insurance, Nebraska, USA.

Figure 3: Simplified organisational structure chart



All subsidiaries of Berkshire Hathaway shown above are 100% owned and controlled.

TRE offers reinsurance through treaty and facultative reinsurance arrangements covering non-life property and casualty as well as life lines of business on either a proportional or non-proportional basis. It underwrites a broad range of risks within those classes in multiple territories, thus maintaining a diversified portfolio without over-dependence on a single line of business. TRE 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 globally albeit predominantly in Continental Europe and the Middle East, across a diverse range of classes. The protection provided includes coverage for a wide range of business events, enabling TRE to better navigate underwriting cycles in multiple classes of business. TRE benefits from the same financial strength ratings as TRC, being AA+ by S&P and A++ (Superior) by AM Best.

Market commentary

The planned improvements to terms and conditions across most of our lines of business were largely realised during 2022 and continued in 2023. In certain cases, original insurance rate improvement outpaced reinsurance rates in most lines. Speciality lines, in particular, experienced further rate momentum as a result of the continued Russia/Ukraine conflict and general market improvements, although pressure remained on signings and there was a reduction in some other orders as cedants took the opportunity to retain more risk in an improved pricing environment. The TransRe S&P rating enabled TRE to maintain most signings on desirable business.

Capacity remains available for most classes, but only at the right price.



Following several successive years of catastrophe XOL losses, 2023 also experienced “secondary peril” losses especially convective storms in France and Italy. Italy was also affected by flooding in late spring and early summer. Both Morocco and Türkiye suffered significant earthquakes and convective storms were the largest component of worldwide natural catastrophe losses.

Man made losses are mainly property related risk claims although the liability sector has seen some inflationary pressure on claims.

The Russian invasion of Ukraine in 2022 was followed by the devastating attacks in Israel in 2023 and subsequent response in Gaza. Whilst these events are not major insured losses to the industry at this time, the humanitarian disaster that is evolving and the ensuing geopolitical uncertainties are being watched very carefully.

TRE continues to see strong interest from clients in finding solutions for these challenges and we have led several of the newly restructured programmes. This extends also to emerging risks, including cyber. TRE's underwriters are fully integrated within TransRe's global cyber team which enables us to provide an enhanced level of service and insights to our client base. We remain very conscious of the threat that a poorly understood and constructed cyber portfolio would pose to the balance sheet. Following ransomware losses in 2020/21, cyber primary rates have continued to show significant increases. In 2023 we also saw a greater effort by several leading players to address the issue of systemic risk with tighter wordings. Whilst we sought to cautiously grow our footprint to capture the improved premium rates, we did so with cedants that shared and attempted to address our systemic concerns.

Overall the property, casualty and specialty rating environment is healthy, however TRE continue to be cautious and remains committed to achieving an underwriting profit. Broad based long term relationships with financially secure reinsurers are still key for most buyers.

Strategy and portfolio

TRE's strategy is to concentrate foremost on achieving underwriting profitability, not top line growth, and to return excess capital and underwriting profit to the group at the appropriate time to support the wider investment objectives of Berkshire Hathaway. The strategy continues to be aligned with the TransRe group objective of being the first-choice provider of reinsurance.

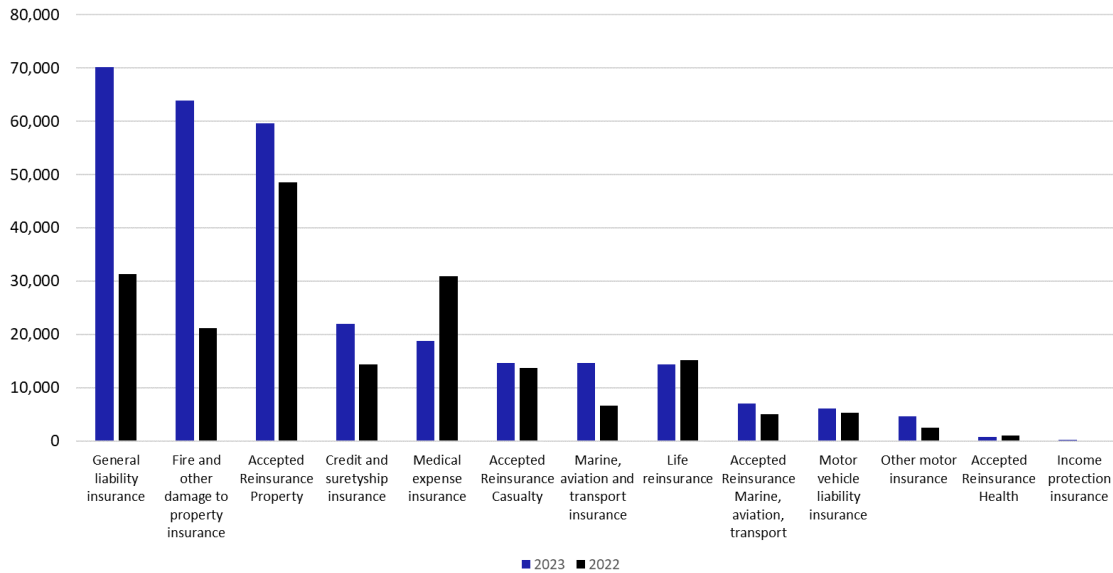
Whilst the de-risking of the balance sheet and the significant recent increase in interest rates have generated a much healthier investment return in 2023, 15 years of ultra-low interest rates coupled with the recent bond and stock market dislocation underlines why TRE's focus on underwriting profitability is paramount.

In light of the significant spike in economic inflation, pricing and reserving trends were reviewed more frequently during the year. Additionally, TRE is mindful of the further impacts that the continued volatile and uncertain inflationary environment could have on pricing and claims reserving.



Premium income distribution by line of business and distribution by domicile of cedant is shown in Figures 4 and 5.

Figure 4: Solvency II line of business (gross earned premium US\$'000s)



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

Figure 5a: Geographical domicile of cedants 2023 (gross earned premium US\$'000s)

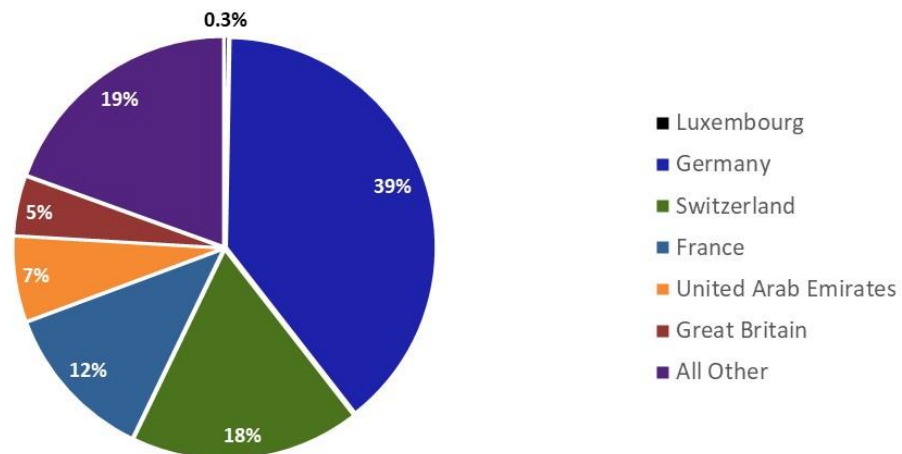
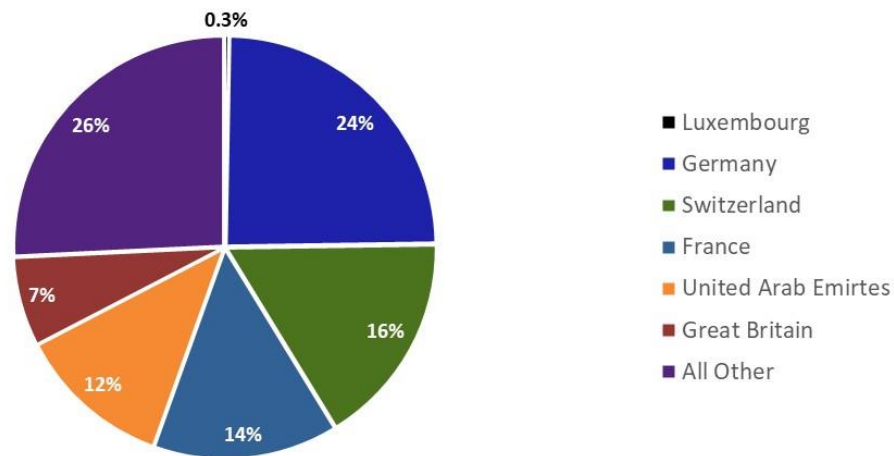




Figure 5b: Geographical domicile of cedants 2022 (gross earned premium US\$'000s)



A.2 Underwriting performance

In 2023, TRE earned US\$ 297,045k (2022:US\$ 196,479k) of gross premium income and US\$ 91,711k (2022: US\$ 83,663k) of net premium income. TRE writes a diverse book of business with no single class dominating the overall portfolio. On a gross basis, general liability insurance was the largest component, accounting for 23.6% (2022: 16.0%), fire and other damage to property for 21.5% (2022: 10.8%) and accepted non proportional reinsurance property for 20.1% (2022: 24.7%). These were followed by credit and suretyship, medical expense and accepted reinsurance casualty.

The TRE claims ratio for the period was 58.8% (2022: 70.6%) on a gross basis and 49.4% (2022: 70.1%) on a net basis. The 2023 total net underwriting result was US\$ 24.4 million (2022: US\$ -1.3million).

TRE's exposure on property non-proportional reinsurance remained at the prior year's level. At the same time the volume of proportional business, e.g., fire and other damage to property, general liability and credit and suretyship business increased through new treaties benefiting from improved market conditions.

The improved net claims ratio is a result of TRE's focus on underwriting discipline over recent years, although TRE was affected by various significant losses throughout the year. Having operated for over 45 years, TRE's legacy reserves continue to run-off favourably.

Top five underwriting performance by line of business

The table below summarises the performance of TRE's top five Solvency II lines of business. Figures are presented on both a gross assumed basis and on a net basis after all outwards reinsurance, including intragroup retrocession described in Section B1.



Figure 6a: Underwriting performance by SII line of business (gross) 2023

Gross (US\$'000s)	Proportional	Proportional	Non- Proportional	Proportional	Proportional	Other Line of Business	Total
	General liability	Fire and other damage to property	Accepted reinsurance property	Credit and suretyship	Medical expense		
Premiums written	71,735	67,658	59,898	20,784	9,369	62,304	291,748
Premiums earned	70,118	63,882	59,664	22,053	18,799	62,529	297,045
Claims incurred	-41,301	-45,938	-11,892	-6,760	-18,352	-51,097	-175,339
Change in other TP	-	-	-	-	-	808	808
Expenses	-25,455	-24,239	-10,889	-11,296	-427	-14,195	-86,501
Underwriting profit/loss	3,361	-6,295	36,884	3,998	20	-1,955	36,013

Figure 6b: Underwriting performance by SII line of business (gross) 2022

Gross (US\$'000s)	Non- Proportional	Proportional	Proportional	Proportional	Life	Other Line of Business	Total
	Accepted reinsurance property	General liability	Medical expense	Fire and other damage to property	Life reinsurance		
Premiums written	48,628	56,771	28,611	23,636	15,171	58,602	231,418
Premiums earned	48,551	31,353	30,968	21,219	15,249	49,139	196,479
Claims incurred	-38,289	-19,180	-29,359	-10,689	-15,410	-26,911	-139,838
Change in other TP	-	-	-	-	1,116	-	1,116
Expenses	-9,933	-20,484	-5,634	-9,455	-1,422	-19,707	-66,635
Underwriting profit/loss	329	-8,312	-4,025	1,075	-467	2,521	-8,878

Figure 7a: Underwriting performance by SII line of business (net) 2023

Net (US\$'000s)	Proportional	Proportional	Non- Proportional	Proportional	Proportional	Other Line of Business	Total
	General liability	Fire and other damage to property	Accepted reinsurance property	Credit and suretyship	Medical expense		
Premiums written	19,016	15,197	9,300	5,994	3,748	26,313	79,568
Premiums earned	23,598	15,400	9,256	7,741	7,519	28,197	91,711
Claims incurred	-10,501	-9,244	2,414	-1,589	-7,323	-19,898	-46,141
Change in other TP	-	-	-	-	-	808	808
Expenses	-4,195	-6,267	-2,502	-3,207	363	-6,201	-22,009
Underwriting profit/loss	8,902	-111	9,168	2,945	559	2,906	24,369



Figure 7b: Underwriting performance by SII line of business (net) 2022

Net (US\$'000s)	Non-Proportional	Proportional	Proportional	Proportional	Life	Other Line of Business	Total
	Accepted reinsurance property	General liability	Medical expense	Fire and other damage to property	Life reinsurance		
Premiums written	14,715	22,610	11,444	9,990	15,171	23,498	97,427
Premiums earned	14,690	12,443	12,426	9,100	15,249	19,756	83,663
Claims incurred	-17,382	-6,482	-11,573	-1,963	-15,410	-7,014	-59,804
Change in other TP	-	-	-	-	1,116	-	1,116
Expenses	-4,045	-6,671	-2,286	-4,263	-1,422	-7,626	-26,314
Underwriting profit/loss	-6,717	-710	-1,434	2,874	-467	5,116	-1,338

General liability

TRE grew the general liability insurance line through new business and higher shares written with large international ceding companies, providing reinsurance cover for a wide range of underlying risks and classes e.g., general liability and financial lines. The net claims ratio was 44.5% (2022: 52.1%) resulting from a positive run-off of legacy business.

Fire & other damage to property

TRE increased the business volume on fire and other damage to property insurance mainly through new business written. The portfolio contains property risks cover fire risk in Germany and Switzerland, as well as agricultural risks in Italy. This line was affected by a high fire loss activity and through various catastrophe events. The net claims ratio for the period was 60.0% (2022: 21.6%).

Accepted reinsurance property

TRE's non-proportional accepted reinsurance property book consists mainly of property catastrophe business with ceding companies domiciled in Continental Europe. The exposure was slightly increased compared to the previous reporting period. TRE was hit by various catastrophe events (e.g., earthquake in Türkiye, floods and hail storms in Italy, storms Ciaran and Denis as well as the French riots), but also through various fire events. This negative development was offset by positive run-off on prior year events, mainly floods events in Germany and Covid-19, that resulted in a net claims ratio for the period of -26.1% (2022: 118.2%).

Credit and suretyship

Credit and suretyship mainly increased due to new credit business and an increase in the subject premium. The premium earned amounted to US\$ 22.1m on a gross basis, an increase from US\$ 14.4m in 2022. The net claims ratio for the period was 20.5% (2022: 23.7%), benefiting from positive run-off development on the legacy book.

Medical expense

TRE's proportional medical expense line of business is in run-off with premium earned of US\$ 18.8m (2022: US\$ 31.0m) on a gross basis. Ceding companies are mainly domiciled in the Middle East e.g. United Arab Emirates, Saudi Arabia, Jordan and Oman. Although the medical expense business is short-tail, TRE was informed about increased loss experience that resulted in a negative reserve development. The net claims ratio for the period was 97.6% (2022: 93.1%).



Other lines of business

Other lines of business include life reinsurance, accepted non-proportional casualty, marine, aviation and transport (proportional and accepted non-proportional reinsurance) and motor lines of business. The underwriting result of US\$ 2.9m was a result of TRE's underwriting discipline and the positive run-off.

Figure 8a: Underwriting performance by material geographical area (net) 2023

Net (US\$'000s)	Home Country	Germany	Switzerland	France	United Arab Emirates	Great Britain	Other countries	Total
Premiums written	175	27,386	13,495	8,741	5,825	12,769	11,177	79,568
Premiums earned	276	31,157	15,337	9,095	7,282	12,769	15,795	91,711
Claims incurred	302	-16,521	-4,807	-3,254	-4,799	-11,859	-5,203	-46,141
Change in other TP	-	-	-	-	-	-	808	808
Expenses	-67	-5,707	-3,852	-1,946	-974	-741	-8,721	-22,009
Underwriting profit/loss	512	8,928	6,678	3,894	1,509	168	2,679	24,369

Figure 8b: Underwriting performance by material geographical area (net) 2022

Net (US\$'000s)	Home Country	Germany	Switzerland	France	United Arab Emirates	Great Britain	Other countries	Total
Premiums written	279	29,129	10,338	13,690	8,117	13,461	22,414	97,427
Premiums earned	221	20,491	6,573	12,917	9,529	13,461	20,472	83,663
Claims incurred	-1,072	-7,729	-1,082	-14,791	-7,180	-12,542	-15,408	-59,804
Change in other TP	-	-	-	-	-	-	1,116	1,116
Expenses	-85	-8,577	-4,780	-1,393	-2,810	-758	-7,911	-26,314
Underwriting profit/loss	-936	4,185	711	-3,267	-462	161	-1,730	-1,338

Germany

This comprises business assumed with large and medium-sized insurance companies domiciled in Germany. The business covers a wide range of lines of business written. In 2023, TRE benefited from positive reserve development on run-off treaties.

Switzerland

Business assumed with ceding companies domiciled in Switzerland consists mainly of property and property catastrophe business but also specialty casualty business such as credit and suretyship.

France

Business assumed with large and medium-sized insurance companies as well as mutuals domiciled in France covers a wide range of lines of business.

United Arab Emirates

This comprises business originated from the formerly established branch office and various medical expense business. Most of the business is currently in run-off, and TRE benefits from positive loss development.



Great Britain

Most of the Great Britain business is life business which has been in run-off for years. The business is developing in line with expectations.

Other countries

TRE underwrites business on a global basis with a wide distribution of territories and classes of business. This also includes Spain, Italy, Israel and other countries in the MENA region.

For more details and the breakdown of premiums, claims and expenses by geographical spread please refer to Quantitative Reporting Template ("QRT") S.05.02.01 in Appendix 2.

A.3 Investment performance

Financial investments

Following Berkshire Hathaway's acquisition of Alleghany, TRE's investment portfolio has been substantially de-risked through a process which began in 2022 and has now been completed. The portfolio de-risking involved the sale of its longer dated government bonds and its corporate bonds. The proceeds of these sales have been reinvested in US and German government bonds. As of 31 December 2023, TRE's investment portfolio, excluding cash, is made up of direct investment in fixed income securities (91.0% of the portfolio by market value at 31 December 2023; 2022: 95.9%) and investment funds. The fixed income portfolio consists of US\$ financial investments (59%), EUR (38%) and CHF (3%), which earned combined net interest income of US\$ 18.5m during the period.

Total investment return

Total investment return includes investment income (made up of interest income and the amortisation of any discount or premium on available-for-sale debt securities for the period), net realised and unrealised gains and losses, 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 the duration of the investment.

The total investment return on TRE's portfolio during 2023 was US\$ 14,277k (2022: US\$ -53,124k) with the total value of the portfolio increasing to US\$ 563,694k as at 31 December 2023 from US\$ 516,535k at the start of the year. As at 31 December 2023, base rates were at 525bps (FED, an increase from 425bps) and 450bps (ECB, an increase from 250bps).

As at 31 December 2023 the book yield for the fixed income portfolio had increased to 2.8% (2022: -9.55%).

At 31 December 2023, the portfolio's average duration had fallen to 0.5 years (2022: 2.9 years).

Figure 9a: Investment portfolio performance for 2023

Asset Category (US\$'000s)	Income	Gains/ (losses)	Net income/gain or (loss)	Total SII Value (as at 31 December 2023)
Cash and deposits to cedants	907	-	907	74,592
Corporate Bonds	154	2,122	2,275	-
Government Bonds	18,274	-6,763	11,511	513,021
Collateralised securities	90	377	467	-
Collective Investments Undertakings	3	20	23	50,673
Total	19,427	-4,244	15,184	638,286



Figure 9b: Investment portfolio performance for 2022

Asset Category (US\$'000s)	Income	Gains/ (losses)	Net income/gain or (loss)	Total SII Value (as at 31 December 2022)
Cash and deposits to cedants	855	-	855	121,728
Corporate Bonds	995	-7,573	-6,578	163,465
Government Bonds	2,298	-34,817	-32,519	252,084
Collateralised securities	1,744	-13,833	-12,089	79,594
Collective Investments Undertakings	139	-2,078	-1,939	21,392
Total	6,032	-58,301	-52,269	638,263

Securitisations

At 31 December 2023, TRE's fixed income investment portfolio contains neither government-backed securitisations (2022: 15.4%), nor securitisations that are not government backed (2022: 0%).

A.4 Performance of other activities

TRE does not receive any income other than from its underwriting and investment activities. TRE has no financial or operating lease arrangements.

TRE's reporting and presentational currency is USD. The operating results and financial position of each non-USD ledger are translated into USD. All resulting exchange differences are recognised in the statement of profit and loss.

A.5 Any other information

Financial risks associated with Climate Change

Sustainability & Resilience ("S&R") and Environmental, Social & Governance ("ESG") considerations continue to be areas of focus in the (re)insurance community and the broader economy. These considerations include climate-related financial risks, which can be further classified as physical, transition and liability risks as follows:

- Physical risks arise from the increasing frequency and severity of various natural weather perils including hurricane, wildfire, and flood.
- Transition risks arise from the anticipated decarbonization of society, including uncertainty around the imposition of new policy and regulatory regimes (potentially including the introduction of taxes on carbon), new technologies and shifting behaviour and preferences among producers and consumers. This transition may lead to so-called stranded assets in carbon-intensive sectors and industries such as the fossil fuel industry and associated infrastructure, producers and servicers of vehicles using internal combustion engines, as well as other sectors such as shipping and real estate.
- Liability risks arise from the potential for increased litigation regarding climate change including greenwashing. Other liability risks arise from exposures to companies that may be held accountable for their contribution to climate change. Professional Liability is one line in particular that could see the impact of increased costs relating to S&R related litigation.

For reinsurers, these may arise from underwriting activities (both property and casualty), investments, and operations.

Physical, transition and liability risks may impact (re)insurers' property and liability portfolios, including general casualty, professional liability, and other lines of business. Further information on climate change risk is included in section C6.

Climate change governance matters are included in sections B and C.

TRE does not consider there to be any other material information to disclose on its business and performance.



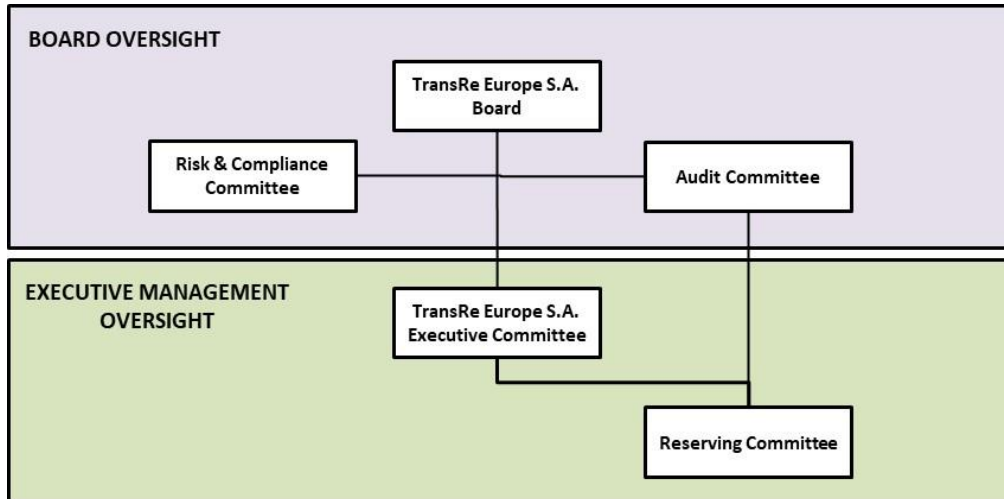
B. System of Governance

B.1 General information on the system of governance

TRE's governance structure reflects its membership of a large international group of companies, while ensuring that it maintains robust local governance arrangements.

The structure of TRE's key governance bodies is shown in Figure 10.

Figure 10: Governance oversight and reporting lines at 31 December 2023



The Board maintains ultimate responsibility for overseeing the running of TRE. Its responsibilities include:

- setting, promoting and demonstrating TRE's culture, vision and values;
- setting TRE's business strategy and monitoring performance against its business plan;
- approving TRE's risk appetite and tolerances;
- reviewing the adequacy and appropriateness of TRE's reserves;
- maintaining oversight of TRE's compliance with relevant laws and regulation;
- maintaining oversight over the effectiveness of TRE's corporate governance framework and internal control framework;
- supervision of management.

Decisions are adopted by a majority vote of the directors' present or represented at such meeting.

The Company is led by Independent Non-Executive Directors ("INED"), Non-Executive Directors ("NED") and the Chief Executive Officer ("CEO"). The CEO oversees the company's activities under the supervision of the INEDs and NEDs.

The Board collectively possesses appropriate qualification, experience and knowledge about insurance and financial markets, system of governance, financial and actuarial analysis, regulatory framework and requirements, business strategy and business model.

Members of the Board are appointed for a duration of one year and are re-elected or resign during the annual general meeting of shareholders.



The members of the Board at 31 December 2023 are identified in Figure 11.

Figure 11: Board members and committee memberships

Board Member	Role	Committees
Matthew Mahoney	Non-Executive Chair, Class A-Director	Audit (Internal Audit Key Function Holder)
Andrew Taylor	Non-Executive Director, Class A-Director	
Emmanuel Clarke	Non-Executive Director, Class A-Director	Chair of Risk & Compliance
Pierre-Michaël de Waersegger	Independent Non-Executive Director, Class B-Director	Audit, Risk & Compliance
Anne Canel	Independent Non-Executive Director, Class B-Director	Chair of Audit
Jonathan Hewitt	Executive Director, CEO, Class B-Director	Risk & Compliance

Julian Spence resigned from the Board on 20 April 2023 and Anne Canel was appointed to the Board on that same date. Paul Bonny resigned from the Board on 20 June 2023 and Andrew Taylor was appointed to the Board on that same date.

As provided in the Articles of Association, the Board meets at least four times a year. Additional meetings can be requested by the chairman or by any Director.

The Board may create one or several committees such as the Risk & Compliance and Audit committees. The composition and the powers of such committee(s), the terms of the appointment, removal, remuneration and duration of the mandate of its/their members, as well as its/their rules of procedure are determined by the Board. The Board shall be in charge of the supervision of the activities of the committee(s).

Risk & Compliance Committee

The Risk & Compliance Committee's responsibilities include:

Risk

- providing oversight and challenge to the effectiveness of TRE's Risk Management function, Enterprise Risk Management ("ERM") framework and risk management culture, including the adherence to the Board agreed appetites and tolerances, engagement with TRE's key business functions and progress embedding ERM in TRE;
- discussing and reviewing guidelines and policies governing the process by which the management of TRE and the relevant operations of TRE assess, monitor and manage TRE's exposure to risk; and
- monitoring the effectiveness of TRE's risk management and internal control systems, including financial, operational and compliance controls, and making any recommendations to the Board.

Compliance

- monitoring the effectiveness of TRE's internal control systems and compliance controls and reporting any recommendations to the Board;
- providing oversight and challenge to the effectiveness of TRE's Compliance Function and approving the Compliance Monitoring and Training Plan and overseeing progress against it;
- monitoring and adapting to changes in Laws and Regulations; and
- such other duties that may from time to time be requested by the Board.

The Risk & Compliance Committee meets at least four times per year.

Audit Committee

The objectives of the Audit Committee include:

- monitoring and reviewing the effectiveness of TRE's Internal Audit function;
- approving the annual Internal Audit Plan and overseeing progress against it;
- reviewing Internal Audit reports and findings and monitoring the status of actions and recommendations;



- monitoring the integrity of the financial statements of TRE and any formal announcements relating to TRE's financial performance;
- reviewing TRE's internal financial controls;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- approving the external audit plan and overseeing progress against it; and
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process.

The Audit Committee meets at least four times per year.

Executive Committee

TRE's Executive Committee is led by the CEO and reports to the Board. It is responsible for:

- management and oversight of the day-to-day business;
- development and execution of TRE's strategy;
- financial management, risk management and compliance oversight;
- operational performance (including performance of third-party outsourcers) and change management;
- agreeing and recommending to the Board the annual budget and business plan;
- monitoring underwriting and investment performance; and
- ensuring the effectiveness of the three lines of defence model and ultimately, TRE's internal control framework.

The Executive Committee reports to the Board through the CEO as a standing agenda item.

The Executive Committee meets at least four times per year.

Reserving Committee

TRE's Reserving Committee is led by the CFO and reports to the Executive and Audit Committees. It is responsible for:

- establishing, recommending and maintaining oversight of the reserving strategy;
- maintaining oversight on the reserving policy to ensure it is fit for purpose;
- considering the performance of previously set reserves against actual outcomes and investigating where material differences are identified;
- reviewing and questioning the quarterly reserving process and the material assumptions therein;
- subject to any recommendations, endorsing the actuarially proposed reserve to the Board;
- maintaining oversight of interaction on reserving with the external auditors; and
- such other duties that may from time to time be requested by the Board.

The Reserving Committee meets at least quarterly.

Key functions

TRE fulfils the requirements of the Solvency II directive regarding the key functions of risk management, compliance, internal audit and actuarial with four suitably qualified individuals.

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 has the necessary authority, resources and operational independence.

All key functions report to the Board or a committee of the Board. Further information on the authority, resources and operational independence of the key control functions is included in Sections B3 (Risk Management function), B4 (Compliance function), B5 (Internal Audit function) and B6 (Actuarial function).

Figure 12: Key functions

Key Function	Holder
Risk Management System	Head of Risk
Compliance	Head of Legal & Compliance



Key Function	Holder
Internal Audit	Non-Executive Director responsible for Internal Audit
Actuarial	Head of Actuarial

Remuneration policies and practices

Approach to remuneration

TRE 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. This is a key component of the appraisal process to ensure TRE performance is linked to rewards.

Financial and non-financial criteria are considered 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 includes an annual bonus and, in some instances, deferred compensation. Base salary, bonus and deferred compensation are reviewed annually taking the previous assessment of performance into consideration.

There are no entitlements to share options or shares.

Benefits

The TRE Executive Committee considers all elements of the benefit package (including pension, private medical, health and life insurance) offered to employees. The benefits are designed to be competitive and to provide health and retirement benefits.

There are no supplementary pensions or early retirement schemes for the members of the Board.

Material transactions with shareholders

TRE benefits from a whole account quota share treaty with TRC as reinsurer (the "TRC Quota Share", effective for all new or renewed non-life business on or after 1 July 2019). TRE has furthermore an excess of loss whole account retrocession agreement with TRC as reinsurer (the "TRC Whole Account XL") which covers losses on the non-life reinsurance book of business (per risk or event).

In addition to the above, TRC entered into the TRC Capital Support Agreement in favour of TRE. Under the TRC Capital Support Agreement, TRC agrees to maintain TRE's regulatory capital in an amount greater than TRE's SCR.

Other than the TRC Quota Share, TRC Whole Account XL, TRC Capital Support Agreement and the outsourcing arrangements described in Section B7, TRE does not have any material transactions with the shareholders, members of the management body or those who can exert significant influence over the business.

TRE 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

TRE has a Fit and Proper policy in place which defines the procedure for assessing the fitness and propriety of persons who are effectively running the company or hold a key function.

The members of the Board collectively possess appropriate qualifications, experience and knowledge about at least:

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

TRE ensures that senior management and key function holders are at all times fit and proper persons.

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

- the personal characteristics (including being of good repute and integrity);
- the level of competence, knowledge and experience; and
- the qualifications required.

Any breaches of the fit and proper requirements are internally reported to the Head of Risk and the Head of Legal & Compliance. TRE's Head of Legal & Compliance is responsible for notifying the relevant regulator of the change in circumstances and any remedial action that is being undertaken by TRE.

All key function holders and senior management are required to undertake a Code of Conduct training on subjects such as regulatory awareness, insider trading, anti-money laundering, and others. The Corporate Compliance function organizes regular trainings on the Code of Conduct.

Training and competency

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

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

In addition to the above, all staff who possess professional qualifications are expected to maintain Continuing Professional Development points in line with their relevant professional body requirements.

B.3 Risk management system including the ORSA

TRE's ERM framework has been developed to enable the Board and senior management to understand and appropriately manage and mitigate the risks associated with its objectives over the short, medium and longer term in a manner that is commensurate with TRE's risk profile and business arrangements.

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

- actively sponsor and foster a risk aware culture across TRE, supporting staff in making risk management-based judgements, encouraging effective management of exposures within TRE'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 considered in key business decisions;
- ensure risk taking activities are consistent with TransRe's broader risk management vision and appetites;
- ensure that the 'three lines of defence' model operates effectively;



- implement risk strategies and policies that align with TransRe's and TRE's strategic and operational objectives;
- ensure risks and emerging risks are identified, understood and assessed on a forward-looking basis to allow management to take proactive steps to mitigate them; and
- sustain a robust Own Risk and Solvency Assessment ("ORSA") process that informs management's view of risk and capital.

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

By adopting this approach, TRE believes it can effectively identify, measure, monitor, manage and report risks at an individual/contract level and at an aggregated level on an ongoing basis.

TRE senior 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. Key risks, owners and mitigating controls are recorded in a risk register; which is presented to management (and ultimately the Board) on a quarterly basis for review and discussion.

The risks recorded in the register form part of TRE's ORSA process and are key inputs in the development of TRE's internal audit programme. The Risk & Compliance Committee receives regular reports from TRE's Head of Risk which consider key risks to TRE, including aggregations and exposures across the key ERM pillars.

TRE's Risk Management function is integrated into TRE and TransRe through the governance reporting lines to TRE's CEO, the Risk & Compliance Committee and TransRe's Chief Risk Officer and involvement in key decision-making forums. In addition, the Risk Management function's roles and responsibilities include:

- 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 realistic stress and reverse stress tests for TRE.

By adopting such an approach, TRE ensures that ERM is a key consideration in the decision-making process.

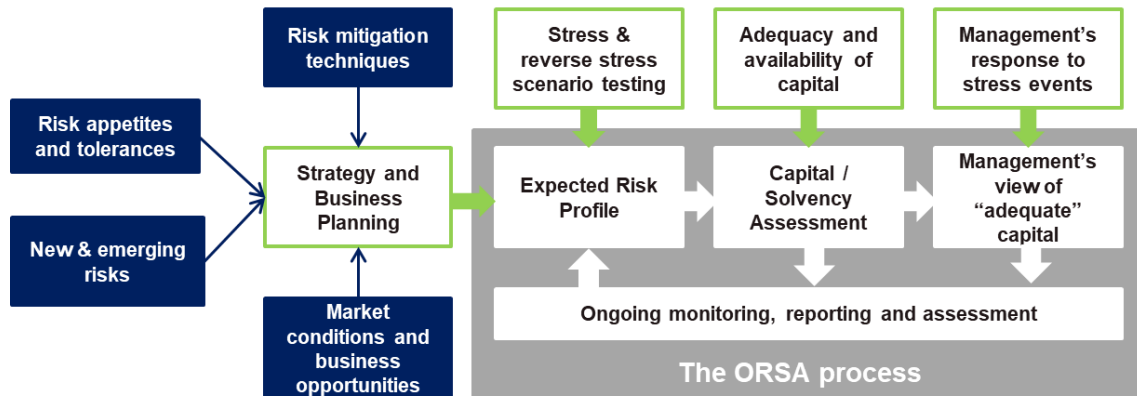
Own Risk and Solvency Assessment

The ORSA process considers TRE's own solvency assessment against its risk profile, business objectives and capital management strategy in comparison to its regulatory solvency requirement in order to determine whether additional capital is required. The ORSA also considers the impact on TRE should it be subject to significant losses arising from both insurance and non-insurance events. The ORSA considers what actions TRE management would undertake to mitigate the impact of these extreme events. Furthermore, as part of the ORSA process, TRE considers the amount of capital it should maintain to meet its contractual liabilities to "ultimate". TRE produces an ORSA report on at least an annual basis. The ORSA is considered a key management tool and is linked to TRE's business planning and strategy, risks TRE is exposed to and the associated capital.



The ORSA process is represented diagrammatically as follows:

Figure 13: TRE's ORSA process



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

The Board and senior management provide input and review the scenarios considered within the ORSA stress tests. In addition, senior management has identified a number of 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 and are reported to the Risk & Compliance Committee every quarter. In addition to the tracking of the ORSA triggers, every quarter the ORSA capital target against eligible own funds is presented to the Risk & Compliance Committee; this aids senior management in monitoring TRE's capital adequacy.

The 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 Executive Committee, the Risk & Compliance Committee and ultimately the Board. Once the report is reviewed, the ORSA and the amount of capital TRE intends to maintain, based on its expected risk profile, is approved by the Board and the ORSA report is shared with the CAA.

B.4 Internal control system

Within TRE, 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 the Risk Management, Compliance and Actuarial 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; TRE is in compliance with Sarbanes Oxley requirements of its ultimate parent company; 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 statutory financial statements are subject to rigorous controls in the production and review leading up to publishing. The technical provisions are produced using best practice actuarial practices that are subject to independent review with the financial statements subject to internal review and external audit review. The financial statements are presented to the Board for sign-off prior to publishing.



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

Compliance function

TRE's Compliance function seeks to promote an organisational culture committed to integrity, ethical conduct and compliance with the law. The function sets standards, policies and procedures that provide reasonable assurance that TRE 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 TRE's Head of Legal & Compliance who has a direct reporting line to the CEO of TRE and TRC's Chief Compliance Officer ("CCO"). The Head of Legal & Compliance is responsible for ensuring that TransRe's compliance mission is implemented, coordinated and enforced within TRE and reports any compliance violations or issues to the CCO.

TRE's Compliance function reports on a quarterly basis to the Executive Committee and Risk & Compliance Committee, as well as to TransRe's group compliance department. The Compliance function is responsible for reporting to senior management any breaches of, 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.

In order to underline independence, the Compliance Officer has direct and unrestricted access to the Executive Committee, Board of Directors and Group Compliance.

The Compliance function's responsibilities include:

- advising the Board on compliance with CAA Rules and related law and regulation;
- providing training and guidance regarding applicable law and regulation and TransRe's and TRE's policies and clearly communicating ethical guidance;
- assessing the possible impact of any changes in the legal and regulatory environment on the operations of TRE;
- identifying and assessing compliance risks relevant to TRE and managing the control environment that mitigates those risks;
- checking compliance with the data privacy law, anti-discrimination regulation and group directives;
- follow-up of changes in the group Code of Conduct and local implementation;
- undertaking compliance monitoring and making recommendations to improve the effectiveness of compliance practices; and
- identifying TRE compliance training needs and working with TransRe's Corporate Compliance Department and Human Resources to implement effective compliance training programmes.

B.5 Internal Audit function

The TRE Internal Audit function is led by the TransRe Director of Internal Audit, based in New York, USA under the oversight of the TRE Internal Audit key function holder. Internal Audit is an independent function that provides objective challenge and assurance over TRE. Internal Audit supports TRE 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 Audit Committee and the TRH Audit Committee, with ultimate oversight provided by the Board and TRH's Audit Committee. A rolling three-year audit plan is submitted annually to the Audit Committee and TRH Audit Committee for approval. Results of internal audits are distributed to TRE's senior management, the Audit Committee and to TRH's Audit Committee. Outstanding internal audit actions are tracked, and progress reported to the Audit Committee and TRH Audit Committee.



B.6 Actuarial function

The TRE Head of Actuarial is responsible for the overall management and day-to-day leadership of the TRE Actuarial function and has a direct reporting line to the CEO of TRE and to the TransRe group Chief Actuary.

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 reports on a quarterly basis to the Reserving Committee. In addition, an annual internal Actuarial Function Report is provided to the Board.

B.7 Outsourcing

Outsourcing management

For each outsourcing arrangement, a TRE manager (the “Outsourcing Owner”) is identified in TRE’s outsourcing register. The Outsourcing Owner 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 Outsourcing Owner is also responsible for the ongoing oversight and management of outsourcing arrangements.

TRE’s Head of Legal & Compliance maintains the outsourcing register.

Outsourcing of critical or important operational functions

Details of outsourcing in respect of TRE’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
TRE outsources the day-to-day activities of its Internal Audit function to TRC, as described in Section B5.	New York, USA
TRE’s day-to-day investment management activities are outsourced to New England Asset Management Limited (“NEAM”), a member of the Berkshire Hathaway group. NEAM’s performance is monitored by TransRe’s treasury and investment management function, based in New York, USA, with further oversight provided by TRE’s CFO.	Ireland

B.8 Any other information

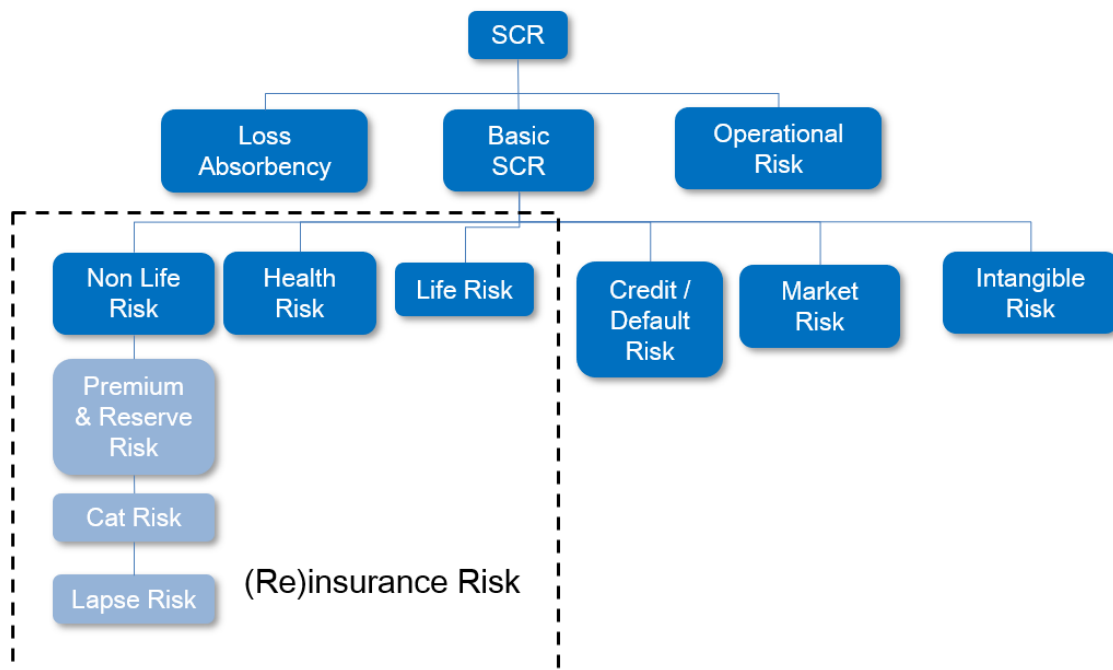
TRE does not consider there to be any other material information to disclose on its system of governance.



C. Risk profile

TRE provides specialist non-life and life reinsurance. Under Solvency II, TRE'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 quantitative contribution of TRE's risk modules to TRE's SCR including diversification benefits is set out in Section E2.

Application of the prudent person principle to market, credit, and liquidity risk

When making investment decisions, TRE considers the risks associated with its investments, including the potential impacts of any economic shock, the investments' liquidity and their treatment under CAA Rules. All assets are managed in accordance with the prudent person principle as described below.

Market Risk

All assets are invested in liquid and highly rated securities that aim to ensure the security, quality, liquidity and profitability of the portfolio as a whole. All assets are held in TRE designated portfolios which ensures their availability to TRE only.

TRE's investment strategy is ultimately approved by the Board and is reviewed by TRE's CFO. Assets covering the technical provisions must be invested in a manner appropriate to TRE's reinsurance liabilities. TRE does not permit investment in any asset category that is not included in its investment mandate. TRE does not hold any derivatives.

Credit Risk

Counterparties are selected taking into account their credit rating and reputation and, where appropriate, advice from professional investment managers. Credit ratings are used as a way of identifying and managing counterparty credit risk and TRE ensures only counterparties with sufficiently high credit ratings are used. TRE does not rely on a single rating agency; instead, it uses a number of agencies combined with its own analysis.

Retrocessionaires are selected following an individual review of their credit quality and approval by Alleghany Corporation.



Liquidity Risk

TRE's assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of TRE's (re)insurance liabilities. TRE manages its liquidity risk by maintaining a highly liquid investment portfolio, which is of superior credit quality and short average duration.

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

C.1 Reinsurance / underwriting risk / life risk

TRE underwrites a diversified portfolio of property and casualty as well as life reinsurance across multiple regions and classes.

Key underwriting risks to which TRE 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 to follow retrocession procedures and guidelines, or design and operation of retrocession programmes;
- Reserve risk
 - 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;
- Lapse risk
 - 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.

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

Premium / underwriting risk management and mitigation techniques

TRE maintains a clear underwriting philosophy that is supported by risk appetites and tolerances set at the aggregate level as well as at 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.

TRE assesses and mitigates these 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 and geographical territories;
- exposures assessed and tracked against risk tolerances; and
- ongoing stress tests and simulations of a range of extreme events

TRE utilises a third-party catastrophe model to model the occurrence and severity of events for windstorm, hurricane, earthquake and flood. The model uses actual exposure sets of in-force policies as a proxy for future exposures which is further enhanced by monitoring trends and claims development.

Ongoing reviews of underwriting activities, including quarterly underwriting performance reviews, pricing adequacy reviews and rate monitoring supplement the oversight framework. The adequacy of the risk mitigation techniques is considered as part of the ORSA process that is discussed further above.

TRE's main risk concentration continues to relate to natural catastrophe exposure in Europe.



Retrocession risk management

TRE benefits from a retrocession programme that provides protection for TransRe globally as well as TRE specifically. Risks associated with retrocession are managed and mitigated by ensuring that all retrocession placements are subject to individual review and approval.

TRE benefits from protection provided by two special purpose vehicle (“SPV”) arrangements:

- a series of reinsurance sidecars (referred to as Pangaea) subject to aggregate limits beyond which losses fall back to TRE; and
- a collateralised catastrophe bond, referred to as Bowline Re 2022-1 (\$165m). This bond provides the TransRe group with protection for predominantly US and Canadian natural catastrophe risks.

These arrangements are overseen by TRC and focus on protecting TransRe and TRE from excessive natural catastrophe losses. Liabilities relating to the Bowline Re catastrophe bond are fully collateralised whilst those relating to Pangea are required to be collateralised, except in cases where a participant has an acceptable external credit rating.

Key controls that aid in mitigating retrocession risk include:

- retrocession procedures;
- Alleghany’s oversight and approval; and
- TRC’s Counterparty Risk Committee.

Reserve risk management

Reserve risk is managed by TRE’s Actuarial function with oversight provided by the Reserving Committee and ultimately the Board. Key controls to manage this risk include:

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

Risk sensitivity for underwriting risks

TRE undertakes detailed stress and scenario testing on an annual and ad-hoc basis with the results presented at the Risk & Compliance Committee and at the Board and as part of its ORSA process.

As part of the ORSA process, the current and projected solvency position over the business planning period are 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 (for example market risks and underwriting risks or a series of underwriting events). Consideration is also given to a material deterioration in TRE’s reserves, including adverse development in both claims ratios and IBNR. The results of this analysis showed that in 2023, the most material impact on the SCR continues to arise from the reserve deterioration event. The analysis undertaken indicates TRE is strongly capitalised and it would take an extreme event to breach the SCR. TRE’s underwriting risk profile is therefore resilient to severe shocks and events and is within the Board approved risk appetite. Sensitivity analysis is provided in further detail in section C7.

Processes for monitoring the effectiveness of risk mitigation techniques

As a subsidiary of a globally active reinsurance company, TRE benefits from a robust risk management framework enabling effective oversight of TRE’s risk profile via various governance committees throughout TRE, TransRe and Alleghany, the ORSA process, TRE’s risk register and the stress and scenario testing TRE performs.

In relation to Reserve Risk, TRE’s Actuarial function conducts quarterly reserve reviews of its portfolio to determine appropriate reserve levels and expected IBNR adequacy. TRE’s reserves are also subject to review by TransRe’s group actuarial function. Finally, as part of the annual statutory audit, TRE’s reserves are subject to independent review.



C.2 Market risk

Market risk is the risk of loss or adverse change in TRE's financial situation resulting from changes in the value of its assets and its financial obligations caused by the volatility of market prices of assets and liabilities including financial instruments. Market risk arises from movements in interest rates, credit spreads, foreign exchange exposure (currency risk), equity investments and changes in valuation processes.

Figure 16: Standard Formula market risk sub-modules



The Board reviews, at least annually, TRE's investment strategy which is based on three key principles, to:

1. preserve capital;
2. increase surplus; and
3. maintain liquidity.

TRE's investment strategy forms the basis for the investment mandate given to TRE's investment manager. The mandate includes limits on certain classes and types of investments, restriction on investments in certain industries, sector and geographical limits. The execution of TRE's investment strategy is subject to ongoing monitoring and oversight by the TRE CFO and the Board.

As mentioned in section A.3, TRE's investment portfolio has been de-risked, through the re-investment of sale and maturity proceeds in short-dated government bonds. The de-risking of the portfolio has substantially reduced TRE's market risk, as short-term investments have significantly lower sensitivity to market interest rate movements. Accordingly, TRE's investment returns are now stable and secure, aligned to the yield on short-dated US government bonds.

TRE's exposure to the following key market risks is described below:

Interest rate risk

Movements in market interest rates affect the amount and timing of cash flows for TRE and the fair value of fixed income securities. 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, TRE's investment manager adheres to the investment guidelines established by the Board which align with TRE's investment strategy and TransRe's overall objectives. As mentioned, the impact of interest rate risk on the investment portfolio has substantially reduced as a result of the portfolio de-risking process.

Spread risk

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

With all of its investment portfolio now invested in government bonds, with an average credit quality of AA+ (2022: AA+), TRE has no significant exposure to spread risk.

Equity Risk

Equity risk is the potential financial loss arising from the reduction in the value of the investment portfolio due to changes in prices of equities, mutual funds and equity-linked capital market instruments. The Company's exposure to equity risk is immaterial.

Currency risk

Assets backing the surplus and liabilities of TRE are typically maintained in currencies matching the currencies of its technical provisions, other liabilities and share capital (denominated in US dollars) thereby mitigating the potential impact of foreign exchange and interest rate risk on TRE's solvency position.



Market risk management and mitigation techniques

TRE maintains a number of risk mitigation techniques and approaches to manage market risk. Key techniques and controls in place include:

- 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; and
 - currency;
- Board oversight;
- stress testing; and
- market risk analyses, including extreme market and currency stress tests (+/-300bps movement).

TRE's investment portfolio was split across the following assets classes:

Figure 17a: Investment breakdown as at 31 December 2023

■ Cash and deposits ■ Government Bonds ■ Collective Investments Undertakings

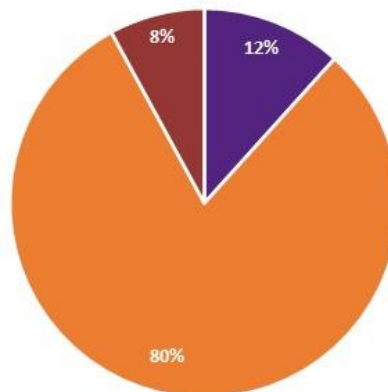
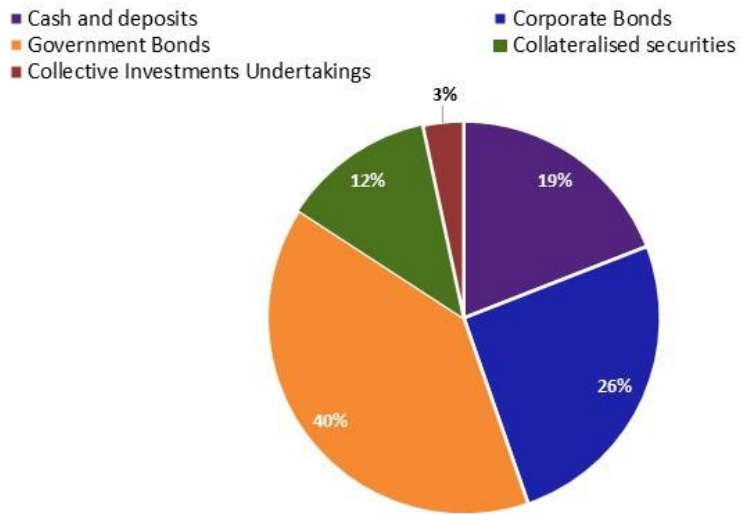




Figure 17b: Investment breakdown as at 31 December 2022



The credit quality of TRE's investment portfolio is split as follows:

Figure 18a: Credit quality of investment portfolio (excluding cash and deposits) – as at 31 December 2023

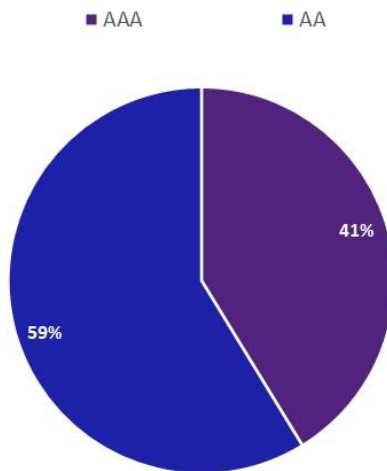
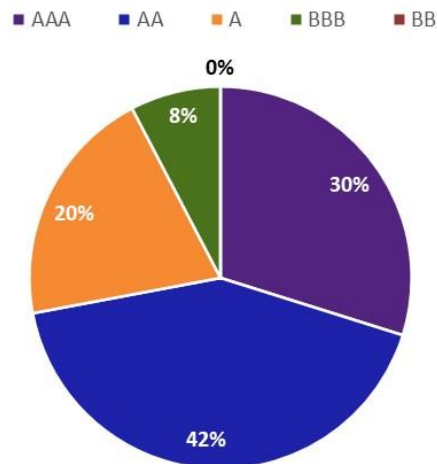




Figure 18b: Credit quality of investment portfolio (excluding cash and deposits) – as at 31 December 2022



As at 31 December 2023, 41% of TRE's investment portfolio was rated AAA (2022: 31%) and 59% was rated AA (2022: 42%). These movements are due to the re-structuring of the portfolio with a focus to investment in short-term government bonds.

Risk sensitivity for market risks

TRE performs stress and scenario testing as part of its approach to managing market risk. Results are presented at the Board and considered as part of the ORSA process.

TRE's ORSA process, includes recalculating the solvency position and the projected solvency position over the business planning period following adverse stresses, including a 300bps change in interest rates in both directions and a prolonged economic downturn.

Under all of these scenarios, the analysis indicated that TRE was strongly capitalised and was able to withstand these extreme shocks without breaching its SCR. Sensitivity analysis is provided in further detail in section C7.

Processes for monitoring the effectiveness of risk mitigation techniques

TRE benefits from ongoing oversight of its investment portfolio by TransRe's Treasury function, supplemented by oversight provided by TRE's CFO. Furthermore, the extreme stress tests incorporated into the ORSA process, TRE's risk register and the annual and ad-hoc stress and scenario testing that TRE performs supplement these controls.

TRE'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.

C.3 Counterparty default (credit risk)

Credit risk is assumed whenever TRE is exposed to a loss if another party fails to perform its financial obligations to TRE, 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 intragroup retrocessions described in Section B1.

Other than the completion of the investment portfolio de-risking process, started in 2022 and completed in 2023, there has been no change in TRE's credit risk appetite or approach during 2023.



Brokers, intermediaries and retrocessionaires

Similar to other insurance and reinsurance companies, TRE has a concentration risk with brokers and intermediaries, as they represent a major conduit of business to TRE. All brokers, intermediaries and retrocessionaires are subject to ongoing review.

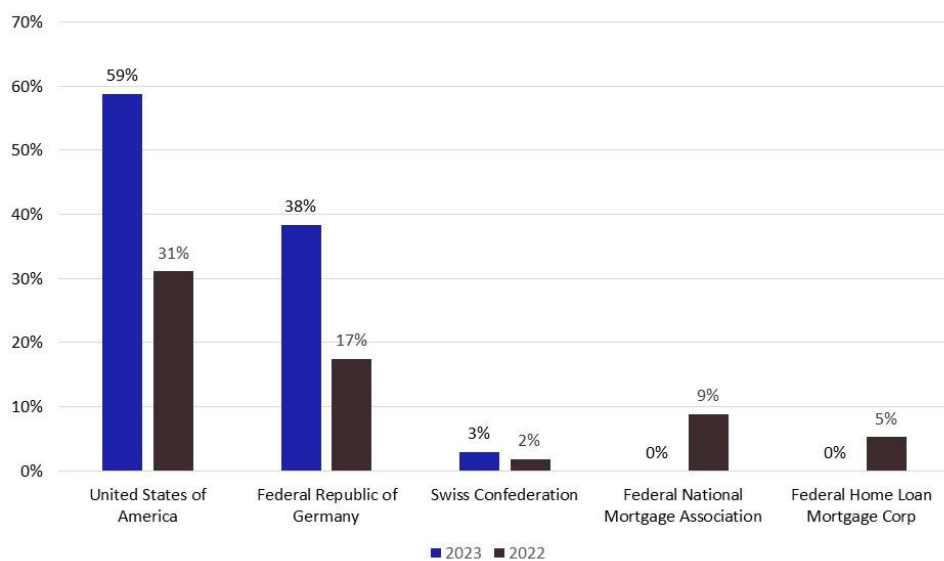
Prior to transacting with brokers, cedants or ceded reinsurers for the first time, a KYC check is carried out.

Retrocessionaires must go through a credit and security assessment.

Investment counterparties

TRE maintains a highly rated investment portfolio in its three functional currencies: US\$, EUR and CHF. TRE's investment exposure being to US, German and Swiss Government Bonds.

Figure 19: Top portfolio issuer exposures as at 31 December 2023 and 2022



TRE's credit risk management strategies include setting and monitoring the credit rating requirements for its investments. Adherence with these requirements helps to ensure investments are selected in a way that enables the effective management of the risk of counterparty default to an acceptable level in line with TRE and TransRe approved risk appetite and tolerances.

Use of External Credit Rating agencies

To aid the monitoring of compliance with the credit rating requirements of TRE's credit risk management strategy and to minimise the risk of counterparty failure arising from external parties, TRE has established limits that its external investment manager must adhere to, accompanied by key risk indicators which are consistent with its investment strategy, 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.

TRE uses external credit assessments primarily to assess the credit quality of assets in its investment portfolios; and of its retrocessionaires.

TRE and TransRe 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.

TRC Whole Account XL and TRC Quota Share

The retrocessions provided by TRC represent TRE's largest credit risk. To manage this risk, the adequacy of TRC capital is monitored on an ongoing basis, with regular updates provided by Global Risk Management ("GRM"). This is further supplemented by the presence of TransRe Group's CFO & COO being the Non-Executive Chair of TRE.



Cash held at banks

As part of TRE's commitment to paying claims in a timely manner, TRE maintains cash deposits at local banks domiciled within the EU and Switzerland. Amounts held at these institutions vary throughout the year and are based on cashflow forecasting and expected claims payment patterns.

Key controls

Key controls to mitigate credit risk include:

- investment risk and underwriting risk reporting;
- approved retrocessionaire lists; and
- mandates and guidelines contained in the investment management agreement. Risk sensitivity for credit risks.

The sensitivity of the solvency ratio to credit defaults or rating downgrades of TRE's counterparties has been considered as part of the risk management system (which includes the credit risk associated with the TRC Whole Account XL and TRC Quota Share). The analysis demonstrated that TRE is resilient to a range of events including severe counterparty rating downgrades.

Processes for monitoring the effectiveness of risk mitigation techniques

TRE is able to leverage its membership of a globally active reinsurance group to continually monitor and assess the effectiveness of its controls. The Risk Management function reviews the risks and effectiveness of controls on a regular basis as well as TRE's risk profile, presenting the outcome of the review to the Risk & Compliance Committee. Information is provided to key fora to enable the monitoring of reinsurance recoverable and excessive counterparty exposures to be tracked and action taken to enhance existing processes where appropriate.

In addition, reports showing counterparty exposures (both investment and retrocession) are provided to the Board for oversight and review.

C.4 Liquidity risk

Liquidity risk would arise if TRE 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.

As at 31 December 2023, TRE continued to maintain assets in high quality liquid investments held in functional currencies.

Key controls

Key controls to mitigate this risk include:

- quarterly asset/liability assessment;
- quarterly case reserving exercise;
- Board monitoring;
- quarterly balance sheet review; and
- half-yearly profitability reviews.

Risk sensitivity for liquidity risk

TRE has carried out stress and scenario testing as part of its approach to managing liquidity risk. Results have been reviewed by the Risk & Compliance Committee and the Board.

Process for monitoring the effectiveness of risk mitigation techniques

TRE has established a liquidity risk framework which includes the establishment of a liquidity risk appetite. Adherence to the appetite is reviewed every quarter with TRE 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")

As of 31 December 2023 the EPIFP is US\$ 43,154k (2022: US\$ 51,204k).



C.5 Operational risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, including legal risks but excluding risks arising from strategic decisions and reputational risks. 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 TRE is divided into the following key 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 – the risk that the firm might be used as a vehicle for financial crime;
- cyber threats / data breaches and data privacy – the risks associated with unauthorised access to TRE's systems caused by internal and external security breaches;
- financial & accounting – the risks associated with financial reporting and integrity of financial information;
- people – the risk that people do not follow TRE's procedures, practices and/or rules, thus deviating from expected behaviour in a way that could damage TRE;
- business continuity events and management – the risk associated with the failure to appropriately manage unforeseen events;
- IT processes and systems - the risks associated with IT systems including processing and system failures;
- model risk – the risk that the output from the models used by TRE is incorrect or flawed due to errors in the design or operation or management's failure to understand the models' limitations;
- outsourcing – failures relating to the outsourcing of key activities;
- external events and other changes – failure to react to changes in the external business environment; and
- physical security - incidents and events that threaten TRE's own security

TRE does not have any material concentrations to operational risk. There has been no change in TRE's operational risk appetite or approach during 2023.

Each quarter, TRE's Directors and senior managers assess the key operational risks, causes and consequences together with relevant mitigating controls, within their ownership and span of control. The results of the assessment are recorded in TRE's risk register and reviewed by the Risk & Compliance Committee.

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

Key controls

Key mitigating controls include:

- Risk & Compliance Committee oversight of key operational risk metrics;
- quarterly reviews by risk owners assessing the effectiveness of mitigating controls;
- policies and procedures, the group's code of conduct, penetration and attack testing, business continuity plans and succession planning;
- service level agreements;
- personnel training, oversight and appraisals;
- purchase of insurance; and
- underwriting audits.

Risk sensitivities for operational risk

TRE carries out stress and scenario testing as part of its approach to managing operational risk. Results are presented to the Risk & Compliance Committee and considered as part of the ORSA process.

Within TRE's ORSA process, current and projected solvency positions over the business planning period are re-calculated following a range of adverse operational risk stresses to ensure that under a range of modelled scenarios, TRE is able to withstand these stresses without breaching its SCR.



Process for monitoring the effectiveness of risk mitigation techniques

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

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

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

C.6 Other material risks

Franchise/reputation risk:

TRE recognises that its long-term success depends on the protection of its relationship with clients, brokers, credit rating agencies, regulators and capital providers and on the strength of the reputation of TransRe and its affiliates.

Group risk:

As a wholly owned subsidiary of a large international group, there is a risk TRE could be adversely affected by the actions of another company within the group.

Emerging risks:

On an ongoing basis, TransRe and TRE undertake horizon scanning with a view to identifying new and emerging risks. TransRe has organised annual Global Emerging Risk Forums beginning in 2016. These forums are attended by senior level global executives and employees from TransRe. The results of the forums are then presented to the CRMC and to the TRE Risk & Compliance Committee.

Sustainability and Resilience (including risks associated with Climate Change):

TransRe has an established governance framework and internal control system which considers sustainability and resilience. The governance structure enables the Board to discharge its oversight responsibilities, helping to ensure TransRe meets its strategic objectives while managing risks within its stated risk appetite, including considering climate related issues in business plans and exposure to risks.

TransRe has established a Sustainability & Resilience Committee which reports directly into Corporate Risk Management Committee and the TransRe Board. The Committee includes representatives from all disciplines within TransRe.

The S&R function at TransRe is embedded within GRM and is responsible for monitoring and management of risks and opportunities arising from sustainability-related issues including climate change, impacts on natural capital, pollution, and biodiversity.

TransRe and TRE recognise the risks associated with climate change (physical, transition, and liability) and these are considered as part of the ORSA process.

TransRe and TRE take the risks associated with climate change seriously, and TransRe's global catastrophe modelling team has considered the long term effects of climate change on our catastrophe models. We believe the financial risks associated with climate change can be appropriately mitigated against with the correct understanding of the longer-term risks associated with our underwriting and investment portfolios and with the industries which impact climate change.

We have employees within TransRe, from a diverse range of disciplines, investigating and assessing the impact of climate change across a range of areas including our underwriting and investment portfolios, as well as considering the impact on the day to day running of the business.

Consistent with regulatory requirements, TRESA will undertake reporting as required per the Corporate Sustainability Reporting Directive (CSRD) and in accordance with timing specified therein.



C.7 Any other information

Risk Sensitivity

TRE's SCR coverage ratio as at 31 December 2023 is 224% (2022: 188%). The below table shows the absolute change in the coverage ratio under several hypothetical scenarios. The scenarios below have not been adjusted to take into account potential future management actions to mitigate their effects.

Figure 20: SCR coverage ratio sensitivity analysis

Scenario	Change to coverage ratio
Exchange rates: +10%	3%
Exchange rates: -10%	-3%
Interest rates: +1%	6%
Interest rates: -1%	-6%
Credit spreads: +1%	0%
Credit spreads: -1%	0%
Catastrophe loss: US\$ 100m net of all reinsurance	-109%

TRE does not consider there to be any other material information to disclose on its risk profile.



D. Valuation for solvency purposes

This section of the report provides a description of the material bases, methods and assumptions used to value assets, technical provisions and other liabilities under CAA Rules. It also includes descriptions of how the bases, methods and assumptions under the CAA Rules differ from those applied for valuation purposes in the financial statements.

TRE's Solvency II assets and liabilities are presented on an economic basis consistent with the "fair value" accounting concept. Valuations represent amounts for which assets and liabilities could be exchanged between knowledgeable and willing parties in an arm's length transaction.

TRE prepares its statutory financial statements in accordance with Lux GAAP – statutory valuation is used where consistent with the economic basis. Assets and liabilities measured at cost or amortised cost in TRE's financial statements have been revalued to economic value. Solvency II also requires specific valuation approaches for some assets and liabilities; these have been followed.

TRE exercises judgement in selecting each of its accounting policies. The Luxembourg law on "Accounts of insurance and reinsurance undertakings" from 8 December 1994 (as amended from time to time) 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 TRE 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, TRE's financial position, results of operations and cash flows could be materially affected.

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

D.1 Assets

The material classes of assets shown on TRE's regulatory Balance Sheet, their Solvency II values and corresponding values shown in TRE's financial statements (all in US\$) are summarised in the table below.

Figure 21: Summary assets as at 31 December 2023

US\$'000s	Solvency II	Financial statements	Difference
Deferred tax asset	4,257	-	4,257
Investments (including accrued interest)			
Government bonds	513,021	512,843	178
Collective Investments Undertakings	50,673	49,496	1,177
Reinsurance recoverable			
Non-life excluding health	265,816	353,747	-87,931
Health similar to non-life	5,972	7,264	-1,293
Deposits to cedants	48,671	48,671	-
Total receivables			
Reinsurance receivables	56,751	113,244	-56,493
Receivables (trade, not insurance)	7,639	7,639	-
Cash and cash equivalents	25,921	25,921	-
Any other assets, not elsewhere shown	862	862	-
Total assets	979,583	1,119,687	-140,104

The following sections provide further details on the specific valuation policies that TRE has applied to produce its Solvency II balance sheet, explaining the differences between these and the financial statement values set out within the table above.

Deferred tax

Deferred tax balances are determined by reference to the differences between the regulatory balance sheet and the values ascribed for statutory and 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.

On the Solvency II balance sheet, deferred tax is recognised and valued as follows:

- all temporary differences between the assets and liabilities in the statement of financial position and their tax base are included within the calculation; and
- deferred tax assets or liabilities are accounted for using the balance sheet liability method and assets are recognised to the extent that realising the related tax benefit through future taxable profits is likely.

The recognition and valuation of deferred tax assets or liabilities is carried out by reference to the statutory balance sheet rather than the regulatory balance sheet.

The differences between the financial statements and regulatory balance sheet represent the excess of assets over liabilities between the two valuation methods and have been calculated to unwind at an expected tax rate of 27%.

Financial instruments

Recognition and derecognition of investments

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

Fair value of investments

TRE defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between willing, able and knowledgeable market participants as at the measurement date.

Fair value sources and use of pricing vendors

TRE uses NEAM to provide pricing and fair values of its investments.

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

TRE's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, TRE considers factors specific to the asset. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the investment's level in the fair value hierarchy is determined by the lowest level input that is significant to the measurement of the investment's fair value.

Impairment

TRE assesses the valuation of its investment portfolio on a regular basis. Impairments are considered if the market value is significantly below the cost value. An investment is further analysed based on qualitative principles e.g. rating downgrade of the issuer of the security, credit default, haircut on the principle, etc.

Valuation differences between the Solvency II and Lux GAAP balance sheets

TRE 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 TRE's investment portfolio as at 31 December 2023 are carried at fair value.

On a statutory basis, fixed income securities are valued based on amortised costs, the investment fund is valued based on the lower of the initial cost value or current market value. The amortisation of discount and premium on fixed income securities is recognised under the net investment income.



Additionally, the value of investments in the Solvency II balance sheet includes interest accrued since the last coupon payment, while the statutory financial statements disclose accrued interest separately.

Reinsurance recoverable

For the differences in the valuation methodology between Lux GAAP and Solvency II see Section D2.

(Re)insurance and intermediaries receivables and payables

Insurance and reinsurance receivables and payables are recognised on a Solvency II basis once notified as due for payment. These include amounts due to and from insurers, retrocessionaires, agents and brokers. Receivables and payables are recognised at the amount expected to be received or paid when due. Due to the short-term nature of TRE's (re)insurance receivables and payables, amounts are not discounted on either a Lux GAAP or Solvency II basis.

The presentation of (re)insurance receivables and payables on the Solvency II balance sheet differs from TRE's statutory financial statements. (Re)insurance receivables and payables for financial reporting purposes include estimated premiums and commissions, which are included in technical provisions in the Solvency II balance sheet as they are not yet due.

Other receivables (trade not insurance)

The valuation and presentation of TRE's other receivables and payables, in the Solvency II balance sheet, is consistent with the treatment for TRE's statutory financial statements. TRE's other receivables are considered to be short term and therefore do not need to be discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits with banks. Cash balances held in accounts with investment fund managers and custodians are treated as cash equivalents.

Foreign currency transactions and balances

TRE presents its financial statements and Solvency II reporting in US dollars, which is TRE's primary functional currency. TRE applies a consistent policy for translating transactions and balances in currencies other than the relevant currency of presentation between its financial statements and Solvency II reporting.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. For TRE gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in non-US\$ currencies, are recognised in the income statement.

Leasing arrangements

TRE had no operating or financial leasing arrangements during 2023 or 2022.

D.2 Technical provisions

TRE 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. These include all the relevant cash inflows and outflows to meet the requirements of the policies TRE is obligated to at the valuation date.
- The risk margin represents an allowance for the cost of capital necessary to support the policies TRE 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.

TRE calculates its technical provisions using the sum of the best estimate liability and risk margin, therefore:

$$\text{Technical Provisions} = \text{Best Estimate Liability} + \text{Risk Margin}$$



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), 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) and one line of business for life reinsurance. TRE has no non-life nor life annuities and therefore there is no line of business disclosed for this category.

Lines of business for financial reporting purposes under Lux GAAP are mapped to Solvency II lines of business according to “sub-department” classification in TRE’s technical accounting system. The mapping is subject to allocations for certain sub-departments, which include private and commercial motor and multi-class lines of business. Except for these allocations, the sub-departments and Solvency II lines of business are in one-to-one correspondence.

Figure 22: Technical provisions by Solvency II line of business as at 31 December 2023

Solvency II line of business (US\$'000s)	Gross Best Estimate	Recoverable	Net	Risk Margin	Net TPs
Medical expenses insurance	7,262	-4,270	2,992	352	3,344
Income protection insurance	397	-151	246	29	275
Motor vehicle liability insurance	9,875	-2,875	7,000	825	7,825
Other motor insurance	4,784	-2,758	2,026	239	2,264
Marine, aviation and transport insurance	23,778	-12,287	11,490	1,354	12,844
Fire and other damage to property insurance	73,491	-45,862	27,630	3,255	30,885
General liability insurance	111,275	-40,539	70,736	8,332	79,068
Credit and suretyship insurance	20,775	-10,027	10,748	1,266	12,014
Non-proportional health reinsurance	5,203	-1,551	3,653	430	4,083
Non-proportional casualty reinsurance	78,434	-21,879	56,555	6,662	63,217
Non-proportional marine, aviation and transport reinsurance	10,586	-6,336	4,250	501	4,751
Non-proportional property reinsurance	171,193	-123,253	47,940	5,647	53,587
Life reinsurance	9,410	-	9,410	1,108	10,518
Total	526,462	-271,788	254,675	30,000	284,675

Technical provisions basis, methodologies and key assumptions

Basis

TRE uses the Lux GAAP 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 Lux GAAP basis to move to the Solvency II basis are highlighted.



Figure 23: Lux GAAP to Solvency II reconciliation as at 31 December 2023

Solvency II line of business (US\$'000s)	Assumed	Ceded	Net
Lux GAAP Technical Provisions	635,392	361,011	274,381
Reserving margins	-20,004	-16,052	-3,953
Future premiums & acquisition costs	-56,493	-37,536	-18,957
Future other expenses	18,242	-	18,242
Legally obliged unaccepted business	421	-4,979	5,400
Discounting	-51,095	-30,231	-20,864
Counterparty default	-	-425	425
Solvency II Best Estimate	526,462	271,788	254,675
Risk margin	-	-	30,000
Solvency II Technical Provisions	526,462	271,788	284,675

Figure 24: Lux GAAP to SII reconciliation of gross technical provisions for top 5 Solvency II lines of business as at 31 December 2023

Solvency II Line of Business Gross (US\$'000s)	General liability (Prop)	Fire and other damage to property (Prop)	Property (Non Prop)	Credit and suretyship insurance (Prop)	Medical expense (Prop)	Other*	Total
Lux GAAP technical provisions	150,763	79,612	206,397	27,187	8,376	163,055	635,392
Reserving margins	-10,619	-2,204	-4,006	-3,778	-33	636	-20,004
Future premiums & acquisition costs	-18,795	-8,845	-13,593	-2,877	-1,423	-10,960	-56,493
Future other expenses	5,387	3,420	3,821	1,164	353	4,096	18,242
Legally obliged unaccepted business	6,127	6,740	-14,026	897	-	683	421
Discounting	-21,588	-5,233	-7,399	-1,818	-12	-15,044	-51,095
Counterparty default	-	-	-	-	-	-	-
Solvency II best estimate	111,275	73,491	171,193	20,775	7,262	142,466	526,462
Risk margin	8,332	3,255	5,647	1,266	352	11,147	30,000
Solvency II technical provisions	119,607	76,746	176,841	22,041	7,614	153,614	556,462

*Included within "other" are life reinsurance which has gross Lux GAAP technical provisions of US\$ 4,480k (SII best estimate: US\$ 10,518k), marine, aviation and transport (proportional and non-proportional) of US\$ 45,493k (SII best estimate: US\$ 36,218k) and motor (motor vehicle liability and other classes) of US\$ 16,173k (SII best estimate: US\$ 15,723k).



Figure 25: Lux GAAP to SII reconciliation of net technical provisions for top 5 Solvency II lines of business as at 31 December 2023

Solvency II Line of Business Net (US\$'000s)	General liability (Prop)	Fire and other damage to property (Prop)	Property – Non-Prop)	Credit and suretyship insurance (Prop)	Medical expense (Prop)	Other*	Total
Lux GAAP technical provisions	81,355	27,895	50,102	12,591	3,331	99,107	274,381
Reserving margins	-3,689	-1,968	143	-1,421	-18	3,001	-3,953
Future premiums & acquisition costs	-5,981	-2,754	-3,946	-1,085	-668	-4,522	-18,957
Future other expenses	5,387	3,420	3,821	1,164	353	4,096	18,242
Legally obliged unaccepted business	2,005	2,674	-134	370	-	486	5,400
Discounting	-8,369	-1,647	-2,415	-873	6	-7,554	-20,864
Counterparty default	28	11	369	2	0	15	425
Solvency II best estimate	70,736	27,630	47,940	10,748	2,992	94,629	254,675
Risk margin	8,332	3,255	5,647	1,266	352	11,147	30,000
Solvency II technical provisions	79,068	30,885	53,587	12,014	3,344	105,777	284,675

[BEL calculation method](#)

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

Claims provision

TRE 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. TRE 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, "LAE");
- plus the best estimate of 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

TRE 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. TRE considers 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.
- ELRs – 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 TRE 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 TRE. 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 TRE 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 using 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 Lux GAAP 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 in the Lux GAAP financial statements of TRE 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. TRE 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 Lux GAAP, unpaid premiums and acquisition costs are shown separately on the balance sheet at the accounting date as insurance and reinsurance receivables or 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 Lux GAAP, 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. TRE 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 risk free rates.

The starting point for the calculation of the future other expense cash flows is historical data for the payment of other expenses by calendar period. TRE 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 unaccepted business

At any given time, TRE may have contracts that have been written but have not yet accepted (i.e. the cover has not yet commenced). For example, a contract that was bound on 27 December 2023 which accepts on 1 January 2024 would be included within legally obliged unaccepted business at 31 December 2023.

Under Lux GAAP, the valuation of insurance reserves does not include legally obliged unaccepted contracts.

Under Solvency II, cashflows arising from these contracts are included within the premium provision. The calculations of technical provisions relating to legally obliged unaccepted 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

TRE accounts for events not in data ("ENID") using a scenario approach, based on the business profile and data available.

TRE has more than 45 years of 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 in financial statements. As a result, ENID 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 Lux GAAP.

Under Solvency II, TRE 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 TRE. 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

TRE does not adjust the technical provisions calculated under Lux GAAP for potential counterparty default.

Under Solvency II, the calculations of ceded 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:

$$\text{Probability of default} \quad \times \quad \text{Loss given default}$$

These are defined as follows:

- Probability of default — cash flows are adjusted to reflect the likelihood of default at different time periods, 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 AM 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.
- 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%. TRE does not adjust the amounts recoverable to allow for deposits or collateralisation arrangements.

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 time period is discounted back to the valuation date using the risk free rate.

Reinsurance arrangements within the technical provisions

Under Solvency II, TRE 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 TRE to denote a technical provision figure net of reinsurance.

Existing reinsurance

TRE employs both proportional and non-proportional retrocession.

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.

With respect to existing non-proportional retrocession, the calculation of recoverable is based on the principle of correspondence, but future premiums are subject to contractual minimums.

Uncertainty within the technical provisions

TRE writes a variety of coverages whose major risk factors materially impact the variability of TRE's loss reserves. In particular, TRE'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, TRE 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. TRE'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 TRE's loss reserves.

TRE continually assesses the reserve adequacy of IBNR considering 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 incorporate 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 TRE'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;
- sustainability;
- underlying policy pricing;
- terms and conditions; and
- claims handling.

Consequently, quantitative techniques are frequently supplemented by subjective considerations and expert judgement. In addition, TRE 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 unaccepted business.

With respect to unexpired periods of coverage, TRE'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 TRE cover unpredictable events, including exposures to natural catastrophes such as:

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

and man-made catastrophes such as:

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

Management expects that the loss experience of TRE 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 TRE.

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 TRE.

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 as at 31 December 2023

	Exchange Rates		Interest Rates		Reserving Assumptions*	
Key assumptions	10%	-10%	+100 bps	-100 bps	5%	-5%
Technical provisions	9%	-9%	-4%	4%	11%	-10%

* 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

TRE 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 TRE in the calculation of technical provisions.

Transitional measures to Technical Provisions

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

Transitional risk-free interest rate-term structure

TRE does not apply the transitional risk-free interest rate term structure in the calculation of technical provisions.

Changes in assumptions since prior period

There were no changes made to the recognition and valuation bases during the reporting period. Valuation assumptions, such as exchange rates and interest rates, however, are updated each quarter to reflect prevailing economic conditions.



D.3 Other liabilities

The material classes of other liabilities shown on TRE's Solvency II balance sheet, their Solvency II values and corresponding values shown in the 2023 financial statements are summarised in the table below.

Figure 27: Other liabilities – Lux GAAP & Solvency II reconciliation as at 31 December 2023

(US\$'000s)	Solvency II	Financial Statements	Difference
Deposits from reinsurers	29,781	29,781	-
Reinsurance payables	40,832	78,368	-37,536
Payables (trade, not insurance)	1,516	1,516	-
Any other liabilities, not elsewhere shown	104	6,624	-6,520
Total other liabilities	72,234	116,290	-44,056
Technical provisions	556,462	641,000	-84,538
Total liabilities	628,696	757,290	-128,594

The main valuation differences between Solvency II and financial statement balances presented in figure above are as follows:

- reinsurance payables include technical accruals, but for Solvency II technical accruals are subsumed within technical provisions;
- trade payables include accrued "other expenses" but for Solvency II, accrued "other expenses" are subsumed within technical provisions; and,
- technical provisions differences arise due to the differing treatments of technical accruals and accrued other expenses referred to above.

TRE has no financial or operating lease arrangements.

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

(Re)insurance and intermediaries payable

Please see Section D1 (Re)insurance and intermediaries receivable.

Payables (trade not insurance)

Please see Section D1 Other receivables (trade not insurance). The reduction in payables under Solvency II relates to accrued insurance related expenses not yet due, which have been moved to technical provisions (see Figure 22).

Provisions

At 31 December 2023, TRE held no provisions in its Financial Statements or on its Solvency II balance sheet.

Contingent liabilities

TRE does not consider any contingent liabilities exist as at 31 December 2023.

Employee benefits

TRE does not consider any employee benefit liabilities exist as at 31 December 2023.

Aggregation of liabilities

TRE does not aggregate liabilities into material classes other than those reported in the balance sheet QRT (S.02.01.02).

D.4 Alternative methods for valuation

TRE does not use any alternative methods to value its assets and liabilities



D.5 Any other information

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



E. Capital management

E.1 Own funds

TRE's own funds comprise ordinary paid-up share capital and the share premium account which are classified as Tier 1 own funds, as well as a reconciliation reserve of US\$ 185.1 million which is classified as Tier 1 own funds. As at 31 December 2023, the available own funds of TRE were as follows:

Figure 28: Eligible own funds by tier

Tier	Instruments	At 31 December (US\$'000s)	
		2023	2022
Tier 1	Ordinary share capital	27,000	27,000
	Share premium account	132,959	132,959
	Reconciliation reserve	185,102	141,020
Tier 2	Not applicable	-	-
Total own funds to cover MCR		345,061	300,975
Tier 3	Deferred tax assets	4,257	4,568
Total own funds to cover SCR		349,319	305,547

As at 31 December 2023, TRE had no ancillary own funds.

The reconciliation reserve of US\$ 185.1 million is calculated below and is dependent on the level of excess assets over liabilities, the values of Ordinary share capital and share premium account. The reconciliation reserve is not considered to be significantly volatile; however the potential for volatility does exist and is discussed in the sensitivity analyses provided in sections C.7 and D.2 of this report.

Figure 29: Reconciliation Reserve

	At 31 December (US\$'000s)	
	2023	2022
Excess of assets over liabilities	350,887	310,541
Less:		
Ordinary share capital	-27,000	-27,000
Share premium account	-132,959	-132,959
Deferred tax assets	-4,257	-4,568
Restricted Own Fund items	-1,568	-4,993
Reconciliation reserve	185,102	141,020

Every quarter TRE reviews its own funds against the MCR and SCR requirements. The review is undertaken by the Risk Management function and is presented to the Executive Committee and the Risk & Compliance Committee as part of the ongoing review process. Included in the analysis is a forward-looking review that takes into consideration TRE's three-year planning horizon. TRE's own fund reduced during the year due to the impact from increasing yield curves resulting in valuation declines on the fixed income portfolio.

The overall objective of TRE, in relation to own funds, is to maintain a suitable buffer of Tier 1 capital above the SCR ensuring the levels of own funds within TRE are within its risk appetite.

As part of TRE's ORSA process (see Section B) a number of stress tests are undertaken to determine the impact on TRE's own funds and whether they would deteriorate below the required Tier 1 buffer.

TRE has a range of actions at its disposal, which are designed to mitigate the impact of any extreme or unusual scenarios causing its capital position to deteriorate. These include:

- the ability to call on additional capital under the TRC Capital Support Agreement;
- revisions to the TRE business plan, such as changes to the composition of business; and
- the purchase of additional retrocession.

As set out in TRE's Articles of Association, the Board has the ability to cancel any dividend or other distribution at any time before actual payment if they consider that payment of the dividend or other



distribution would cause TRE to fail to meet any applicable capital or solvency requirement, including its SCR.

Below is an explanation of material differences between the net assets in TRE's 2022 Financial Statements and the excess of assets over liabilities as calculated for solvency purposes:

Figure 30: Lux GAAP to Solvency II Reconciliation as at 31 December 2023

	(US\$'000s)	Description
Lux GAAP net assets	362,397	
Change in:		
Investments	1,355	Adjustment on valuation of investments
(Re)insurance receivables and other receivables	-56,493	Estimated premium and contingent commission reserve not yet due moved to TPs
(Re)insurance recoverable	-89,224	Adjustment from reinsurer's share of statutory insurance reserves to Solvency II TPs
(Re)insurance payables	37,536	Estimated premium and contingent commission reserve not yet due moved to TPs
Any other liabilities, not elsewhere shown	6,520	Accrued non-insurance related expenses not yet due moved to TP's
Technical provisions	114,538	Adjustment from statutory insurance reserves to Solvency II TPs
Deferred tax assets / liabilities	4,257	Pre-tax change in net assets
Risk margin	-30,000	Inclusion of Solvency II risk margin
Solvency II excess of assets over liabilities	350,887	

The principal differences between Lux GAAP and Solvency II own funds are due to differences in technical provisions and the inclusion of the risk margin. The differences in (re)insurance payables and receivables and other payables are due to the removal of estimated premium, accruals and/or contingent commission reserves, which are contained within the Solvency II technical provisions.

Please see Section D1 for further information on the valuation of assets under Solvency II, Section D2 for a reconciliation between the Lux GAAP and Solvency II technical provisions and Section D3 for other liabilities.

A reduction to own funds (via the reconciliation reserve) is made for any restricted own fund items within a ring-fenced fund. TRE has deposits to cedants a portion of which represents ring-fenced funds. Given their immateriality, TRE estimates the surplus assets in such deposits, and deducts them from eligible own funds as an adjustment to own funds for ring-fenced funds.

TRE has not applied to use any transitional measures for the calculation of own funds.

There are no matching, volatility or transitional adjustments to the relevant risk-free interest rate term structure, or transitional measures on technical provisions.

TRE 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

TRE uses the Solvency II Standard Formula ("SF") to calculate its SCR.

Figure 31: Solvency II capital requirements as at 31 December

	2023 (US\$'000s)	2022 (US\$'000s)
Eligible Own Funds to cover SCR	349,319	305,547
Eligible Own Funds to cover MCR	345,061	300,979
Minimum Capital Requirement	42,077	44,219
Basic Solvency Capital Requirement		
Operational risk	140,112	147,192
Solvency Capital Requirement	155,666	162,485
Market risk		
Market risk	37,562	39,181
Counterparty default risk	31,593	19,060
Life underwriting risk	10,689	13,647
Health underwriting risk	3,178	4,865
Non-life underwriting risk	103,819	118,460
less Diversification	-46,729	-48,022
Basic Solvency Capital Requirement:	140,112	147,192
Non-life underwriting risk:		
Non-life catastrophe risk	27,475	37,019
Non-life premium & reserve risk	93,383	102,333
Non-life lapse risk	4,499	17,209
less diversification	-21,538	-38,101
Non-life underwriting risk:	103,819	118,460

TRE's SCR amounted to US\$ 155.7 million as of 31 December 2023 (US\$ 162.5 million as of 31 December 2022).

The reduction in the SCR is driven by the following factors:

- Non-life underwriting risk charge decreased as a result of an increase in the QS cession;
- Life underwriting and health underwriting risk charges reduced consistently with our exposure;
- partially offset by the counterparty risk charge that increased due to the bigger amount in outstanding claims recoverable with TRE's major counterparty, i.e., TRC.

TRE does not use any undertaking specific parameters in the calculation of the SCR.

Simplifications have been used only where specified in the Solvency II Delegated Acts. The simplifications used by TRE are listed below:

- Article 107: simplified calculation of the risk mitigating effect for reinsurance arrangements or securitisation; and
- Article 111: simplified calculation of the risk mitigating effect.

These simplifications relate to the counterparty default risk module.

No other simplifications are used by TRE in the calculation of the SCR.

The final amount of the Solvency Capital Requirement is still subject to supervisory assessment.



Calculation of the MCR

In order to calculate the MCR, TRE uses the net written premiums on a Solvency II basis split by Solvency II line of business. Written premiums are defined in Article 1(11) of Delegated Regulation (EU) 2015/35 as the premiums due to be received by the undertaking during the period under consideration regardless of whether such premiums relate in whole or in part to insurance or reinsurance cover provided in a different time period.

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.

TRE’s linear MCR falls below the SCR corridor of between 25% and 45% of the SCR. Accordingly TRE’s MCR has been adjusted upwards to equal 25% of its SCR, as required by Solvency II.

There have been no changes to TRE’s business or operations, which would have resulted in a material change to the MCR or SCR calculation.

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

TRE 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

TRE does not use an internal model.

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

There have been no instances of non-compliance with the MCR and SCR by TRE.

E.6 Any other information

TRE does not consider there to be any other material information to disclose regarding capital management.



Appendix 1: Abbreviations used in this report

AM Best	A.M. Best Company, Inc. and/or its affiliates
Alleghany	Alleghany Corporation
BEL	Best Estimate Liabilities
Berkshire Hathaway	Berkshire Hathaway Inc.
BF	Bornhuetter-Ferguson
bps	Basis points (0.01%)
CAA	Commissariat aux Assurances
CCO	Chief Compliance Officer (New York)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Covid-19	2019 Novel Coronavirus
EIOPA	European Insurance and Occupational Pensions Authority
ELR	Expected Loss Ratio
ENID	Events not in Data
EPIFP	Expected Profit included in Future Premiums
ERM	Enterprise Risk Management
ESG	Environmental, Social & Governance
EU	European Union
Fitch	Fitch Ratings, Inc., Fitch Ratings, Ltd. and its subsidiaries
GRM	Global Risk Management
IBNER	Incurred but not Enough Reported
IBNR	Incurred but not Reported
INED	Independent Non-Executive Director
IT	Information Technology
KYC	Know Your Counterparty
LAE	Loss Adjustment Expenses
LDF	Loss Development Factors
Lux GAAP	Generally Accepted Accounting Principles in Luxembourg
LTF	Loss Trend Factors
MCR	Minimum Capital Requirement
MENA	Middle East and North Africa region
Moody's	Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their affiliates
NEAM	New England Asset Management Limited
NED	Non-Executive Director
ORSA	Own Risk and Solvency Assessment
QRT	Quantitative Reporting Template
S&P	Standard & Poor's Financial Services LLC and/or its affiliates
S&R	Sustainability & Resilience
SCR	Solvency Capital Requirement
SF	Standard Formula
SFCR	Solvency and Financial Condition Report
SII	Solvency II Directive
SPV	Special Purpose Vehicles
TPs	Technical Provisions
TransRe	Collective term for TRH, its subsidiaries, branches and representatives



TRC	Transatlantic Reinsurance Company
TRC Capital Support Agreement	The capital support guarantee agreement described in Section B1
TRC Quota Share	The quota share reinsurance agreement described in Section B1
TRC Whole Account XL	The whole account excess of loss reinsurance agreement described in Section B1
TRE	TransRe Europe S.A.
TRH	Transatlantic Holdings, Inc.
US or USA	United States of America
US\$	United States of America Dollar



Appendix 2: Public Quantitative Reporting Templates (QRTs)

Templates		
S.02.01.02	Balance Sheet	Relevant element
S.05.01.02	Premiums, claims and expenses by line of business – Non-life	Other information
S.05.01.02	Premiums, claims and expenses by line of business – Life	Other information
S.05.02.01	Premiums, claims and expenses by country – Non-life	Other information
S.05.02.01	Premiums, claims and expenses by country – Life	Other information
S.12.01.02	Life and Health SLT Technical Provisions	Relevant element
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.25.02.21	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
		C0010
Assets		
R0030	Intangible assets	0
R0040	Deferred tax assets	4,257
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)	563,694
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	513,021
R0140	<i>Government Bonds</i>	513,021
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	50,673
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	271,788
R0280	<i>Non-life and health similar to non-life</i>	271,788
R0290	<i>Non-life excluding health</i>	265,816
R0300	<i>Health similar to non-life</i>	5,972
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	48,671
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	56,751
R0380	Receivables (trade, not insurance)	7,639
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	25,921
R0420	Any other assets, not elsewhere shown	862
R0500	Total assets	979,583

Solvency II value

C0010

Liabilities		
R0510	Technical provisions - non-life	545,944
R0520	<i>Technical provisions - non-life (excluding health)</i>	532,271
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	504,191
R0550	<i>Risk margin</i>	28,080
R0560	<i>Technical provisions - health (similar to non-life)</i>	13,673
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	12,862
R0590	<i>Risk margin</i>	812
R0600	Technical provisions - life (excluding index-linked and unit-linked)	10,518
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	0
R0640	<i>Risk margin</i>	0
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	10,518
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	9,410
R0680	<i>Risk margin</i>	1,108
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	29,781
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	40,832
R0840	Payables (trade, not insurance)	1,516
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	104
R0900	Total liabilities	628,696
R1000	Excess of assets over liabilities	350,887

S.05.02.04

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
Home Country	DE	CH	FR	AE	IT		
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110	Gross - Direct Business	0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted	302	87,762	49,599	10,119	14,455	6,737
R0130	Gross - Non-proportional reinsurance accepted	271	30,457	5,916	26,412	2,835	2,831
R0140	Reinsurers' share	398	90,834	42,019	27,790	11,465	7,338
R0200	Net	175	27,386	13,496	8,741	5,825	2,231
Premiums earned							
R0210	Gross - Direct Business	0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted	555	86,275	46,713	10,010	16,744	5,781
R0230	Gross - Non-proportional reinsurance accepted	271	30,513	5,977	26,298	2,877	2,824
R0240	Reinsurers' share	549	85,631	37,354	27,214	12,339	6,393
R0300	Net	276	31,157	15,337	9,095	7,282	2,213
Claims incurred							
R0310	Gross - Direct Business	0	0	0	0	0	0
R0320	Gross - Proportional reinsurance accepted	361	59,773	28,496	6,890	13,643	1,295
R0330	Gross - Non-proportional reinsurance accepted	-1,096	14,929	407	12,196	172	9,107
R0340	Reinsurers' share	-432	58,181	24,097	15,831	9,016	11,416
R0400	Net	-302	16,521	4,807	3,254	4,799	-1,014
R0550	Expenses incurred	104	4,560	3,176	2,927	819	3,123
R1210	Balance - other technical expenses/income						
R1300	Total technical expenses						

S.05.02.04

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400		Home Country						Total Top 5 and home country
		Top 5 countries (by amount of gross premiums written) - life obligations						
		GB	JP					
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
R1410	Gross	0	12,769	890	0	0	0	13,659
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	12,769	890	0	0	0	13,659
Premiums earned								
R1510	Gross	0	12,769	786	0	0	0	13,555
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	12,769	786	0	0	0	13,555
Claims incurred								
R1610	Gross	0	11,859	-232	0	0	0	11,627
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	0	11,859	-232	0	0	0	11,627
R1900	Expenses incurred	0	678	368	0	0	0	1,046
R2510	Balance - other technical expenses/income							
R2600	Total technical expenses							
R2700	Total amount of surrenders							

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	240	37	0	558	1,567	516	9,028	136	2,340	0	0	0	-177	-1,115	-518	-18,028	-5,417
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	146	27	0	444	1,237	661	6,392	832	1,905	0	0	0	-146	-1,026	-476	-18,692	-8,695
R0150	Net Best Estimate of Premium Provisions	94	9	0	114	330	-145	2,636	-696	435	0	0	0	-31	-89	-43	664	3,278
Claims provisions																		
R0160	Gross	7,022	360	0	9,317	3,217	23,261	64,464	111,139	18,435	0	0	0	5,380	79,548	11,104	189,222	522,470
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	4,124	124	0	2,431	1,521	11,626	39,470	39,707	8,122	0	0	0	1,696	22,904	6,812	141,946	280,483
R0250	Net Best Estimate of Claims Provisions	2,898	236	0	6,887	1,696	11,636	24,994	71,432	10,313	0	0	0	3,683	56,644	4,293	47,276	241,987
R0260	Total best estimate - gross	7,262	397	0	9,875	4,784	23,778	73,491	111,275	20,775	0	0	0	5,203	78,434	10,586	171,193	517,053
R0270	Total best estimate - net	2,992	246	0	7,000	2,026	11,490	27,630	70,736	10,748	0	0	0	3,653	56,555	4,250	47,940	245,265
R0280	Risk margin	352	29	0	825	239	1,354	3,255	8,332	1,266	0	0	0	430	6,662	501	5,647	28,892
R0320	Technical provisions - total	7,614	426	0	10,700	5,023	25,131	76,746	119,607	22,041	0	0	0	5,633	85,096	11,087	176,841	545,944
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	4,270	151	0	2,875	2,758	12,287	45,862	40,539	10,027	0	0	0	1,551	21,879	6,336	123,253	271,788
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	3,344	275	0	7,825	2,264	12,844	30,885	79,068	12,014	0	0	0	4,083	63,217	4,751	53,587	274,156

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)

Year	Development year										In Current year	Sum of years (cumulative)		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100			C0110	
R0100	Prior											1,044	1,044	
R0160	-9	0	0	0	0	0	778	5,241	927	4,938	528	528	12,412	
R0170	-8	0	0	0	0	1,001	1,383	1,243	2,103	523		523	6,253	
R0180	-7	0	0	0	1,350	2,940	2,154	3,559	680			680	10,684	
R0190	-6	0	0	4,962	8,411	4,031	1,919	1,840				1,840	21,162	
R0200	-5	0	120,332	68,298	18,756	6,016	1,167					1,167	214,570	
R0210	-4	25,150	248,193	89,213	31,816	16,364						16,364	410,735	
R0220	-3	3,150	31,217	31,803	41,059							41,059	107,227	
R0230	-2	28,750	103,411	71,087								71,087	203,247	
R0240	-1	-3,541	34,075									34,075	30,534	
R0250	0	3,884										3,884	3,884	
R0260												Total	172,251	1,021,753

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290		C0300	
R0100	Prior											18,492	17,314
R0160	-9	0	0	0	0	0	26,526	23,952	20,142	13,889	12,173	11,264	
R0170	-8	0	0	0	0	13,819	13,442	11,129	6,090	4,025		3,742	
R0180	-7	0	0	0	16,085	16,364	13,473	6,811	4,482			4,110	
R0190	-6	0	0	45,420	28,261	22,866	18,256	19,504				17,712	
R0200	-5	0	112,211	49,341	28,551	20,501	18,206					17,108	
R0210	-4	378,282	195,668	100,485	60,256	26,686						25,533	
R0220	-3	112,714	129,742	102,370	56,526							53,157	
R0230	-2	193,720	134,442	77,826								73,528	
R0240	-1	96,098	131,416									120,765	
R0250	0	130,965										123,601	
R0260												Total	467,834

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

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				
R0140	Subordinated liabilities				
R0160	An amount equal to the value of net deferred tax assets				
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				
R0290	Total basic own funds after deductions				
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				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC				
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				
R0400	Total ancillary own funds				
Available and eligible own funds					
R0500	Total available own funds to meet the SCR				
R0510	Total available own funds to meet the MCR				
R0540	Total eligible own funds to meet the SCR				
R0550	Total eligible own funds to meet the MCR				
R0580	SCR				
R0600	MCR				
R0620	Ratio of Eligible own funds to SCR				
R0640	Ratio of Eligible own funds to MCR				
Reconciliation reserve					
R0700	Excess of assets over liabilities				
R0710	Own shares (held directly and indirectly)				
R0720	Foreseeable dividends, distributions and charges				
R0730	Other basic own fund items				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds				
R0760	Reconciliation reserve				
Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business				
R0790	Total Expected profits included in future premiums (EPIFP)				

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
27,000	27,000		0	
132,959	132,959		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
185,102	185,102			
0		0	0	0
4,257				4,257
0	0	0	0	0
0				
0	0	0	0	0
349,319	345,061	0	0	4,257
0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
349,319	345,061	0	0	4,257
345,061	345,061	0	0	
349,319	345,061	0	0	4,257
345,061	345,061	0	0	
155,666				
42,077				
224.40%				
820.07%				
C0060				
350,887				
0				
0				
164,217				
1,568				
185,102				
0				
43,154				
43,154				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	37,562		
R0020 Counterparty default risk	31,593		
R0030 Life underwriting risk	10,689		
R0040 Health underwriting risk	3,178		
R0050 Non-life underwriting risk	103,819		
R0060 Diversification	-46,729		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	140,112		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	15,554		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes			
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC			
R0200 Solvency Capital Requirement excluding capital add-on	155,666		
R0210 Capital add-ons already set	0		
R0211 <i>of which, capital add-ons already set - Article 37 (1) Type a</i>			
R0212 <i>of which, capital add-ons already set - Article 37 (1) Type b</i>			
R0213 <i>of which, capital add-ons already set - Article 37 (1) Type c</i>			
R0214 <i>of which, capital add-ons already set - Article 37 (1) Type d</i>			
R0220 Solvency capital requirement	155,666		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module			
R0410 Total amount of Notional Solvency Capital Requirements for remaining part			
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds			
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios			
R0440 Diversification effects due to RFF nSCR aggregation for article 304			
		Yes/No	
Approach to tax rate			
R0590 Approach based on average tax rate		C0109	
Calculation of loss absorbing capacity of deferred taxes			
		LAC DT	
R0640 LAC DT		C0130	
R0650 LAC DT justified by reversion of deferred tax liabilities			
R0660 LAC DT justified by reference to probable future taxable economic profit			
R0670 LAC DT justified by carry back, current year			
R0680 LAC DT justified by carry back, future years			
R0690 Maximum LAC DT			

USP Key

For life underwriting risk:
 1- Increase in the amount of annuity benefits
 9- None

For health underwriting risk:
 1- Increase in the amount of annuity benefits
 2- Standard deviation for NSLT health premium risk
 3- Standard deviation for NSLT health gross premium risk
 4- Adjustment factor for non-proportional reinsurance
 5- Standard deviation for NSLT health reserve risk
 9- None

For non-life underwriting risk:
 4- Adjustment factor for non-proportional reinsurance
 6- Standard deviation for non-life premium risk
 7- Standard deviation for non-life gross premium risk
 8- Standard deviation for non-life reserve risk
 9- None

S.28.01.01

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	41,879		
			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		2,992	9,586
R0030	Income protection insurance and proportional reinsurance		246	68
R0040	Workers' compensation insurance and proportional reinsurance		0	0
R0050	Motor vehicle liability insurance and proportional reinsurance		7,000	1,895
R0060	Other motor insurance and proportional reinsurance		2,026	1,479
R0070	Marine, aviation and transport insurance and proportional reinsurance		11,490	2,259
R0080	Fire and other damage to property insurance and proportional reinsurance		27,630	8,485
R0090	General liability insurance and proportional reinsurance		70,736	7,533
R0100	Credit and suretyship insurance and proportional reinsurance		10,748	8,693
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		3,653	434
R0150	Non-proportional casualty reinsurance		56,555	5,321
R0160	Non-proportional marine, aviation and transport reinsurance		4,250	1,627
R0170	Non-proportional property reinsurance		47,940	14,113
Linear formula component for life insurance and reinsurance obligations		C0040		
R0200	MCR _L Result	198		
			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		9,410	
R0250	Total capital at risk for all life (re)insurance obligations			0
Overall MCR calculation		C0070		
R0300	Linear MCR	42,077		
R0310	SCR	155,666		
R0320	MCR cap	70,050		
R0330	MCR floor	38,917		
R0340	Combined MCR	42,077		
R0350	Absolute floor of the MCR	4,141		
R0400	Minimum Capital Requirement	42,077		