TransRe London Limited

Solvency and Financial Condition Report

As at 31 December 2023

Table of contents

About this document

This document is the Solvency and Financial Condition Report ("SFCR") for TransRe London Limited ("TRL") as at 31 December 2023.

This SFCR covers TRL on a solo basis. TRL's presentational currency is U.S. dollars ("USD").

Directors' statement

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulation Authority ("PRA") Rulebook for Solvency II Firms (the "PRA Rules") and Solvency II ("SII") Regulations, as adopted into UK law.

Rule 6.1(2) within the Reporting Part of the PRA Rules requires that TRL has a written policy ensuring the ongoing appropriateness of any information disclosed. Rule 6.2(1) requires that this SFCR is approved by TRL's Board of Directors.

Each of the Directors, whose names and functions are listed in section B1 of this SFCR, confirms that, to the best of their knowledge:

- throughout the financial year in question, TRL has complied; and
- it is reasonable to believe that, at the date of the publication of the SFCR, TRL continues to comply, and will continue to comply in future,

in all material respects, with the requirements of the PRA Rules and SII Regulations.

On behalf of the Board

Edward Sheehan

Chief Financial Officer

5 April 2024

Auditor’s report

Report of the external independent auditor to the Directors of TransRe London Limited (‘the Company’) pursuant to Rule 4.1(2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report (‘SFCR’)

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023**:**

- The ‘Valuation for solvency purposes’ and ‘Capital Management’ sections of the SFCR of the Company as at 31 December 2023 (‘the Narrative Disclosures subject to audit’); and
- Company templates S.02.01.02, S.17.01.02, S.23.01.01, S.28.01.01 (‘the Templates subject to audit’).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the ‘relevant elements of the SFCR’.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- information contained within the relevant elements of the SFCR set out about above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
- the ‘Executive summary’, ‘Business and performance’, ‘System of governance’ and ‘Risk profile’ elements of the SFCR;
- Company templates S.05.01.02, S.05.02.01, S.19.01.21, S.25.02.21; and
- the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR (‘the Responsibility Statement’).

To the extent the information subject to audit in the relevant elements of the SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the SFCR in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standards as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting & Restriction on Use

We draw attention to the ‘Valuation for solvency purposes’, ‘Capital Management’ sections of the SFCR, which describe the basis of accounting. The SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The SFCR is required to be published, and intended users include but are not limited to the Prudential Regulation Authority (‘PRA’). As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the SFCR, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the SFCR is appropriate.

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

- obtaining an understanding of the relevant controls relating to management's going concern assessment process;
- assessing the company's performance, capital position and the impact of climate change, inflationary environment, and economic uncertainty on the company's operations and balances;
- evaluating management's stress and scenario testing and challenging management's key assumptions. With involvement of internal actuarial specialists, we assessed the governance over, and the production of, solvency monitoring information, and considered its consistency with other available information and our understanding of the business;
- evaluating management's assessment of the risks across the company through specific reference to the Own Risk and Solvency Assessment ('ORSA'), including solvency risk, liquidity risk, and operational matters;
- inspecting correspondence between the company and its regulators, the PRA and the Financial Conduct Authority ('FCA'), to identify any items of interest which could potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the company; and
- assessing the appropriateness of going concern disclosures made by management in the financial statements.

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

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the SFCR, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the SFCR themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors or the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a SFCR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the SFCR.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK and tax legislation; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Companies Act 2006 and related Company Law and the PRA and FCA rules.

We discussed among the audit engagement team and relevant internal specialists, including actuarial, data analytics, IT, and tax specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Valuation of the best estimate liability (BEL) requires management to select methods and assumptions that are subject to inherent estimation uncertainty as the ultimate cost of settling outstanding claims and unexpired risks depends on inputs, methodology and assumptions used by management in establishing the reserves. Judgements are based on past experience and current knowledge of the different types of insurance risk. Consequently, small changes in these methods and assumptions can materially impact the valuation of these reserves. To address this risk, with the involvement of our actuarial specialists, we assessed the appropriateness of the key inputs, methodology and assumptions used by management in establishing the technical provisions by:
    - we inspected the calculation of the probability weighted average of future cash flows, as defined by Solvency II, and discounting impact;
    - we have assessed the methodology and assumptions for the allowance made by TRL in converting from the net reserves under UK GAAP to the Solvency II basis for technical provisions
    - performing a 'stand-back' test to challenge the reasonableness of the best estimate liability evaluating all the audit evidence obtained, both corroborative and contradictory, and judgements made in estimating technical provisions for indication of a potential management bias; and
    - in order to gain assurance over the completeness and accuracy of source data used in the company's technical provision calculations and by our actuarial specialists in performing our work, we have evaluated the data reconciliation controls and independently performed reconciliations on the actuarial data to the financial ledger and source systems.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of fraud through management override of controls, which included testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

reading minutes of meetings of those charged with governance, and reviewing significant correspondence with the PRA and FCA.

Other Matter

The Company has authority to calculate its Solvency Capital Requirement using a partial internal model ('the Model') approved by the PRA in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Company's application or approval order.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of TransRe London Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Use of our Report

This report is made solely to the Directors of TransRe London Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

Claire Clough

Claire Clough (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
London, United Kingdom

5 April 2024

Appendix – relevant elements of the Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the SFCR that are not subject to audit comprise:

- The following elements of template S.02.01.02:
  - Row R0550: Technical provisions – non-life (excluding health) – risk margin
  - Row R0590: Technical provisions – health (similar to non-life) – risk margin
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) risk margin
  - Row R0720: Technical provisions – Index-linked and unit-linked – risk margin
- *The following elements of template S.17.01.02*
  - *Row R0280: Technical provisions calculated as a sum of BE and RM – Risk margin*
  - *Rows R0290 to R0310 – Amount of transitional measure on technical provisions*
- The following elements of template S.23.01.01
  - Row R0580: SCR
  - Row R0600: MCR
  - Row R0620: Ratio of Eligible own funds to SCR
  - Row R0640: Ratio of Eligible own funds to MCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- The following elements of template S.28.01.01
  - Row R0310: SCR
  - Row R0320: MCR cap
  - Row R0330: MCR floor

Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

Executive summary

TRL is a wholly owned subsidiary of Transatlantic Reinsurance Company ("TRC") and provides the TransRe group ("TransRe"), headed by Transatlantic Holdings, Inc, ("TRH"), TRC's parent company, with its main platform to write business in the United Kingdom and other international regions that access the London and Lloyd's markets. TRC is incorporated in New York, USA. TRL's ultimate parent undertaking is Berkshire Hathaway Inc. ("Berkshire Hathaway"), a company incorporated in Delaware, USA and headquartered in Omaha, Nebraska, USA.

TRL commenced trading on 1 January 2014, assuming the renewals of most of TRC's London branch ("LBO") business developed since 1980. It is regulated by the PRA and Financial Conduct Authority ("FCA"). In addition to paid up share capital of $500m, TRL has the benefit of a quota share treaty with TRC (the "TRC Quota Share") and a parental capital support guarantee agreement.

TRL has also 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.

TRL is a specialist non-life reinsurance company concentrating on providing protection for cedants and predominantly not competing with cedants in their own direct markets. Many of TRL's senior management and underwriting teams have long tenure with TransRe and enduring relationships with its client base.

TRL, with support from TRC in New York, 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 their reinsurer of choice.

TRL'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

TRL's strategy is to concentrate foremost on achieving underwriting profitability, not top line growth, and to return surplus profit to the TransRe group at the appropriate time to support the wider investment objectives of the Berkshire Hathaway group. The strategy continues to be aligned with the TransRe group objective of being the first-choice provider of reinsurance to TransRe's clients worldwide, maximising the benefits of local presence and global service and offering all products in all territories.

TRL accesses business through both broker and direct distribution channels and writes a diverse portfolio of treaty reinsurance and facultative/direct business, avoiding over-dependence on any one class. TRL adopts a lead approach to its business, combining technical analysis with underwriting expertise and strong cycle management. During the year, TRL 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 closely on the underwriting returns generated in a challenging inflationary / economic environment. We continued to re-balance the portfolio, focusing on margin adequacy, aggregates and clarity of coverage.

Overall, TRL's net claims ratios moved from 71.7% in 2022 to 52.2% in 2023, based on net earned premiums of $218.4m (2022: $256.5m). After deducting acquisition and operating expenses of $67.0m (2022: $83.2m), TRL returned a net underwriting profit of $37.3m (2022: loss of $10.5m).

The decrease in claims ratio is largely driven by improvements in original and reinsurance pricing, robust reserving for prior years' large loss activity (including losses emanating from Covid-19 and the Russian invasion of Ukraine) and benign large loss and natural catastrophe activity.

The overall underwriting profit reflects both the improving underlying business environment and the strength of TRL's book, which has become increasingly resilient and balanced over time. Whilst we have sought to increase TRL's participation in those lines of business that, in our view, have shown sufficient improvement in original pricing and terms, we have continued to reduce our motor book and held in check our aggregate deployment to catastrophe risk.

The direct aviation market is one of the few disappointments. This market has failed to respond appropriately given the ongoing uncertainty over the Russian aviation leasing losses and further downside potential and likely lengthy legal battles ahead.

Over the last year TRL's estimated ultimate losses for the Russian invasion of Ukraine have stabilised. There is reduced uncertainty on the marine blocking & trapping claims, with improved clarity over exposures, and losses beginning to be settled and paid on the vessels still trapped at the 12-month anniversary of the invasion date. Ultimate losses for political violence claims have also stabilised with exposures run off, and cedants' estimates are generally tracking down. The greatest remaining uncertainty relates to the final outcomes of the Russia/Ukraine aviation leasing losses, with several legal disputes over coverage already underway. A special insurance vehicle has been set up by the Russian government to make payments to the lessors. These payments have been approved by the U.S. Office of Foreign Assets Control ("OFAC") and EU/UK regulators with certain stipulations. Whilst the payments are expected to reduce the downside scenarios, they are unlikely to materially reduce the current reserved position within the industry.

Following Berkshire Hathaway's acquisition of Alleghany Corporation ("Alleghany"), TRL's investment portfolio has been substantially de-risked, which involved the sale of its exchange traded fund ("ETF"), all of its corporate bonds and the majority of its longer dated fixed income holdings. The proceeds have been reinvested almost exclusively in short-dated U.S., UK and German government bonds. At 31 December 2023, the portfolio's average duration was 0.3 years (2022: 2.2 years) and its average credit quality was AAA (2022: AA+), based on short-term credit ratings, with UK gilts (AA-) as the lowest rated holding.

Following the sharp rises in 2022, market interest rates stabilised during 2023, with yields on one year U.S. Treasury notes, for instance, averaging close to 5% for the year. After TRL suffered a combined net investment loss of $74.7m in 2022, the shift into short-term government bonds with attractive yields delivered a strong combined investment return of $45.8m in 2023. With a much-shortened duration profile, the portfolio's sensitivity to future interest rate movements has reduced substantially.

System of governance

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

TRL's Board maintains ultimate responsibility for the oversight of TRL. The Board delegates authority for day-to-day management of some aspects of the business to certain functions and committees. The Board and 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 TRL.

Risk profile

TRL underwrites a diversified portfolio of property and casualty reinsurance, across multiple regions and classes. TRL's SCR risk profile before the impact of diversification is shown in the below charts.

Figure 1a: Basic SCR by risk type before the impact of diversification as at 31 December 2023

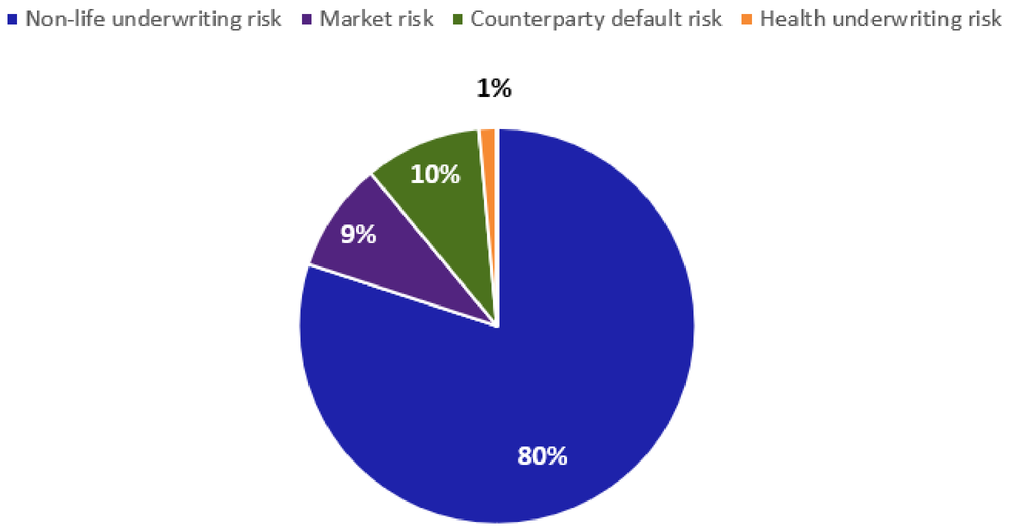
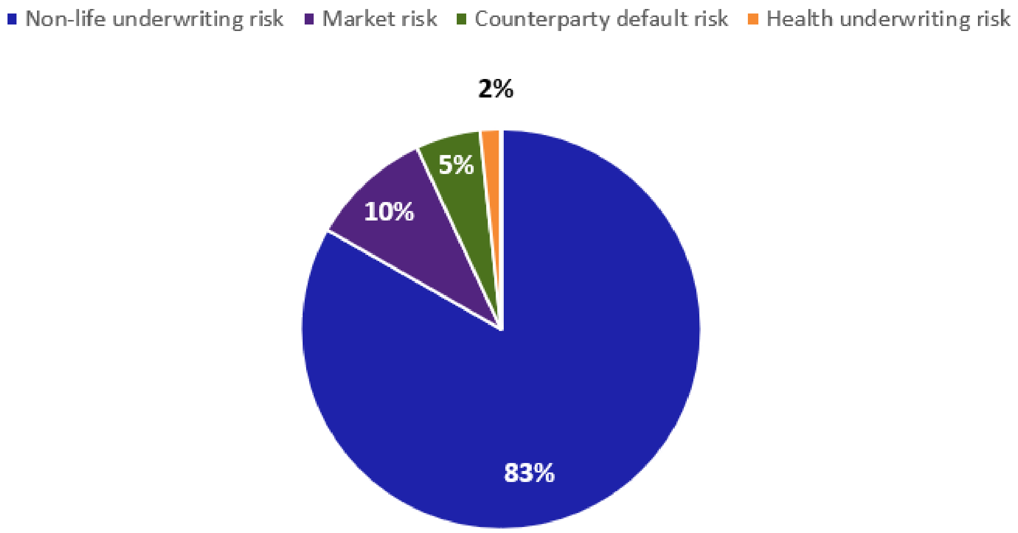


Figure 1b: Basic SCR by risk type before the impact of diversification as at 31 December 2022



As shown above, non-life underwriting risk, including non-life premium and reserve risk, makes up the largest portion of the basic SCR risk profile.

To mitigate underwriting risks, TRL maintains a disciplined underwriting philosophy supported by risk appetites aligned to its risk tolerances.

TRL undertakes detailed stress and scenario testing on at least an annual basis. Scenario tests are used to assess TRL's resilience against shocks from both its underwriting and non-underwriting activities. The results of this analysis showed that in 2023, the most material impact on the SCR continues to arise from an extreme reserve deterioration event. The analysis undertaken continues to show that TRL is well capitalised and it would take an extreme event (return periods in excess of 1-in-200 years) to breach its SCR.

In light of the significant recent spike in economic inflation, we reviewed pricing and reserving trends more frequently during the year. TRL's underwriting risk profile is resilient to severe shocks and is within the Board approved risk appetite.

Valuation for PRA Rules purposes

Assets and liabilities, including technical provisions, are valued in TRL's regulatory balance sheet according to PRA Rules and related guidance, giving valuations which differ from those in the financial statements, which, as of 1 January 2023, are prepared under UK generally accepted accounting practice ("UK 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 UK GAAP and regulatory valuation bases. This section also provides a summary of the effects of the change in the basis of preparation of the financial statements from UK-adopted international financial reporting standards ("IFRS") to UK GAAP, which took effect on 1 January 2023. Whilst the change has had an impact on certain current and prior year amounts reported in the financial statements, it has had no impact on amounts reported under PRA Rules within this document. Where reference is made in this document to financial statement amounts, these have been restated accordingly.

As at 31 December 2023, TRL's excess of assets over liabilities under PRA Rules was $601.6m (2022: $543.1m) compared to net assets of $544.7m (2022: $493.9m as restated[1]) in the financial statements under UK GAAP.

Capital management

Under PRA Rules, the own funds of an insurance entity are placed into Tiers 1, 2 or 3 based on their ability to absorb losses, with Tier 1 having the greatest ability to do so. TRL's SCR is calculated according to the SCR – Standard Formula part of the PRA Rules as modified by a Partial Internal Model ("PIM") to calculate catastrophe risk.

Below is a summary of the own funds held by TRL and a comparison to TRL's regulatory capital requirements (the amount of capital the firm is required to hold).

Figure 2: Own funds by tier and capital requirements

Tier	Instrument	At 31 December ($'000s) 2023	2022
Tier 1	Ordinary paid up share capital Reconciliation reserve	500,000 96,121	500,000 25,109
Tier 2	Not applicable	-	-
Eligible own funds to cover Minimum Capital Requirement ("MCR")		**596,121**	**525,109**
Tier 3	Net deferred tax asset	0	13,504
Eligible own funds to cover SCR		**596,121**	**538,613**
MCR		80,840	88,284
SCR		323,361	353,137
MCR coverage ratio		**737.4%**	**594.8%**
SCR coverage ratio		**184.4%**	**152.5%**

TRL's SCR decreased by $29.8m from $353.1m as at 31 December 2022 to $323.4m at 31 December 2023; and the eligible own funds ("EOF") to cover its SCR increased by $57.5m from $538.6m to $596.1m during the year.

TRL's SCR coverage ratio as at 31 December 2023 was 184.4% (2022: 152.5%) and its MCR coverage ratio was 737.4% (2022: 594.8%).

[1] The 2022 comparatives for financial statements amounts have been restated to reflect the impact of the transition from UK-adopted IFRS to UK GAAP during the financial year. Refer to Note 29 of the 2023 financial statements for the detailed description of transition adjustments.

The increase in the SCR coverage ratio is driven by the following factors:

- an increase in EOF of $57.5m due primarily to TRL’s total comprehensive income of $50.8m on a statutory UK GAAP basis and a $11.1m decrease in net technical provisions on a PRA basis during 2023. Technical provisions reduced mainly due to an $10m reduction in the risk margin, following a reduction in the cost of capital assumption from 6% to 4% per annum, in line with PRA guidance.
- a decrease in the SCR of $29.8m, predominantly reflecting:
    - a $37m reduction in catastrophe risk, primarily due to the effect of the change in the TRC Quota Share under which TRL now cedes 80% of all business incepting on or after 1 January 2023, and 60% of all business incepting before that date; offset by reductions in other natural catastrophe retrocession protection;
    - a $31m decrease in lapse risk due to a greater portion of written business being impacted by the 80% TRC Quota Share and a refinement of the calculation to allow for the offsetting of loss-making business within homogenous risk groups;
    - an $8m reduction in premium and reserve risk due to a greater portion of business being impacted by the 80% TRC Quota Share; and
    - a $6m reduction in market risk consistent with the shift into short-dated government bonds within the investment portfolio; offset by:
    - a decrease in the diversification benefit for non-life risk sub-module of $40m; and
    - an increase in counterparty default risk of $13m due to the increase in business ceded under the TRC Quota Share to 80% and an increase in amounts due in more than 3 months which attract higher charges.

The decrease in the MCR and increase in the MCR coverage ratio are in line with the movements in the SCR and SCR coverage ratio.

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

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

TRL’s SCR coverage ratio is reviewed regularly to ensure TRL manages its regulatory capital consistent with its capital risk appetite.

A. Business and Performance

A.1 Business

Company information

TransRe London Limited:	Corn Exchange 55 Mark Lane London EC3R 7NE Company number: 8506758 Firm Reference Number: 600544 Legal Entity Identifier: 213800AX82TXYUZAAM21
External auditors:	Deloitte LLP 1 New Street Square London EC4A 3HQ
Regulator (financial supervision):	Prudential Regulation Authority 20 Moorgate London EC2R 6DA
Regulator (conduct supervision):	Financial Conduct Authority 12 Endeavour Square London E20 1JN

TRL is a private limited company, limited by shares, with its registered office in England. It is a wholly owned subsidiary of TRC, which is a reinsurance company incorporated and authorised in New York, USA. TRL provides TransRe with its main platform to write business in the United Kingdom and other international regions that access the London and Lloyd's markets, not otherwise served by TransRe's wider regional office distribution network. TRL is headquartered in London and commenced underwriting risks effective from 1 January 2014, assuming the renewals of most of the TRC London branch business developed since 1980.

TRL's ultimate parent undertaking and controlling party is Berkshire Hathaway, 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.

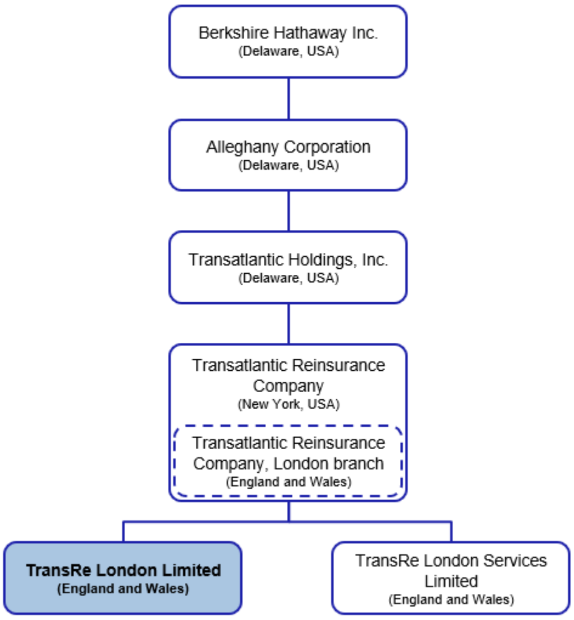
In addition to TRC and Berkshire Hathaway, TRH, incorporated in Delaware, USA and Alleghany, also incorporated in Delaware, USA, are indirect parents and holders of qualifying holdings in TRL.

On 15 March 2024, Mr Warren E. Buffett, a U.S. resident, held shares representing approximately 31.0% of the voting interest and approximately 15.0% of the economic interest in Berkshire Hathaway.

Except as identified above, there are no other holders of qualifying holdings in TRL. TRL has no related undertakings as defined in Rule 1.2 of the Group Supervision Part of the PRA Rules. A simplified group structure chart is shown below.

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.

TRL offers reinsurance through treaty and facultative reinsurance arrangements covering non-life property and casualty lines of business ("LOB") 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 LOB. TRL benefits from shared functions made available through TransRe's support and global operational infrastructure.

TRL's core reinsurance portfolio of property and casualty treaties provides protection to global cedants, across a diverse range of LOBs. The protection provided includes coverage for a wide range of business events, enabling TRL to better navigate underwriting cycles in multiple classes of business. As part of its authorisation, TRL also holds a licence to write insurance business in a limited number of classes. The insurance business continues to account for a very small part of TRL's property and construction portfolio and is expected to remain so for the immediate future.

TRL has not proposed or paid any dividends for, during or subsequent to the year ended 31 December 2023 (2022: no dividends paid or proposed).

TRC, together with some of its subsidiaries including TRL, is rated AA+ by S&P and A++ (Superior) by AM Best.

Market commentary

The planned improvements to terms and conditions across several of our lines of business exceeded expectations in 2023, driven by the ongoing uncertainty over the Russia/Ukraine losses, concerns about U.S. casualty deterioration and Hurricane Ian in late September 2022. In particular, catastrophe excess of loss ("XOL") business and certain specialty lines experienced greater than expected improvements. These improvements were not limited to price alone, with several lines seeing coverage restrictions and retention increases, particularly catastrophe XOL and the marine and terror lines, where Russia/Ukraine/Belarus coverage was severely restricted. Some pressure remained on signings with a reduction in some orders as cedants took the opportunity to retain more risk in an improved pricing environment.

Capacity remains available for most classes including catastrophe XOL, but only at the right price. Shortfall covers were more prevalent in early 2023 but capacity did increase as the year progressed.

2023 was a benign year for catastrophe losses but not without incident. The U.S. saw the fastest strengthening of a hurricane on record with Otis making landfall as a category 5 in October with windspeeds intensifying from 50 mph to 165 mph in just 24 hours.

Europe also saw several large losses: in Italy, a succession of severe hailstorms and flooding brought what is likely to be the largest loss in Italian history. Elsewhere, Morocco and Turkey experienced devastating earthquakes.

There remains considerable uncertainty about final outcomes of the Russia/Ukraine aviation leasing losses with several legal disputes over coverage already underway. A special insurance vehicle has been set up by the Russian government to make payments to the lessors. These payments have been approved by OFAC and EU/UK regulators with certain stipulations; this is expected to reduce the downside scenarios, but not to materially reduce the current reserved position within the industry.

The Russian invasion of Ukraine in 2022 was followed in late 2023 by the devastating attacks in Israel 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.

TRL continues to see strong interest from clients in finding solutions to existing and emerging challenges and we have led several newly restructured programmes. It is difficult to quantify in absolute terms, but our financial strength and improved ratings are positively impacting our franchise and have helped to protect us from some pressure on signings.

Our greatest disappointments in 2023 were the UK motor and global aviation markets. Inflation hit the motor market very hard and was a material uncertainty in pricing, but despite a significant increase in primary insurance pricing, reinsurance markets were nonetheless prepared to anchor themselves to very thin reinsurance margins, which did not reflect the uncertainty. Furthermore, the expected improvements from the Covid-19 years have not uniformly materialised across the market with patchy results in some areas.

The direct aviation market is frankly baffling given the recent losses from Boeing and the material uncertainty over the Russia-Ukraine war; rates have not improved sufficiently, despite historic losses, and significant increases in risk are not sustainable.

On 26 March 2024, the Francis Scott Key Bridge collapsed following the collision of the cargo vessel Dali with the bridge support. The Company is currently reviewing its exposure to this very recent event, whose ultimate loss is currently highly uncertain.

Strategy and portfolio

TRL's strategy is to concentrate foremost on achieving underwriting profitability, not top line growth, and to return profits to the TransRe group at the appropriate time to support the wider investment objectives of the Berkshire Hathaway group. The strategy continues to be aligned with the TransRe objective of being the first-choice provider of reinsurance to our clients worldwide, maximising the benefits of local presence and global service, offering all products in all territories.

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 TRL's focus on underwriting profitability is paramount.

In light of the significant recent spike in economic inflation, we reviewed pricing and reserving trends more frequently during the year. Additionally, TRL 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 LOB and distribution by domicile of cedant is shown in Figures 4 and 5 below.

Figure 4: Solvency II LOB (gross earned premium $'000s)

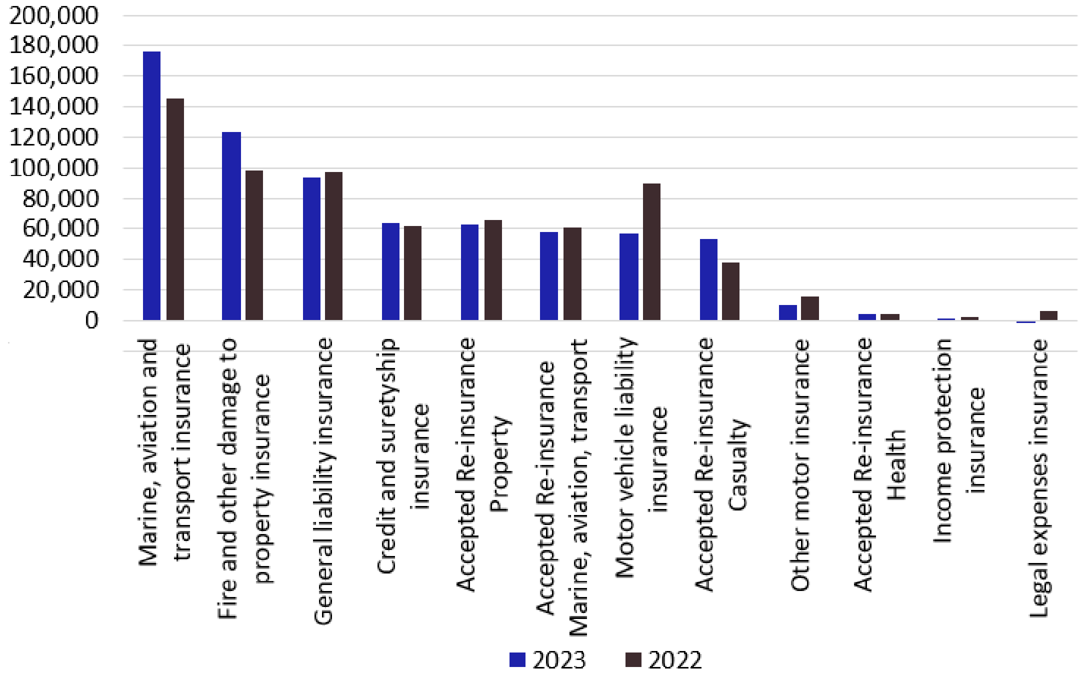


Figure 5a: Geographical domicile of cedants (gross earned premiums) as at 31 December 2023

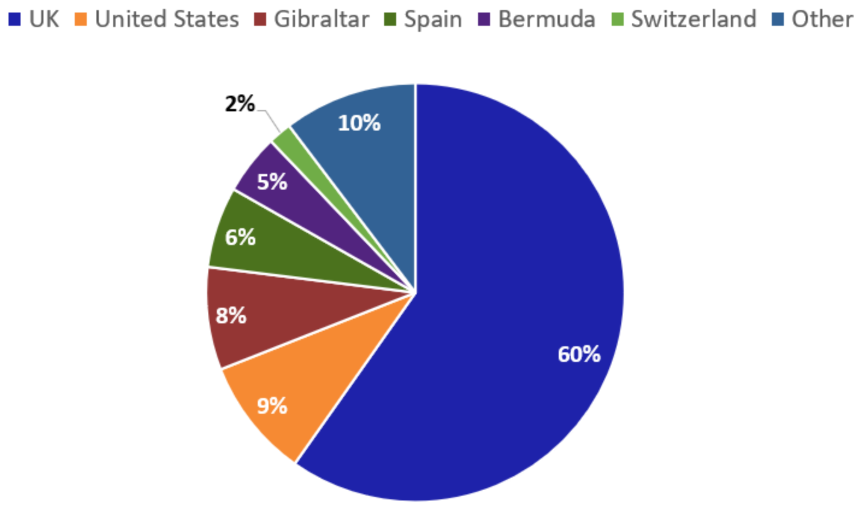
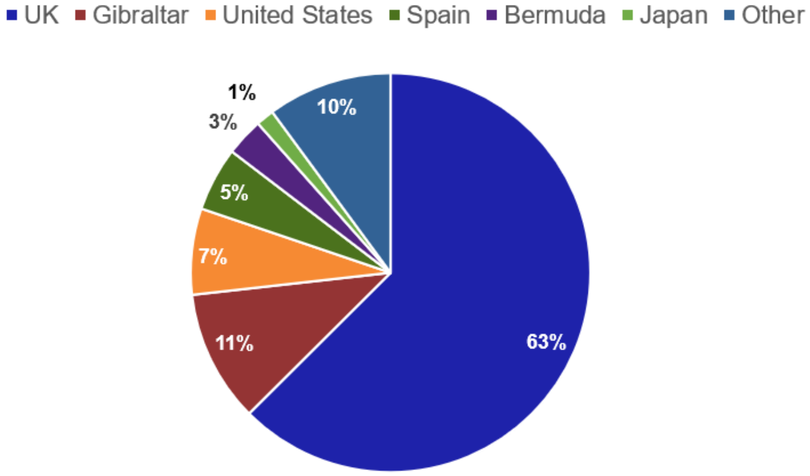


Figure 5b: Geographical domicile of cedants (gross earned premiums) as at 31 December 2022



A.2 Underwriting performance

TRL earned gross premium income of $699.8m in 2023 compared to $683.1m in 2022 and made an overall net underwriting profit of $37.3m (2022: net loss of $10.5m). TRL's net claims ratio improved from 71.7% in 2022 to 52.2% in 2023, based on net earned premiums of $218.4m (2022: $256.5m).

Whilst the reduction in claims ratio has been helped by benign large loss and natural perils catastrophe activity, it is predominately the result of improving original and reinsurance pricing, robust reserving for prior years' large loss activity (including losses emanating from the Russian invasion of Ukraine and Covid-19) and a continued shift to a more diversified portfolio by LOB with reduced catastrophe exposure.

TRL writes a diverse book of business with no single class dominating the overall portfolio. Marine, aviation and transport ("MAT") is the largest component, accounting for 25.2% (2022: 21.2%) of total gross earned premium, with fire and other damage to property accounting for 17.5% (2022: 14.3%) and general liability accounting for a further 13.3% (2022: 14.2%).

TRL is in its eleventh year of operation and, whilst some of the newer longer tail claims are still at a relatively early stage of development, their claims patterns are similar to those previously seen in LBO. As in previous years, all lines of business continue to show improvement in original pricing and terms, with reinsurance rates now hardening in a meaningful way across most lines of business. That said, not all lines, such as aviation, have reached a point we consider adequate, and we continue to monitor the negative impacts of inflation and claims trends to ensure rate improvements continue to the degree needed for us to achieve adequate margins.

In recent years, claims ratios have been adversely impacted by Covid-19 losses, the Russian invasion of Ukraine and the Boeing 737 Ethiopian crash. Despite these events – and as demonstrated by 2023's strong underwriting performance – TRL's underlying portfolio has remained strong and has become increasingly resilient and balanced over time. 2023's results also reflect both the improving underlying business environment and TRL's continued focus on portfolio management, involving de-risking, volatility reduction and improved margin adequacy. Our recent efforts have resulted in a much improved and better-balanced portfolio, with less reliance placed on a small number of lower margin deals and catastrophe exposures, and a clear focus on targeting growth in TRL's participation in those lines of business we deem to be favourable.

Following successive years impacted by large natural catastrophe losses, wholesale improvements in catastrophe pricing, attachment levels and coverage have taken a long time to materialise. Whilst improvements were seen across all the above metrics through 2023, they were not sufficient to materially change our view of catastrophe risk. As such, we held TRL's portfolio relatively static in terms of aggregate catastrophe deployment, whilst benefitting from an improving rating environment. We remain focused on the need for catastrophe rates and terms and conditions to be fully commensurate with the risk and capacity deployed.

Recent motor performance has been challenging as a result of myriad factors including supply chain disruptions linked to Covid-19 and the Russia-Ukraine war; increasing costs of second-hand vehicles; wage inflation; delays in primary insurers increasing their prices; and reversing the impact of premium refunds given during Covid-19. Delays to primary rate improvements have been compounded by a large number of players seeking to gain market share ahead of the FCA's pricing reforms which came into effect in January 2022. With motor claims frequency having returned to pre-Covid-19 levels and significant increases to average costs per claim, the profitability of the motor market has been severely impacted. These dynamics helped drive a more positive market outlook for 2023 and beyond, through significant, albeit delayed, original rate increases, which are now feeding through to improved primary insurance profitability. TRL's motor portfolio, however, is predominately non-standard and, as a result, will not automatically follow wider market trends. We are also cognisant that reinsurance structures and commission terms remain a challenge for proportional motor business, reducing our ability to benefit fully from the improved underlying market environment. Given these challenges, TRL has reduced its motor account significantly over recent years, particularly where we have felt acceptable levels of profitability could not be achieved.

Excluding business that is sourced via quota share arrangements with TransRe group companies, 89% (2022: 89%) of TRL's business is generated through brokers with the remaining 11% (2022: 11%) sourced directly with cedants. As well as writing business through these traditional sources, TransRe has additional distribution capabilities which are supported by TRL, including Calpe Insurance Company Limited ("Calpe"), a wholly owned subsidiary of TRC.

Top five underwriting performance by LOB

The tables below summarise the performance of TRL's top five Solvency II LOBs by premiums written. Figures are presented on both a gross assumed basis and on a net basis after all outwards reinsurance, including the TRC Quota Share. No new classes of business were introduced in the current or prior year.

Figure 6a: Underwriting performance by SII LOB (gross) 2023

Gross ($'000s)	**Proportional**				**Non-prop**		
	Marine, aviation and transport insurance	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Reinsurance property**	**Other LOB)**	**Total**
Premiums written	201,698	150,297	90,743	67,252	63,464	180,819	754,273
Premiums earned	176,059	122,798	93,382	64,163	62,342	181,098	699,841
Claims incurred	(120,214)	(56,528)	(51,218)	(17,169)	(18,867)	(116,485)	(380,481)
Expenses	(62,978)	(45,285)	(38,073)	(24,758)	(11,491)	(37,051)	(219,636)
Underwriting profit/(loss)	**(7,133)**	**20,985**	**4,091**	**22,236**	**31,984**	**27,561**	**99,724**

Figure 6b: Underwriting performance by SII LOB (gross) 2022

Gross ($'000s)	Proportional					Other LOB	Total
	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Motor vehicle liability insurance	Credit and suretyship insurance		
Premiums written	157,787	100,070	87,128	68,417	68,190	183,879	665,471
Premiums earned	144,906	97,941	97,158	89,771	61,641	191,689	683,106
Claims incurred	(91,623)	(67,785)	(55,175)	(78,824)	(22,782)	(175,056)	(491,245)
Expenses	(52,461)	(39,882)	(36,820)	(25,006)	(30,082)	(32,849)	(217,100)
Underwriting profit/(loss)	**821**	**(9,726)**	**5,162**	**(14,058)**	**8,777**	**(16,215)**	**(25,239)**

Figure 7a Underwriting performance by SII LOB (net) 2023

Net ($'000s)	Proportional					Other LOB	Total
	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Motor vehicle liability insurance		
Premiums written	58,235	40,471	26,655	19,072	15,364	39,496	199,293
Premiums earned	61,774	40,439	33,202	21,938	19,428	41,569	218,350
Claims incurred	(40,709)	(17,228)	(18,349)	(4,942)	(16,265)	(16,505)	(113,995)
Expenses	(18,273)	(14,179)	(11,249)	(6,820)	(2,584)	(13,915)	(67,020)
Underwriting profit	**2,792**	**9,032**	**3,604**	**10,176**	**579**	**11,149**	**37,332**

Figure 7b: Underwriting performance by SII LOB (net) 2022

Net ($'000s)	Proportional					Other LOB	Total
	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Motor vehicle liability insurance	Credit and suretyship insurance		
Premiums written	63,115	39,014	34,851	27,367	27,249	57,430	249,026
Premiums earned	57,962	38,543	38,863	35,909	24,605	60,618	256,500
Claims incurred	(36,649)	(26,794)	(22,070)	(31,677)	(9,163)	(57,449)	(183,802)
Expenses	(20,200)	(15,528)	(13,508)	(9,103)	(11,538)	(13,297)	(83,174)
Underwriting profit/(loss)	**1,113**	**(3,779)**	**3,285**	**(4,871)**	**3,904**	**(10,128)**	**(10,476)**

Marine, aviation and transport

Marine and transport rates continued to improve through 2023, with transport and cargo rates continuing to benefit from the impact of Lloyd's corrective measures and a renewed focus on natural perils loadings following previous market loss activity. Inflationary pressures and rising trade activity post Covid-19 have also helped push premium and rate increases through the market.

Marine rates continue to benefit from the impact of war loss activity and uncertainty around the overall quantum of Russia/Ukraine losses, combined with inflationary pressures and rising vessel values due to reduced build activity through the Covid-19 years.

Aviation rates continue to disappoint, however, both on major risk airlines and the wider aerospace manufacturing business, as a result of excess capacity and artificially low loss ratios during the Covid-19 years. Our view is that rate increases will be needed to cater for the impacts of a rising exposure base, normalised attrition rates and inflationary pressures, alongside general concerns over liability trends. Aviation results have also been impacted by a deterioration in historical aviation loss activity and the Russian invasion of Ukraine.

Fire and other damage to property

This category comprises property proportional treaty business including engineering as well as facultative reinsurance, terror and political violence. 2023 performance has been good following further original rate improvements and benign loss activity. U.S. direct & facultative ("D&F") business with exposure to natural perils has continued to see significant rate improvements due to capacity shortages and the continued corrective measures from prior years' catastrophe activity. Onshore energy rates have continued to improve, driven by large loss activity and a push for improved profitability following some challenging prior year performance issues.

Terror and political violence have also been impacted by the Russian invasion of Ukraine and, to a lesser extent, the war in Gaza, alongside other market loss activity. Original rates – driven by these losses and an increased awareness of a heightened global risk environment, along with associated reductions in market capacity – continue to show positive momentum.

General liability

This portfolio predominately consists of multi-national business covering a diverse range of underlying occupancies and classes with a weighting to energy liability. The portfolio experienced continued original rate increases during the year. Whilst the account has been impacted by some large loss activity on prior underwriting years, overall, its performance has been positive.

Credit and suretyship

This portfolio comprises credit, surety and political risk. The account has continued to perform well during the year, with generally favourable claims development and reserve releases on prior years. The Russia-Ukraine war will likely have further impact on the political risk book and, whilst this class is being robustly reserved, meaningful losses are yet to materialise. The war in Gaza will not materially impact the political risk book and other large loss activity is catered for, given TRL's robust reserving practices.

Reinsurance property (non-proportional)

Reinsurance property largely comprises XOL property catastrophe, facultative and treaty commercial property XOL, engineering XOL and war/terror XOL business. Performance has been driven by a largely positive rate environment combined with low natural perils catastrophe activity, aided by increasing programme attachments and benign large risk losses.

Motor vehicle liability

TRL had historically written a number of larger motor pro rata treaties but has reduced its motor business volumes significantly in recent years on the back of adverse claims development, large loss activity, inflationary pressures, reduced premium volumes through Covid-19 and a supressed rating environment. 2023 saw significant rate improvements though, with adverse claims development and continuing large loss activity, they have yet to manifest in improved performance.

Other lines of business

Other top 10 LOBs by gross written premium ("GWP") include: non-proportional marine, aviation and transport; non-proportional casualty; proportional other motor insurance; and non-proportional health.

Underwriting performance by cedant domicile

As well as writing a diverse range of classes, TRL also writes business from companies domiciled in a range of territories including the UK, the U.S., Spain, Bermuda and Japan. The breakdown of the largest geographical areas where TRL writes its business is set out in the tables below.

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

Net ($'000s)	UK	United States	Gibraltar	Spain	Berm-uda	Switz-erland	Other countries	Total
Premiums written	119,794	13,576	12,598	11,593	15,964	4,014	21,754	199,293
Premiums earned	134,385	13,540	17,713	13,841	12,292	3,522	23,058	218,350
Claims incurred	(67,846)	(11,849)	(11,506)	(2,716)	(6,547)	(3,354)	(10,180)	(113,998)
Expenses	(37,107)	(6,973)	(4,491)	(4,084)	(4,954)	(1,091)	(8,320)	(67,020)
Underwriting profit/(loss)	**29,432**	**(5,282)**	**1,716**	**7,041**	**791**	**(923)**	**4,557**	**37,332**

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

Net ($'000s)	UK	Gibraltar	United States	Spain	Bermuda	Japan	Other countries	Total
Premiums written	151,135	21,662	20,415	15,353	10,811	3,681	25,969	249,026
Premiums earned	155,379	29,234	18,555	14,176	8,350	3,999	26,807	256,500
Claims incurred	(115,899)	(23,387)	(10,505)	(5,018)	(5,934)	(3,848)	(19,211)	(183,802)
Expenses	(51,798)	(9,671)	(4,841)	(6,763)	(2,939)	(1,117)	(6,045)	(83,174)
Underwriting profit/(loss)	**(12,318)**	**(3,824)**	**3,209**	**2,395**	**(523)**	**(966)**	**1,551**	**(10,476)**

United Kingdom

Business from UK domiciled cedants made up 61.5% of TRL's net earned premium in 2023 (2022: 60.6%). The UK experienced relatively low natural catastrophe activity in 2023, although business emanating from Lloyd's speciality classes has been adversely impacted by Russia/Ukraine related losses, deterioration on the Boeing 737 Ethiopian crash and other large loss activity.

United States

U.S. business includes multinational ceding companies writing principally property, casualty and marine business. TRL writes a modest amount of U.S. property catastrophe business, mainly via global onshore energy and property quota shares. U.S. hurricane activity was low in 2023. Similar to the UK, performance has also been impacted by speciality classes affected by Russia/Ukraine related losses, deterioration on the Boeing 737 Ethiopian crash and other large loss activity.

Gibraltar

Gibraltar comprises primarily general liability business proportionally ceded from Calpe, a wholly owned subsidiary of TRC, whose motor book is currently in run-off. General liability rate increases were achieved again through 2023 and performance has been positive.

Spain

Spain comprises primarily international trade credit business which has performed well over a number of years.

Bermuda

Bermuda comprises multinational ceding companies writing principally property, casualty and credit business, with a small amount of speciality business, including aviation and marine. Performance has been generally positive but has been impacted by general liability large loss activity on prior underwriting years and Russia/Ukraine, Boeing/Ethiopian and other large loss activity on its speciality classes mentioned above.

Switzerland

Switzerland comprises primarily multinational ceding companies writing principally property, casualty and speciality business. Similar to Bermuda, performance has been impacted by prior year general liability losses and the impacts of Russia/Ukraine, Boeing/Ethiopian and other large loss activity on its speciality classes.

Other countries

TRL underwrites business on a global basis with a wide distribution of territories and classes of business.

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, TRL's investment portfolio has been substantially de-risked which involved the sale of its ETFs, corporate, agency and municipal bonds, securitised investments and the large majority of its longer dated government bonds. The proceeds of these sales have been reinvested exclusively in U.S., UK or European government bonds, the large majority of which are classified as short-term, with maturities of less than one year at the date of purchase.

The credit quality of the fixed income portfolio is high, with an average rating of AAA, based on short-term credit ratings, at 31 December 2023 (2022: AA+), with UK gilts being lowest rated holding, rated AA-. At the year end, the total portfolio including cash was invested 79% in USD, 13% in GBP and 8% in EUR denominated holdings (2022: 78%, 14% and 8% respectively).

Total investment return

TRL's 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), 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.

TRL's portfolio generated a net combined return of $45.8m in 2023 (2022: net loss $74.7m), comprising investment income of $41.0m (2022: $14.0m) and a net capital gain (both realised and unrealised) of $4.8m (2022: combined capital loss of $88.8m). The positive investment return contributed to an increase in the total value of the portfolio (including investment cash) from $843.6m at the start, to $1,014.9m at the end of the year, with the balance of the movement comprising net investment purchases arising from cash flows generated largely from underwriting activities.

As a consequence of elevated market interest rates, particularly at the short end of the yield curve, the portfolio's market yield had risen to 5.2% (2022: 4.2%) by the end of 2023. Following the portfolio de-risking, by year end, the portfolio's average duration and maturity had both fallen to 0.3 years (2022: 2.2 years and 6.0 years respectively).

Figure 9a: Investment portfolio performance for 2023

Asset Category ($'000s)	Income	Gains / (losses)	Total investment return	Total SII Value (as at 31 December 2023)
Cash[2]	638	0	638	29,452
Collateralised securities	197	2,563	2,760	0
Corporate bonds	162	774	936	0
Government bonds[3]	40,054	1,425	41,479	985,406
ETFs	0	(6)	(6)	0
Total	**41,051**	**4,756**	**45,807**	**1,014,858**

Figure 9b: Investment portfolio performance for 2022

Asset Category ($'000s)	Income	Gains / (losses	Total investment return	Total SII Value (as at 31 December 2022)
Cash[2]	329	0	329	9,154
Collateralised securities	4,802	(28,598)	(23,796)	173,176
Corporate bonds	5,254	(30,157)	(24,903)	93,849
Government bonds[3]	3,663	(20,650)	(16,987)	563,623
ETFs	0	(9,367)	(9,367)	3,847
Total	**14,048**	**(88,772)**	**(74,724)**	**843,649**

Income in the above tables is shown gross of investment management related expenses of $0.3m (2022: $0.5m). Whilst income was earned from corporate bonds and collateralised securities during 2023, all had been sold by the year end.

In addition to returns generated from its investment portfolio shown in the tables above, TRL also made an investment gain of $1.4m (2022: loss of $1.8m) arising from TRL's inwards whole account quota share arrangement with TReIMCo Limited, a Lloyd's corporate member and fellow group company. The gain represents TRL's share of TReIMCo's investment return, which is generated through TReIMCo's underwriting participations on several Lloyd's syndicates.

With the investment portfolio de-risking now substantially complete, TRL anticipates continued steady investment returns in line with prevailing short-term market interest rates.

Securitisations

TRL no longer invests in securitised investment vehicles, having sold all its remaining securitised holdings during the year. The collateralised securities held at the end of 2022 represented U.S. Government backed Federal Agency mortgage-backed securities, all payments from which are guaranteed by U.S. Federal Agencies.

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[2] Cash balances shown in Figures 9a and 9b represent cash held by the investment manager. For TRL's total cash balances, please refer to Figure 21 in section D1. Interest earned on TRL's non-investment cash and funds held with cedants, not shown in the tables above, was $0.9m (2022: $0.3m).

[3] Included within government bonds at 31 December 2023 are $964.4m (2022: $413.7m) of short-term investments, with maturity dates of less than one year at the date of acquisition.

A.4 Performance of other activities

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

TRL's reporting and presentational currency is USD. The operating results and financial position of each non-USD ledger are translated into USD.

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 (re)insurers, these risks 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.

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

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

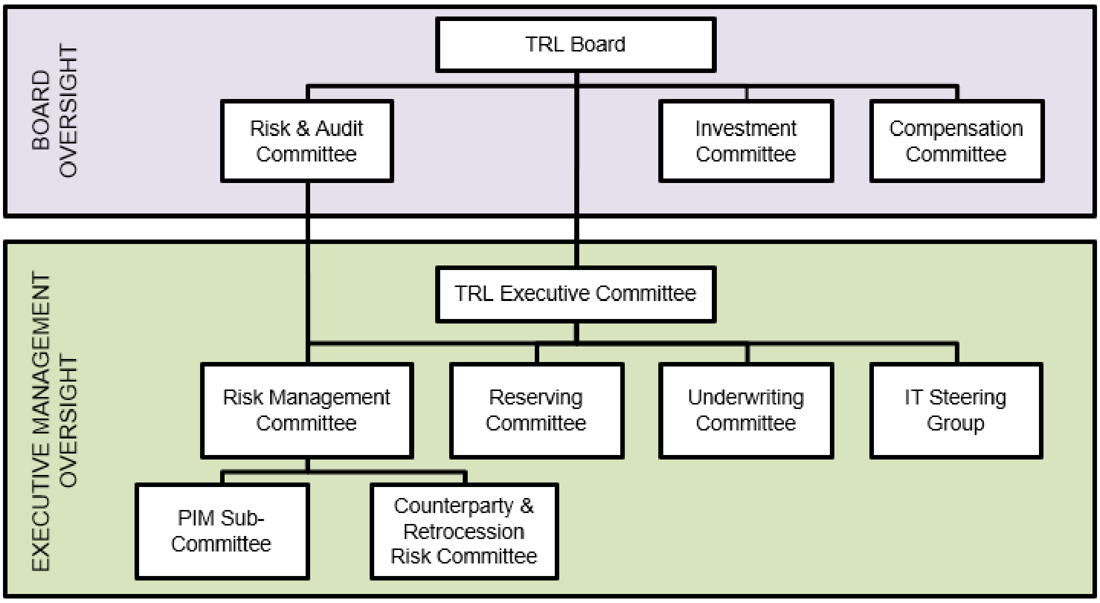
B. System of Governance

B.1 General information on the system of governance

TRL's governance structure reflects its membership of a large international group of companies, whilst ensuring that it maintains robust local governance arrangements. TRL has assessed the nature and scale of complexity of its business against its governance structure and considers its system of governance to be effective.

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

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



TRL's Board maintains ultimate responsibility for overseeing the running of TRL. Its responsibilities include:

- setting, promoting and demonstrating TRL's culture, vision and values;
- approving TRL's business strategy and monitoring performance against its business plan;
- approving TRL's risk appetite and tolerances ensuring they are in line with TransRe global appetites;
- reviewing the adequacy and appropriateness of TRL's reserves, as established by the Reserving Committee;
- overseeing the design, implementation and effectiveness of TRL's ESG programme;
- maintaining oversight of TRL's compliance with relevant laws and regulations; and
- maintaining oversight over the effectiveness of TRL's corporate governance framework and internal control framework.

The members of TRL's Board at 31 December 2023 are identified in Figure 11.

Figure 11: Board members and committee memberships

Board Member	Role	Committees
Mark Stephen	Independent Chair of the Board	Risk & Audit, Investment*, Compensation
Louise Rose	Executive director, Chief Executive Officer ("CEO")	
Ed Sheehan	Executive director, Chief Financial Officer ("CFO")	Investment
Richard Chattock	Independent non-executive director	Risk & Audit, Investment, Compensation
Mary Gavigan	Independent non-executive director	Risk & Audit*, Investment, Compensation
Donna Byron	Non-executive director	Compensation*
Paul McKeon	Non-executive director	

(* denotes chair of the respective committee)

Paul Bonny resigned from the Board on 4 July 2023 and Paul McKeon was appointed on 19 July 2023.

The members of the Risk & Audit Committee and the Compensation Committee are all non-executive Directors. The members of the Investment Committee are all non-executive Directors other than the CFO.

Risk & Audit Committee

The Risk & Audit Committee's responsibilities include:

Risk

- providing oversight and challenge to the effectiveness of TRL's Risk Management function, Enterprise Risk Management ("ERM") framework and risk management culture, including adherence to the Board agreed appetites and tolerances, engagement with TRL's key business functions and embedding the ERM framework across TRL in alignment with TransRe's overall ERM and risk governance framework;
- monitoring the identification, evaluation, quantification, mitigation and control of both emerged and emerging risks;
- ensuring that S&R risks (including risks associated with climate change) are identified and captured within TRL's ERM framework;
- monitoring the effectiveness of TRL's risk management and internal control systems, including financial, operational (including operational resilience) and compliance controls and the ORSA and reporting any recommendations to the Board; and
- providing oversight and challenge to the effectiveness of TRL's Compliance function and approving the Compliance Monitoring and Training Plan and overseeing progress against it.

Audit

- monitoring and reviewing the effectiveness of TRL'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 TRL and any formal announcements relating to TRL's financial performance;
- ensuring the appropriateness of the disclosures in TRL's financial statements, including disclosures relating to stakeholder engagement and ESG matters;
- reviewing TRL's internal financial controls;
- making recommendations to the TRL 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 Risk & Audit Committee meets at least three times per year.

Investment Committee

The Investment Committee's responsibilities include:

- reviewing and making recommendations to the Board in respect of TRL's investment strategy and policy in a manner consistent with the prudent person principle;
- reviewing summary reports on TRL's investment portfolio, investment activity and investment practices;
- considering investment performance and providing appropriate challenge and comment;
- monitoring the impact of ESG matters on investments and, in particular, investment risks associated with climate change;
- maintaining oversight of compliance by management with applicable legal and regulatory requirements with respect to investments and the investment policies and decisions of management; and
- considering reports in respect of investment risk management, liquidity management and credit management.

Following the changes in TRL's investment portfolio described in section A3, the Board decided in February 2024 to reduce the number of routine Investment Committee meetings to one per year, subject to there being no material change in the investment strategy.

Compensation Committee

The Compensation Committee's responsibilities include:

- ensuring that executive director remuneration policy and practices are consistent with expectations for clarity, simplicity, risk predictability, proportionality and alignment to culture;
- oversight and challenge of the design and operation of employee remuneration; and
- oversight of remuneration and staff benefits.

The Compensation Committee meets at least three times per year.

Each of the committees reports to the Board through their respective Chairs as a standing item on the Board's agenda. The Board and its committees maintain terms of reference that are reviewed at least annually.

The Board carries out regular reviews of its own effectiveness. Consistent with the UK Corporate Governance Code, these reviews consider the balance of skills, experience, independence and knowledge of TRL's Board. The reviews also consider Board diversity, how the Board works together and other factors relevant to its effectiveness. An external review is carried out every three years, most recently in 2023, having been postponed from 2022 following changes to Board composition in 2021 and 2022.

Executive Committee

TRL'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 TRL'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, TRL's internal control framework.

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

At 31 December 2023, the Executive Committee maintained three senior sub-committees that report into it and also sponsored the Information Technology ("IT") Steering Group, as shown in Figure 10. The Executive Committee and its sub-committees maintain terms of reference that are reviewed at least annually.

Key functions

Each of the key functions within TRL is operationally independent of each other, although some individuals are key function holders for more than one function:

- the Head of Risk is also holder of the Catastrophe Modelling function;
- the Head of Claims is also holder of the Business Management Department function;
- the CFO is also holder of the Operations (other than IT/Systems) function; and
- the Head of Legal and Compliance is holder of both Legal and Compliance functions.

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 and/or the Executive Committee. 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 as at 31 December 2023

Key Function	**Holder**	**Senior Management Function ("SMF")**
Risk Management System	Head of Risk	SMF4
Compliance	Head of Legal and Compliance	SMF16
Internal Audit	Director of Internal Audit	SMF5
Actuarial	Chief Actuary – International	SMF20
The function of effectively running the firm:		
Executive Management	CEO	SMF1
Underwriting	CUO	SMF23
Finance	CFO	SMF2, SMF24
Claims	Head of Claims	SMF18
Operations (other than IT/Systems)	CFO	SMF2, SMF24
Members of TRL's Board (not otherwise listed)	Directors	Various
SMF7 holders on the governing body of a parent or other group company	Various	Various
Any other function which is of specific importance to the sound and prudent management of the firm:		
Business Management Department	Head of Claims	SMF18
Catastrophe Modelling	Head of Risk	SMF4
HR	Head of HR	SMF18
Legal	Head of Legal and Compliance	N/A[4]
IT/Systems	Head of IT	SMF24
SMFs not otherwise identified above		
SMF7 holders not on the governing body of a parent or other group company	TransRe President, International	SMF7

Except as described above, there were no material changes in TRL's governance structure in the year ended 31 December 2023.

[4] The Head of Legal is not required to be a SMF. However, the Head of Legal and Compliance is responsible for the Legal function and is registered as SMF16 for the Compliance Function.

Remuneration policies and practices

All TRL staff are employed by either TransRe London Services Limited ("TRLS"), a fellow subsidiary of TRC, or by TRC itself.

Approach to remuneration

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

Assessment of performance

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

Financial and non-financial criteria are taken into account when assessing an individual's performance. A key element of an individual's performance assessment is 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 in line with the performance review process.

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

There are no entitlements to share options or shares.

Benefits

There is a Benefits Committee that meets at least annually to consider all elements of the benefits package. Benefits include pension, private medical, health, income protection and life insurance. The benefits provided are designed to be competitive and to target insurance protection for health and loss of income.

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

Material transactions with shareholders

TRL has a whole account quota share reinsurance agreement with TRC as reinsurer under which it cedes 80% of all business incepting on or after 1 January 2023, and 60% of all business incepting before that date. To secure its liabilities under the TRC Quota Share, TRC established a trust account under a trust agreement (the "TRC Trust Agreement").

In addition to the above, TRC entered into a capital support guarantee agreement (the "TRC Capital Support Agreement") in favour of TRL. Under the agreement, TRC agrees to maintain TRL's regulatory capital in an amount greater than or equal to 120% of TRL's SCR.

Other than the TRC Quota Share, TRC Trust Agreement, TRC Capital Support Agreement and the outsourcing arrangements described in section B7, TRL does not have any material transactions with its shareholder, members of its management body or those who can exert significant influence over the business.

B.2 Fit and proper requirements

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

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis; and

- regulatory framework and requirements.

Persons subject to assessment

TRL ensures that all PRA and FCA Senior Manager Function holders, key function holders, notified Non-executive Directors ("NEDs") and Certification Function holders are at all times fit and proper persons. TRL does not draw a distinction between these categories when carrying out its own assessment of a person's fitness and propriety.

Timing of assessment

TRL assesses the fitness and propriety of a person when that person is being considered for any such role and on an ongoing basis thereafter. The ongoing evaluation is performed at least annually and consists of, as a minimum, a performance assessment and a self-certification.

Nature of assessment

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

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

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

Any breaches of the fit and proper requirements are internally reported to the Heads of Risk and HR. TRL's Head of Risk is responsible for notifying the relevant regulator(s) of the change in circumstances and any remedial action that is being undertaken by TRL.

Training and competency

TRL's training and competency ethos is designed to promote learning and development to ensure that TRL's personnel have the skills, knowledge and expertise necessary for the discharge of their responsibilities.

TRL actively encourages staff to further develop and pursue professional qualifications. Professional 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 ("CPD") points in line with their relevant professional body requirements.

B.3 Risk management system including the ORSA

TRL's ERM framework has been developed to enable the Board and senior management to understand and appropriately manage and mitigate the risks associated with TRL's objectives over the short, medium and longer term in a manner that is commensurate with TRL'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 TRL, improve decision-making and support the achievement of TRL's business objectives. In summary, the purpose of TRL's ERM framework is to:

- actively sponsor and foster a risk awareness culture across TRL, supporting staff in making risk management based judgements and encouraging effective management of exposures within TRL's stated risk appetite;
- ensure a clear, coherent risk strategy that includes policies, standards, risk appetites and clarity of ownership for risks;
- ensure risk considerations are factored into 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 TRL'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 to enhance resilience; and
- sustain a robust Own Risk and Solvency Assessment ("ORSA") process that informs management's view of risk and capital.

TRL's ERM framework is supported by a comprehensive suite of management information ("MI"), risk policies and guidelines to help ensure adequate processes and procedures are in place to manage all types of risk. The framework is aligned with PRA and FCA regulatory requirements as well as market best practice.

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

TRL 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 on a quarterly basis (and ultimately TRL's Risk & Audit Committee, which meets at least three times a year) for review and discussion.

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

TRL's Risk Management function is integrated into TRL, TransRe and Alleghany through the governance reporting lines to TRL's CEO, TransRe's Chief Risk Officer ("CRO") and TRL's Risk & Audit Committee and involvement in other key decision making forums. The Risk Management function's roles and responsibilities include:

- developing, communicating and implementing systems, processes and procedures for the management and evaluation of risk accumulations and providing key risk indicator reports;
- working alongside other key control functions and ensuring existing control activities and reports are incorporated 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;
- monitoring and reporting emerging risks including risks associated with climate change; and
- providing input and challenge into the development of realistic stress and reverse stress tests for TRL.

By adopting such an approach, TRL ensures that ERM is a key consideration in the decision making process and a group-wide consistent approach is adopted.

Own Risk and Solvency Assessment

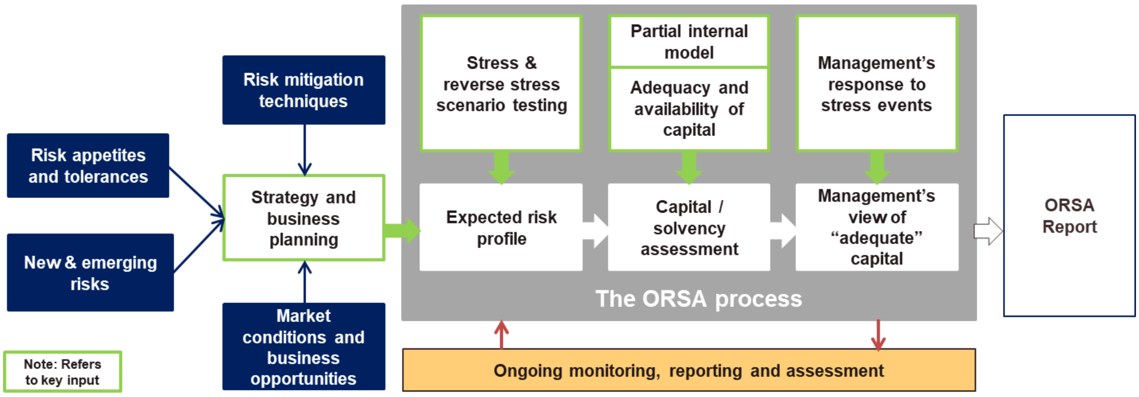
The ORSA process considers TRL's solvency against its risk profile, business objectives and capital management strategy in comparison to its regulatory solvency requirement in order to determine whether additional capital is required. The ORSA also considers the impact on TRL should it be subject to significant losses arising from both insurance and non-insurance events. The ORSA considers what actions TRL management would undertake to mitigate the impact of these extreme events. Furthermore, as part of the ORSA process, TRL considers the amount of capital it should maintain to meet its ultimate contractual liabilities.

TRL produces an ORSA report on at least an annual basis. The ORSA is considered a key management tool and is linked to TRL's business planning and strategy, risks TRL is exposed to and the associated capital required to meet its solvency requirements and business objectives.

TRL senior management has identified a number of qualitative and quantitative 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 reported to the Risk & Audit Committee.

The ORSA process is represented diagrammatically as follows:

Figure 13: TRL's ORSA process



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

TRL's Board and Senior Management provide input into and review the scenarios considered within the ORSA stress tests. In addition, TRL's 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 reported to the Risk Management Committee and the Risk & Audit Committee. In addition to the tracking of the ORSA triggers, a comparison of TRL's EOF against its ORSA capital target is presented to the Risk & Audit Committee at each meeting.

TRL's Risk Management function coordinates the relevant processes with subject matter experts across the business and prepares the ORSA report for review and discussion by the Risk Management Committee, the Executive Committee, the Risk & Audit Committee and ultimately TRL's Board. Once the report is reviewed, the ORSA and the amount of capital TRL intends to maintain is approved by the Board and the ORSA report is shared with the PRA.

B.4 Internal control system

Within TRL, 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 Actuarial, Compliance and Risk Management functions; and
- independent assurance provided by the Internal Audit function.

The financial control framework is designed to ensure that:

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

TRL's financial statements as well as this SFCR and the QRTs are subject to rigorous controls in their production and review leading up to their publication. The actuarial liabilities are produced using best practice actuarial practices that are subject to independent review and the financial statements are subject to internal review and external audit. The financial statements are presented to the Risk & Audit Committee and Board for review and sign-off prior to publishing.

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

Compliance function

TRL'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 TRL 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 TRL's Head of Legal and Compliance who has a direct reporting line to the CEO of TRL and TRC's Chief Compliance Officer ("CCO"). TRL's Head of Legal and Compliance also holds the role of Regional Compliance Officer ("RCO") for London. The London RCO is responsible for ensuring that TransRe's compliance mission is implemented, coordinated and enforced within TRL and reports any compliance violations or issues to the CCO.

TRL's Compliance function reports to the Risk Management Committee and the Risk & Audit 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.

The Compliance function's responsibilities include:

- advising the Board on compliance with PRA and FCA Rules and related laws and regulations;
- providing training and guidance regarding applicable laws and regulations and TransRe's and TRL's policies and clearly communicating ethical guidance;
- assessing the possible impact of any changes in the legal and regulatory environment on the operations of TRL;
- identifying and assessing compliance risks relevant to TRL and managing the control environment that mitigates those risks;
- undertaking compliance monitoring and making recommendations to improve the effectiveness of compliance practices; and
- identifying TRL compliance training needs and working with TransRe's Corporate Compliance Department and HR to implement effective compliance training programmes.

B.5 Internal Audit function

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

In addition to reporting into the TRL Risk & Audit Committee, the Internal Audit function holds regular meetings with TRL's Head of Risk and Head of Legal and Compliance to evaluate the effectiveness and adequacy of the internal control system and other areas of governance, as well as to discuss progress against the annual internal audit plan.

TRL's internal audit coverage can be broken down into two streams. The first stream is handled by TransRe Internal Audit who cover audits of a global nature that may have a direct impact on TRL business processes, such as information technology and group policies. For the second stream, TRL utilises Mazars LLP in the UK to perform the majority of TRL specific audits. Mazars provides local resources who report to TRL's Risk

& Audit Committee and TransRe's Director of Internal Audit. Utilising a third party enables TRL to benefit from subject matter experts aligned with processes reviewed in the different business units. Mazars also benchmarks processes and controls against other London insurance market participants, as appropriate.

B.6 Actuarial function

The TRL Head of Actuarial is responsible for the overall management and day-to-day leadership of the TRL Actuarial function and has a direct reporting line to the CEO of TRL 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 to the Reserving Committee, which is a sub-committee of the Executive Committee, and to the Board as a standing agenda item. In addition, an annual internal Actuarial Function Report is provided to the Board.

B.7 Outsourcing

Outsourcing management

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

For each outsourcing arrangement, a TRL manager (the "Outsourcing Owner") is identified in TRL'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.

TRL's Compliance Key Function holder maintains the outsourcing register.

Outsourcing of critical or important operational functions

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

Figure 14: Outsourcing of critical or important operational functions

Outsourcing	Jurisdiction
The large majority of TRL staff are employed by another company in the TransRe group, TRLS, and are provided to TRL on a secondment basis.	UK
Certain intra-group services and support services are provided by TRC.	New York, USA
TRL outsources certain activities of its Internal Audit function to Mazars, as described in section B5.	UK
TRL'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 TRL's CFO in London.	Ireland
TRL participates in the central processing and settlement services provided by Velonetic (formerly DXC Technology / Xchanging) to the London insurance market.	UK

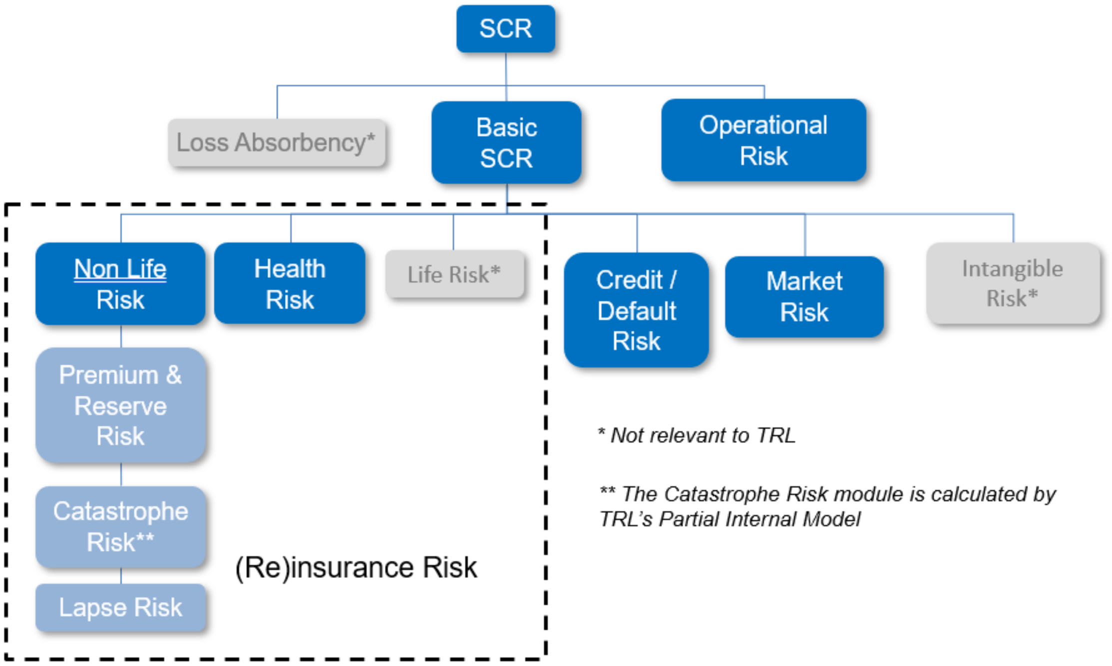
B.8 Any other information

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

C. Risk profile

Under PRA Rules, TRL's SCR is calculated using the Standard Formula for all components, with the exception of the Catastrophe risk module, where TRL uses its PIM to calculate the capital requirements (see section E2 for further information). 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 TRL's risk modules to TRL's SCR including diversification benefits is set out in Section E2.

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

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

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

Market Risk

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

TRL's investment strategy is ultimately approved by the Board and is reviewed by the Investment Committee and TRL's CFO. Assets covering the technical provisions must be invested in a manner appropriate to TRL's reinsurance liabilities. TRL does not permit investment in any asset category that is not included in its investment mandate. TRL 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 TRL ensures only counterparties with sufficiently high credit ratings are used. TRL does not rely on a single rating agency; instead, it uses a number of agencies combined with its own analysis.

Liquidity Risk

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

C.1 Reinsurance / underwriting risk

TRL continues to underwrite a diversified portfolio of property and casualty reinsurance across multiple regions and classes.

Key underwriting risks to which TRL is exposed include:

- Premium / underwriting risk
  - underwriting outside of appetite;
  - excess exposures in certain classes and/or territories; and
  - underwriting below the technical price or without adequate risk transfer;
- Retrocession risk
  - failure to follow retrocession procedures and guidelines, or poor 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, resulting in inadequate incurred but not reported ("IBNR") and/or inadequate incurred but not enough reported ("IBNER") claims;
- Catastrophe Risk
  - excessive aggregation/catastrophe risks in a single region/location;
- Lapse risk
  - the risk of loss or adverse change in the value of insurance liabilities as a result of the discontinuance of reinsurance policies.

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

Premium / underwriting risk management and mitigation techniques

TRL maintains a clear underwriting philosophy that is supported by risk appetites and tolerances set at the aggregate level as well as at the class and individual risk level. These in turn are 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.

TRL 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;
- exposure monitoring and tracking against risk tolerances; and
- ongoing stress tests and simulations of a range of extreme events.

TRL utilises a third party natural 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.

TRL's main risk concentration continues to relate to natural catastrophe exposure in Northern Europe (including the UK).

Retrocession risk management

TRL benefits from a comprehensive retrocession programme that provides protection for TransRe globally as well as TRL specifically, including the TRC Quota Share, which increased from 60% to 80%, effective 1

January 2023. Risks associated with retrocession are managed and mitigated by ensuring that all retrocession placements are subject to approval and comply with TransRe's group-wide retrocession procedures which include minimum credit quality and counterparty limits and delegated retrocession purchasing authorities.

TRL 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 TRL; and
- a collateralised catastrophe bond, referred to as Bowline Re 2022-1 ($165m). This bond provides the TransRe group with protection for predominantly U.S. and Canadian natural catastrophe risks.

These arrangements are overseen by the TransRe ceded retrocession department and are designed to protect TransRe and TRL from excessive natural catastrophe losses. Liabilities relating to the Bowline Re catastrophe bond are fully collateralised whilst those relating to Pangaea are required to be collateralised, to certain aggregate limits beyond which losses fall back to TransRe.

Key controls that aid in mitigating retrocession risk include:

- documented retrocession procedures;
- Alleghany oversight and approval;
- TRC's Counterparty Risk Committee; and
- TRL's Counterparty and Retrocession Risk Committee.

Reserve risk management

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

- a comprehensive annual reserve study;
- quarterly reserve reviews;
- reserving risk MI 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

TRL undertakes detailed stress and scenario testing on an annual basis with the results presented at the Risk & Audit Committee and as part of its ORSA process.

As part of the ORSA process, the current and projected solvency positions 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 TRL's reserves, including adverse development in both claims ratios and IBNR. The results of the analysis showed that the most material impact on the SCR remains an extreme reserve deterioration across all lines of business, including adverse development in both claims ratios and reserves for IBNR claims. The analysis undertaken indicates TRL remains well capitalised and it would take an extreme event (return periods in excess of 1-in-200 years) to breach the SCR. TRL'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 global reinsurance company, TRL benefits from a robust risk management framework enabling effective oversight of TRL's risk profile via various governance committees (within TRL, TransRe and Alleghany), the ORSA process, TRL's risk register and the stress and scenario testing TRL performs.

In relation to reserve risk, TRL's actuarial function conducts quarterly reserve reviews of TRL's portfolio to determine appropriate reserve levels and expected IBNR adequacy. TRL's reserves are also subject to review by TransRe's group actuarial function, based in New York, USA. Finally, as part of the annual statutory audit, TRL's reserves are subject to independent review.

C.2 Market risk

Market risk is the risk of loss or adverse change in TRL'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.

For TRL, market risk comprises the following key components:

Figure 16: Standard Formula market risk sub-modules

For reasons explained below, TRL currently has no exposure to spread risk.

At least annually, the Investment Committee reviews TRL's investment strategy which is designed to preserve capital, increase surplus and maintain liquidity.

TRL's investment strategy forms the basis of the investment mandate given to TRL's investment manager, NEAM. The mandate includes limits on certain classes and types of investments, restriction on investments in certain industries, sector and geographical limits. The execution of TRL's investment strategy is subject to monitoring and oversight by the Investment Committee.

As mentioned in section A3, TRL's investment portfolio has been de-risked, through the sale of existing holdings and re-investing the proceeds predominantly in short-dated government bonds. The portfolio de-risking has substantially reduced TRL's market risk, as short-term investments have significantly lower sensitivity to market interest rate movements. Accordingly, TRL's investment returns are now more stable and are aligned to the yield on short-dated U.S., UK and European government bonds.

TRL has a material risk concentration to the U.S. Government, through its $779.6m (2022: $418.2m) holding of U.S. Treasury notes. This risk is managed through quarterly reporting by TRL's investment manager to the CFO.

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

Interest rate risk

Movements in market interest rates can arise from a number of sources, including inflationary pressures. Changes in market interest rates impact the fair value of fixed income securities and technical provisions under PRA Rules. As interest rates rise, the fair value of fixed income portfolios declines and conversely, as interest rates decline, their fair value rises. To minimise the risk of falls in investment value, TRL's investment manager adheres to the investment guidelines established by TRL's Investment Committee. As mentioned, interest rate risk has substantially reduced as a result of the investment portfolio de-risking process.

Spread risk

This risk relates to the potential financial loss TRL may suffer due to an increase 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 AAA (2022: AA+), TRL currently has no 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 reductions in prices of equities, mutual funds and equity-linked capital market instruments. Having sold its equity-based ETF in 2022, TRL had no exposure to equity risk during 2023.

Foreign currency risk

Assets backing the equity and liabilities of TRL are typically maintained in currencies matching the currencies of its technical provisions, other liabilities and share capital, thereby mitigating the potential impact of foreign exchange risk on TRL's solvency position.

Market risk management and mitigation techniques

TRL maintains a number of risk mitigation techniques and approaches to manage market risk including:

- mandates and guidelines provided to external investment managers, which include:
    - regulatory compliance;
    - duration;
    - benchmark portfolios;
    - credit quality;
    - sector limitations;
    - issuer limitations; and
    - currency;
- Board approved investment strategy and Investment Committee oversight;
- stress testing; and
- market risk analyses, including extreme market and currency stress tests

TRL's investment portfolio was split across the asset classes shown below.

Figure 17a: Investment breakdown - as at 31 December 2023

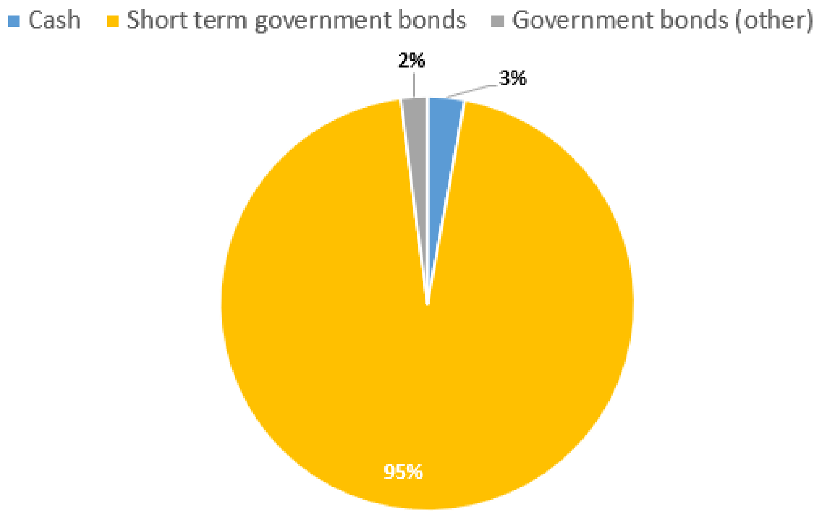
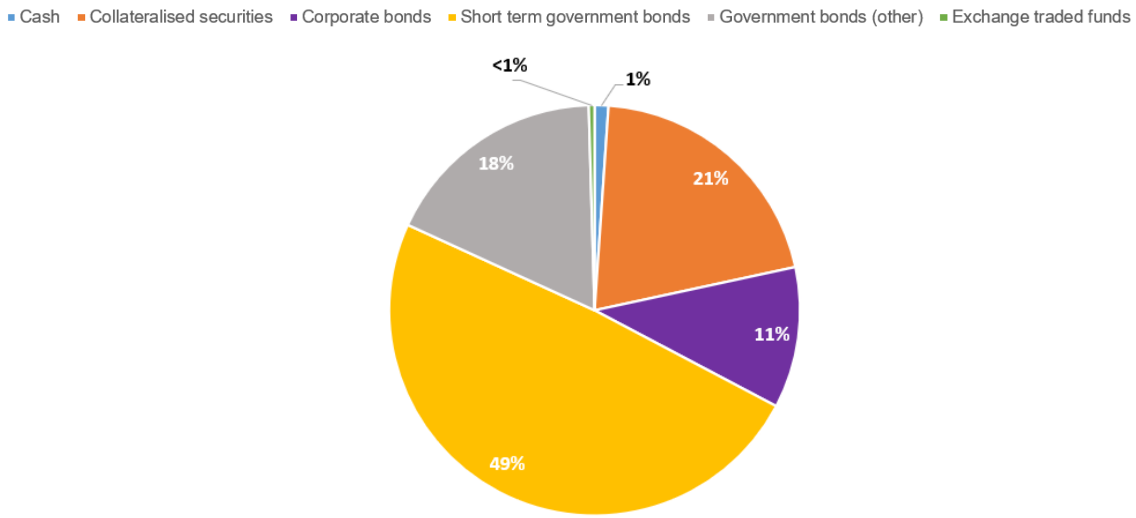


Figure 17b: Investment breakdown - as at 31 December 2022



The credit quality of TRL's investment portfolio was split as follows:

Figure 18a: Credit quality of investment portfolio - as at 31 December 2023

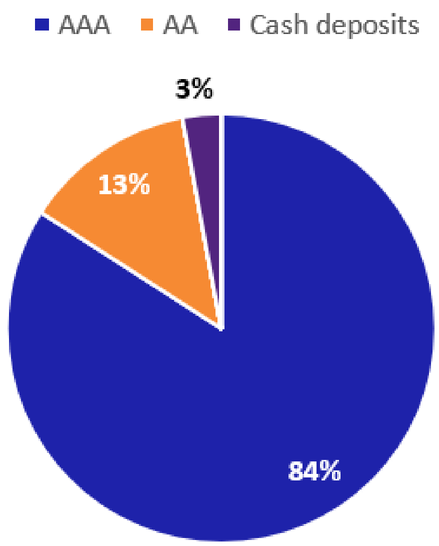
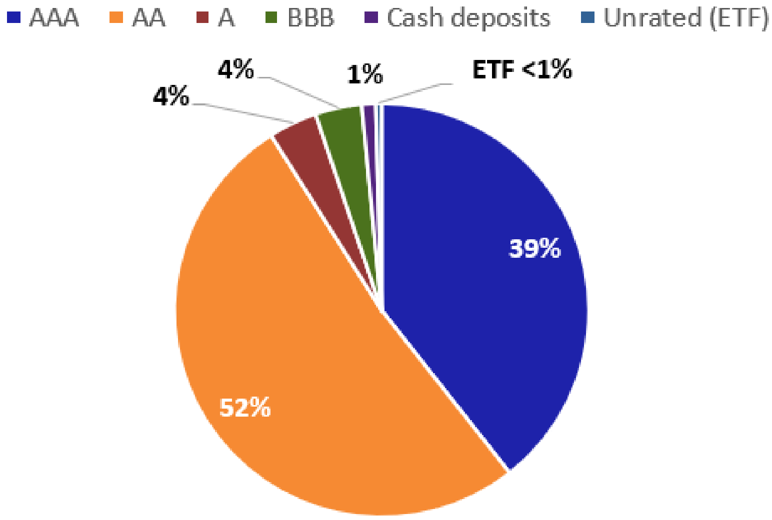


Figure 18b: Credit quality of investment portfolio - as at 31 December 2022



Stress and sensitivity tests for market risks

TRL performs stress and scenario testing as part of its approach to managing market risk. Results are presented at the TRL Investment Committee and considered during the ORSA process.

For the 2023 ORSA, the solvency position and the projected solvency position over the business planning period were re-calculated following adverse stresses, including a shock to interest rates in both directions and a prolonged economic downturn.

Under these scenarios, the analysis indicated that TRL was well 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

TRL benefits from ongoing oversight of its investment portfolio by the TRL Investment Committee and by TransRe's Treasury function and oversight provided by TRL's CFO. These controls are supplemented by the extreme stress tests incorporated into the ORSA process, TRL's risk register and TRL's stress and scenario testing.

TRL's investment manager is provided with an investment mandate which is 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 TRL is exposed to a potential loss if another party fails to fulfil its financial obligations to TRL, 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 TRC Quota Share described in section B1.

Notwithstanding the completion of the investment portfolio de-risking process, there has been no change in TRL's credit risk appetite or approach during the year.

Brokers, intermediaries and retrocessionaires

Similar to other insurance and reinsurance companies, TRL has a concentration risk with brokers and intermediaries, as they represent a major conduit of business to TRL. All brokers, intermediaries and retrocessionaires are subject to ongoing review by a range of forums, including the Counterparty & Retrocession Risk Committee and Risk Management Committee.

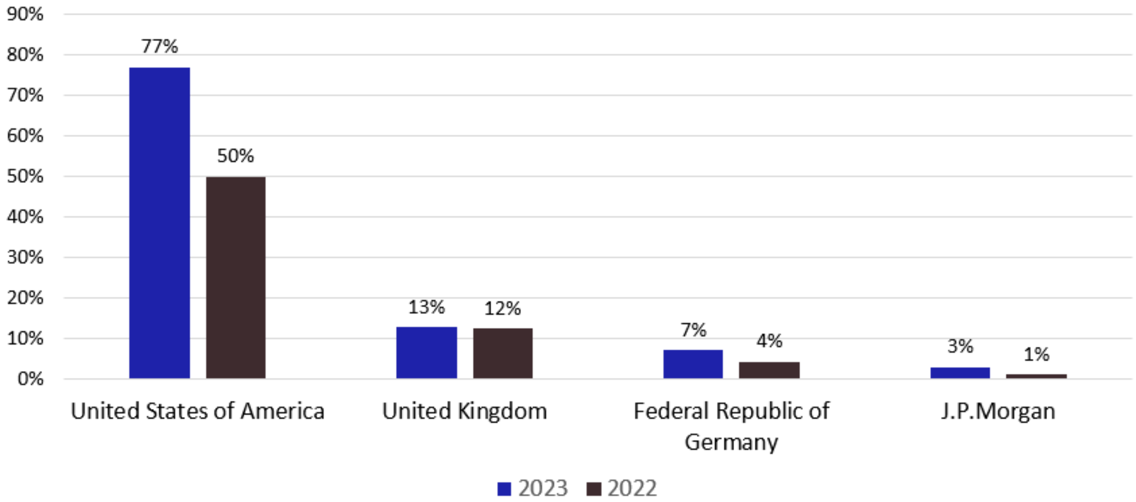
Prior to transacting with brokers, cedants or ceded reinsurers for the first time, a KYC check is carried out.

Retrocessionaires must go through a credit and security assessment which is overseen by TransRe and monitored by TRL's Counterparty & Retrocession Risk Committee. Retrocession credit risk is considered to be low.

Investment counterparties

TRL maintains a highly rated investment portfolio invested exclusively in U.S., UK and German government bonds, with cash balances held mainly with J.P.Morgan.

Figure 19: Top portfolio exposures as at 31 December



TRL'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 counterparty default risk to an acceptable level in line with TRL and TransRe approved risk appetites, tolerances and limits.

Use of external credit rating agencies

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

TRL uses external credit ratings primarily to assess the credit quality of assets in its investment portfolios and of its retrocessionaires.

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

The TRC Quota Share

The TRC Quota Share is TRL's largest credit risk. To mitigate the risk, TRC's obligations are fully collateralised under the TRC Trust Agreement with assets maintained in TRL's three major currencies as outlined above. All assets must meet certain criteria which include credit quality, type, issuer and concentration limits.

Cash at bank

As part of TRL's commitment to paying claims in a timely manner, TRL maintains cash deposits at J.P.Morgan Chase Bank. Bank balances vary throughout the year and projected balances are based on cash flow forecasts and expected claims payments.

Key controls

Key controls to mitigate credit risk include:

- Counterparty & Retrocession Risk Committee oversight;
- investment and underwriting risk accumulation reporting;
- ongoing monitoring and reporting of quota share collateral; 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 TRL's counterparties has been considered as part of the ORSA (which includes the credit risk associated with the TRC Quota Share). The analysis demonstrated that TRL is resilient to a range of events including severe counterparty rating downgrades or failure of TRC to meet its obligations under the collateralised quota share arrangement.

Processes for monitoring the effectiveness of risk mitigation techniques

TRL is able to leverage its membership of a global reinsurance group to continually monitor and assess the effectiveness of its controls. TRL's Counterparty & Retrocession Risk Committee and the Risk Management Committee review the risks and effectiveness of controls on a regular basis as well as TRL's overall risk profile. Information is provided to key forums to enable the monitoring of reinsurance recoverables and excessive counterparty exposures with action taken to enhance existing processes where appropriate.

Furthermore, TRL benefits from the additional oversight provided by the TransRe Counterparty & Credit Risk Committee which monitors the credit quality of retrocessionaires.

C.4 Liquidity risk

Liquidity risk is the risk of not having sufficient financial resources available to enable TRL to meet its obligations as they fall due, or to secure them only at excessive cost. There has been no change in TRL's liquidity risk appetite or approach during 2023. With its investment portfolio now exclusively invested in short-term government securities, TRL has limited liquidity risk.

TRL manages and incorporates key aspects of liquidity risk management, including a liquidity risk profile, appetite, tolerances and liquidity MI requirements, in its liquidity risk management framework.

As at 31 December 2023, TRL continued to maintain assets in high quality liquid investments held in its major currencies.

Key controls

Key controls to mitigate this risk include:

- quarterly asset/liability assessment;
- quarterly reserving exercise;
- Investment Committee and Board monitoring; and

quarterly balance sheet review.

Risk sensitivity for liquidity risk

TRL has carried out stress and scenario testing as part of its approach to managing liquidity risk. Results of TRL's ORSA stress testing have been reviewed by TRL's Risk & Audit Committee.

Process for monitoring the effectiveness of risk mitigation techniques

TRL has established a liquidity risk framework which includes the establishment of a liquidity risk appetite. Adherence to the appetite is monitored every quarter with TRL 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”)

EPIFP was $239.0m as at 31 December 2023, gross of reinsurance recoverables (2022: $215.8m).

C.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is diverse in nature and permeates all business activities but remains a distinct form of risk in its own right. Operational risk within TRL 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 TRL’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 TRL's procedures, practices and/or rules, thus deviating from expected behaviour in a way that could damage TRL;
- business continuity management – the risk associated with the failure to appropriately manage unforeseen events;
- operational resilience – the risk of customer harm arising from prolonged disruption to important business services provided by TRL;
- IT systems – the risks associated with IT systems including processing and system failures;
- model – the risk that the outputs from models used by TRL are incorrect or flawed due to errors in their design or operation or management’s failure to understand the models’ limitations;
- outsourcing – failures relating to the outsourcing of key activities; and
- external events and other changes – failure to react to changes in the external business environment.

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

Each quarter, TRL’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 TRL’s risk register and reviewed by the Risk Management Committee and Risk & Audit Committee.

TRL maintains an Operational Risk policy that sets out TRL’s approach to mitigating operational risks.

Key controls

Key mitigating controls include:

- Risk & Audit Committee and Risk Management Committee oversight of key operational risk metrics;
- policies and procedures;
- the TransRe’s code of conduct;
- penetration and attack testing;
- business continuity management plans;
- succession planning;
- service level agreements;
- an operational resilience framework and test plans;
- purchase of insurances; and
- underwriting audits performed by the Business Management Department.

Risk sensitivities for operational risk

On an ongoing basis, TRL carries out stress and scenario testing as part of its approach to managing operational risk. Results are presented to the Risk & Audit Committee and considered as part of the ORSA process.

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

Process for monitoring the effectiveness of risk mitigation techniques

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

- key risks facing TRL, including mitigating controls and their effectiveness;
- operational risk events and losses;
- the environment in which TRL 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 losses and to continually enhance its framework.

C.6 Other material risks

Franchise/reputation risk: TRL recognises that its long-term success depends on its relationship with clients, brokers, 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 TRL could be adversely affected by the actions of another company within the group. Should such an event arise, TRL is able to rely on its own unencumbered capital.

Emerging risks: On an ongoing basis, TransRe and TRL undertake horizon scanning with a view to identifying new and emerging risks. Where new and emerging risks are identified, they are tracked and reported to key forums. Climate change is also considered within the emerging risk process; please see section A5 and below for further details.

S&R (including financial risks associated with climate change): TransRe has an established governance framework and internal control system which considers S&R. 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 an S&R Committee which reports directly into the TransRe Corporate Risk Management Committee. The Committee includes representatives from all disciplines within TransRe.

The S&R function at TransRe is embedded within the GRM function 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 TRL recognise the risks associated with climate change (physical, transition, and liability) and these are considered as part of TRL's ORSA process.

Consistent with the expectations established by the PRA in its supervisory statement ("SS"), SS3/19, TRL has established a climate risk appetite. TransRe and TRL 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 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.

C.7 Any other information

Risk sensitivity

TRL's SCR coverage ratio as at 31 December 2023 was 184.4% (2022: 152.5%). 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.

The analysis shows that exchange rate fluctuations of 10% and interest rate adjustments of 1% would lead to minimal changes in the SCR coverage ratio; a large $100m catastrophe loss (net of retrocession reinsurance recoveries) would lead to an absolute reduction in the SCR coverage ratio of 51.7%. In none of these instances does the SCR coverage ratio fall below 100%.

Figure 20: SCR coverage ratio sensitivity analysis as at 31 December 2023

Sensitivity test	Absolute change to SCR coverage ratio
Exchange rates: +10%	-0.1%
Exchange rates: -10%	0.1%
Interest rates: +1%	2.6%
Interest rates: -1%	-2.7%
Catastrophe loss: $100m net of all reinsurance	-51.7%

TRL does not consider there to be any other material information to disclose on its risk profile. A sensitivity test for credit spreads is no longer performed as TRL had no exposure to spread risk at the year end following the de-risking of the investment portfolio.

D. Valuation for solvency purposes

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

TRL's assets and liabilities are presented on an economic basis consistent with the fair value accounting concept and valued in accordance with the requirements of PRA Rules. Valuations represent amounts for which assets and liabilities could be exchanged between knowledgeable and willing parties in an arm's length transaction.

TRL has elected to prepare its statutory financial statements in accordance with UK GAAP with effect from 1 January 2023. Previously the financial statements were prepared in accordance with IFRS. The change has had no impact on TRL's financial position reported under PRA Rules. The main impact of the change on the statutory financial statements has been to increase total equity at the time of the transition (1 January 2023) by $3.4m and to reduce the 2022 loss after tax by $0.6m, as a result of FRS 103's requirement under UK GAAP to treat all assets and liabilities arising from insurance contracts as monetary items for foreign currency translation purposes. Previously, under IFRS, unearned premiums and deferred acquisition costs ("DAC") had been treated as non-monetary items. 2022 financial statement amounts referred to in this document have been restated accordingly.

Other than the change from IFRS to UK GAAP, there were no changes made to the recognition and valuation bases or to estimations and assumptions during the reporting period.

TRL's UK GAAP valuation is used for solvency reporting purposes where consistent with the economic basis under PRA Rules. Assets and liabilities measured at cost or amortised cost in TRL's financial statements have been revalued to economic value. PRA Rules also require specific valuation approaches for some assets and liabilities which have been adopted by TRL.

As at 31 December 2023, TRL's total assets under PRA Rules were $1,810.0m (2022: $1,622.9m) compared to $2,611.8m (2022: $2,327.9m as restated[5]) in the UK GAAP financial statements. TRL's total liabilities under PRA Rules were $1,208.4m (2022: $1,079.7m) compared to $2,067.1m (2022: $1,834.0m restated[5]) under UK GAAP. Accordingly, TRL's excess of assets over liabilities under PRA Rules was $601.6m (2022: $543.1m) compared to net assets of $544.7m (2022: $493.9m restated[5]) under UK GAAP.

[5] The 2022 comparatives for financial statements amounts have been restated to reflect the impact of the transition from UK-adopted IFRS to UK GAAP during the financial year. Refer to Note 29 of the 2023 financial statements for the detailed description of transition adjustments.

D.1 Assets

The material classes of assets shown on TRL's regulatory balance sheet, their values under PRA Rules and corresponding values in TRL's financial statements (all in USD) are summarised in the table below.

Figure 21: Assets reconciliation from PRA Rules to UK GAAP as at 31 December 2023

$'000s	Assets under PRA Rules	Financial statement assets	Difference
DAC	0	91,186	(91,186)
Deferred tax assets	0	8,358	(8,358)
Investments (including accrued interest)			
Government bonds	985,406	984,557	849
Interest receivable	0	826	(826)
Reinsurance recoverables			
Non-life excluding health	602,714	1,072,338	(469,624)
Health similar to non-life	4,073	6,146	(2,073)
Deposits to cedants	27,304	27,304	0
Total receivables			
Insurance and intermediaries receivables	60,668	254,553	(193,885)
Reinsurance receivables	57,902	85,996	(28,094)
Receivables (trade, not insurance)	8,948	17,507	(8,559)
Cash and cash equivalents	63,011	63,011	0
Total assets	**1,810,026**	**2,611,782**	**(801,755)**

The following sections provide further details of valuation policies that TRL has applied to produce its regulatory balance sheet, explaining the differences between these and the financial statement values set out in the table above.

Deferred acquisition costs

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

Deferred tax

Deferred tax under PRA Rules is recognised and valued on a basis consistent with its treatment under UK GAAP. Under UK GAAP, deferred tax assets relate to UK and U.S. timing differences and U.S. foreign tax credits and all deferred tax assets have been recognised.

Under both PRA Rules and UK GAAP:

- deferred tax balances (other than in respect of the carry forward of unused tax credits and unused tax losses) are determined by reference to the difference between the UK GAAP and regulatory balance sheets respectively, and the values ascribed for tax purposes;
- a positive value is only ascribed to deferred tax assets, where it is probable that future taxable profits will lead to the realisation of that deferred tax asset. This assessment takes into account time limits that apply to the carry forward of unused tax losses or credits;
- all temporary differences between the assets and liabilities in the statement of financial position and their tax base are included within the calculation;
- 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; and
- 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.

For regulatory reporting purposes, however, the recognition and valuation of deferred tax assets and liabilities is carried out with reference to the regulatory balance sheet rather than the UK GAAP balance sheet. The resulting amount of deferred tax therefore differs as a result of changes in recognition and valuation of other balance sheet items.

TRL has made a s953(d) election under the U.S. Tax Code whereby it is treated as a U.S. company for U.S. tax purposes and subject to Federal Income Tax at 21%. The deferred tax asset per the financial statements consists of tax on UK and U.S. temporary differences and unused U.S. foreign tax credits. Temporary differences are recognised with respect to substantively enacted tax rates in the U.S. (21%) and UK (25%).

With effect from 1 April 2023, the UK corporation tax rate increased from 19% to 25%. This has been reflected in the carrying values of deferred tax assets and liabilities and has been reflected in the effective tax rate from 2023 onwards.

The adjustments in the table below reflect the differences between the financial statements and the regulatory balance sheet. The adjustments represent the excess of assets over liabilities between the two valuation methods and have been calculated to unwind at an expected rate of 21% for the U.S. component and 25% for the UK component.

Figure 22: Deferred tax calculation as at 31 December 2023

	$'000
Deferred tax asset per financial statements	**8,358**
Adjustment needed (all timing differences are expected to unwind at a tax rate of 25%)	
DAC included with TPs under PRA Rules	1,945
Short-term investments at fair value rather than amortised cost	(6)
Change in technical provisions (incl. removal of unearned premium reserve)	(26,343)
Risk margin (only recognised under PRA Rules)	8,500
Net of receivables and payables (trade, not insurance)	(3,061)
Total deferred tax liability under PRA Rules	**(10,607)**

Financial instruments – investments

Investments are recognised and valued under PRA Rules on a basis consistent with their treatment under UK GAAP except as follows:

- accrued interest is included in investments' valuation under PRA Rules and disclosed in a separate line under UK GAAP; and
- short-term investments (those with less than 12 months to maturity when purchased) are required to be carried at fair value under PRA Rules, whereas they are carried at amortised cost under UK GAAP.

Fair value of investments

TRL 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. All TRL's investments are recorded at fair value under PRA Rules. Under UK GAAP, short-term investments are valued at amortised cost, whilst fixed income investments with original maturities of more than one year at the acquisition date, are carried at fair value. Assets carried at fair value are measured and classified in a hierarchy for disclosure purposes in accordance with IFRS 13, as described below, on a basis which is materially consistent with the hierarchy applicable under PRA Rules. The IFRS 13 hierarchy consists of three levels based on the observability of inputs available in the marketplace as follows:

- Level 1: Fair value measurements that are quoted prices in active markets that TRL has the ability to access for identical assets. Market price data is generally obtained from exchange or dealer markets. 21% of TRL's fixed income investments, comprising UK and European government bonds, which are traded on recognised exchanges, were classified as Level 1 under PRA Rules as at 31 December 2023 (2022: 2%).
- Level 2: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for

similar assets in active markets and inputs other than quoted prices that are observable for the asset, such as interest rates and yield curves that are observable at commonly quoted intervals. 79% of TRL's fixed income portfolio, represented by U.S. government bonds - which are traded over-the-counter ("OTC") rather than on a recognised exchange - were classified as Level 2 under PRA Rules as at 31 December 2023 (2022: 98%).

- Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. These measurements may be made under circumstances in which there is little, if any, market activity for the asset. None of TRL's investment assets were classified as Level 3 as at 31 December 2023 or 2022.

Under UK GAAP 98% (2022: 50%) of TRL's fixed income portfolio is classified as short-term investments and carried at amortised cost, which approximated to fair value at the year end. Under PRA Rules, short-term investments are included within the fair value hierarchy above according to whether they are exchange traded (Level 1) or whether they OTC traded (Level 2). In this connection, UK and German government bonds are traded on exchanges whereas U.S. treasury notes are not. Under UK GAAP, as short-term investments are not carried at fair value, they are not designated a fair value level within the hierarchy.

Details of TRL's approach to impairment are included in note 1.r.(vi) in TRL's financial statements.

Fair value sources and use of pricing vendors

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

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

(Re)insurance and intermediary receivables and payables

Under PRA Rules, insurance and reinsurance receivables and payables are recognised when due, with amounts not yet due deducted from technical provisions. Under UK GAAP, the whole amount (due and not yet due) is included under insurance and intermediary receivables. Receivable and payable balances include amounts due to and from insurers, retrocessionaires, agents and brokers. Due to the short-term nature of TRL's (re)insurance receivables and payables, amounts are not discounted on either a UK GAAP or PRA Rules basis.

Other receivables and payables (trade not insurance)

The valuation and presentation of TRL's other receivables and payables in the regulatory balance sheet are consistent with their treatment for TRL's financial statements. TRL's other receivables are considered to be short term and therefore do not need to be discounted.

Cash and cash equivalents

The valuation and presentation of TRL's cash and cash equivalents in the regulatory balance sheet are consistent with TRL's financial statements. Cash and cash equivalents comprise cash in hand and on demand deposits with banks. Cash includes balances held in accounts with investment fund managers and custodians.

Foreign currency transactions and balances

TRL presents its financial statements and regulatory reporting in U.S. dollars.. TRL applies a consistent policy for translating transactions and balances in currencies other than the relevant currency of presentation between its financial statements and regulatory reporting.

For further background to TRL's approach to foreign currency transactions and balances see note 1.a) of the 2023 financial statements.

Leasing arrangements

TRL had no material operating or financial leasing arrangements during 2023 or 2022.

D.2 Technical provisions

Under PRA Rules, TRL 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 ("BELs") 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 of the relevant cash inflows and outflows to meet the requirements of the policies that TRL is obligated to at the valuation date.
- The risk margin represents an allowance for the cost of capital necessary to support the policies TRL is obligated to at the valuation date over their lifetime. It is calculated by taking 4% (2022: 6%) of future capital requirements attributable to the policies and discounting back to the relevant balance sheet date using risk-free discount rates.

Under PRA Rules, TRL calculates its technical provisions using the sum of the BEL and risk margin, therefore:

Technical Provisions = Best Estimate Liability + Risk Margin

Segmentation into lines of business

Under PRA Rules, BELs are segmented into twelve LOBs for non-life insurance obligations (with additional segmentation for non-proportional reinsurance accepted) and three LOBs for health insurance obligations pursued on a similar basis to non-life insurance (with additional segmentation for non-proportional reinsurance accepted). At the year end, TRL had five outstanding claims for which a portion of the settlement had been awarded as a periodic payment order ("PPO"). The corresponding obligations in respect of these awards are not material, hence TRL has classified the obligations as non-life business, rather than unbundling the PPOs as "annuities stemming from non-life insurance contracts".

LOBs for financial reporting purposes under UK GAAP are mapped to Solvency II LOBs according to the "sub-department" classification in TRL's accounting system. The mapping is subject to allocations for certain sub-departments, which include private and commercial motor and multi-class LOBs. With the exception of these allocations, the sub-departments and Solvency II LOBs are in many-to-one correspondence.

Figure 23: Technical provisions ("TPs") by Solvency II LOB as at 31 December 2023

Solvency II LOB ($'000s)	Gross Best Estimate	Recoverables	Net	Risk Margin	Net TPs
Marine, aviation and transport insurance	175,268	94,974	80,294	6,946	87,240
Non-proportional marine, aviation and transport reinsurance	137,485	97,828	39,657	3,431	43,088
Non-proportional casualty reinsurance	127,486	78,224	49,262	4,262	53,524
Motor vehicle liability insurance	118,451	68,838	49,613	4,292	53,905
Fire and other damage to property insurance	114,597	66,420	48,177	4,168	52,345
General liability insurance	114,396	65,561	48,835	4,225	53,060
Non-proportional property reinsurance	101,881	66,911	34,970	3,025	37,995
Credit and suretyship insurance	73,808	45,962	27,846	2,409	30,255
Other motor insurance	20,903	12,147	8,756	757	9,513
Legal expenses insurance	9,969	5,848	4,121	356	4,477
Non-proportional health reinsurance	5,014	3,748	1,266	110	1,376
Income protection insurance	551	326	225	19	244
Total	**999,809**	**606,787**	**393,022**	**34,000**	**427,022**

Technical provisions bases, methodologies and key assumptions

Basis

TRL uses the UK GAAP financial reporting framework as the starting basis for determining its technical provisions under PRA Rules.

The following sections outline the key methodologies and assumptions in determining the technical provisions. Where relevant, adjustments to the UK GAAP basis to move to the regulatory basis are highlighted.

Figure 24: Reconciliation of gross technical provisions from UK GAAP to PRA Rules basis as at 31 December 2023

Solvency II LOB ($'000s)	Assumed	Ceded	Net
UK GAAP technical provisions	**1,628,978**	**1,078,484**	**550,494**
DAC	(91,186)	(83,408)	(7,778)
Contingent acquisition costs	1,586	531	1,055
Reserving margins	(136,812)	(54,085)	(82,727)
Future premiums & acquisition costs	(256,465)	(185,934)	(70,531)
Future other expenses	70,606	-	70,606
Legally obliged unincepted business	(67,687)	(46,517)	(21,170)
Discounting	(149,211)	(101,914)	(47,297)
Counterparty default	-	(370)	370
Best estimate under PRA rules	**999,809**	**606,787**	**393,022**
Risk margin	34,000	-	34,000
Technical provisions under PRA rules	**1,033,809**	**606,787**	**427,022**

Figure 25: Reconciliation of gross technical provisions for top 5 Solvency II LOBs from UK GAAP to PRA Rules basis as at 31 December 2023

Solvency II LOB Gross ($'000s)	**Prop**	**Non-proportional**		**Proportional**			
	Marine, Aviation, Transport	**Marine, Aviation, Transport**	**Casualty Reinsurance**	**Motor Vehicle Liability**	**Fire and Property**	**Other**	**Total**
UK GAAP technical provisions	372,373	179,974	163,748	161,967	249,724	501,192	1,628,978
DAC	(31,436)	(137)	(101)	(4,982)	(20,452)	(34,078)	(91,186)
Contingent commission costs	2,202	(317)	(166)	(6,344)	4,754	1,457	1,586
Reserving margins	(38,626)	(8,950)	(3,595)	(2,931)	(43,829)	(38,881)	(136,812)
Future premiums & acquisition costs	(112,627)	(17,359)	(3,545)	(24,011)	(40,434)	(58,489)	(256,465)
Future other expenses	22,683	4,537	3,429	5,057	12,244	22,656	70,606
Legally obliged unincepted business	(13,436)	(5,234)	(4,564)	19	(27,093)	(17,379)	(67,687)
Discounting	(25,865)	(15,029)	(27,720)	(10,324)	(20,317)	(49,956)	(149,211)
Counterparty default	0	0	0	0	0	0	0
Best estimate under PRA Rules	**175,268**	**137,485**	**127,486**	**118,451**	**114,597**	**326,522**	**999,809**
Risk margin	6,946	3,431	4,262	4,292	4,168	10,901	34,000
Technical provisions under PRA Rules	**182,214**	**140,916**	**131,748**	**122,743**	**118,765**	**337,423**	**1,033,809**

Included within "Other" are general liability which has gross technical provisions of $118.6m and a best estimate of $114.4m; and non-proportional property which has gross technical provisions of $104.9m and a best estimate of $101.9m.

Figure 26: Reconciliation of net technical provisions for top 5 Solvency II LOBs from UK GAAP to PRA Rules basis as at 31 December 2023

Solvency II LOB Net ($'000s)	Proportional		Non-prop	Proportional			
	Marine, Aviation, Transport	Motor Vehicle Liability	Casualty	General Liability	Fire and Property	Other	Total
UK GAAP technical provisions	128,425	57,819	59,813	72,941	82,709	148,787	550,494
DAC	(2,978)	436	28	(2,001)	(461)	(2,802)	(7,778)
Contingent commission costs	871	(1,941)	(66)	578	1,722	(109)	1,055
Reserving margins	(22,823)	(2,833)	(2,393)	(9,578)	(23,190)	(21,910)	(82,727)
Future premiums & acquisition costs	(32,402)	(5,211)	(1,284)	(12,672)	(10,779)	(8,183)	(70,531)
Future other expenses	22,683	5,057	3,429	11,462	12,244	15,731	70,606
Legally obliged unincepted business	(5,308)	(139)	(1,414)	(2,043)	(7,994)	(4,272)	(21,170)
Discounting	(8,185)	(3,578)	(8,860)	(9,863)	(6,128)	(10,683)	(47,297)
Counterparty default	11	3	9	11	54	282	370
Best estimate under PRA Rules	**80,294**	**49,613**	**49,262**	**48,835**	**48,177**	**116,841**	**393,022**
Risk margin	6,946	4,292	4,262	4,225	4,168	10,107	34,000
Technical provisions under PRA Rules	**87,240**	**53,905**	**53,524**	**53,060**	**52,345**	**126,948**	**427,022**

BEL calculation method

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

Claims provision

TRL 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. TRL 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 loss adjustment expenses ("LAE");
- plus the best estimate of IBNR claims 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.

Premium provision

TRL 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. TRL 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

Under both PRA rules and UK GAAP, 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 BF 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 TRL 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 TRL. 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 TRL may be materially different from the original estimates. There is potential for significant variation in the development of loss reserves when actual costs differ from those costs implied by the use of the assumptions employed in the process of setting reserves.

Methodologies for expired and unexpired periods of coverage

With respect to expired periods of coverage, IBNR amounts calculated under UK 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 PRA Rules 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 UK GAAP financial statements of TRL and the corresponding valuation of technical provisions under PRA Rules.

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. TRL estimates ultimate losses for each contract by multiplying:

- ultimate premiums calculated for each contract, by

- the ELR; 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 UK GAAP, unpaid premiums and acquisition costs are shown separately on the balance sheet at the accounting date as insurance and reinsurance receivables and payables.

Under PRA Rules, 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 UK 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 PRA Rules, technical provisions are increased by the amount of expected future cash outflows in respect of other expenses. TRL 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 LOB 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. TRL calculates paid claims management costs and investment management costs, expressed as percentages of paid and incurred losses, and paid other acquisition costs, general administration costs and overhead costs, expressed as percentages of linear combinations of paid and written premiums. Best estimates of unreported claims management costs and investment management costs are then calculated by multiplying the relevant percentages by linear combinations of outstanding and IBNR losses. Best estimates of unreported other acquisition costs, general administration costs and overhead costs are calculated by multiplying the relevant percentages by linear combinations of accrued and unreported premiums.

Legally obliged unincepted business

At any given time, TRL may have contracts that have been written but have not yet incepted (i.e. the cover has not yet commenced). For example, a contract that was bound on 29 December 2023 which incepts on 1 January 2024 would be included within legally obliged unincepted business at 31 December 2023.

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

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

Events not in data

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

TRL and LBO have more than 35 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, ENIDs are implicitly included in underlying reserving patterns.

The specific ENIDs claim and premium provisions are split out using calculated factors for each LOB.

Discounting

Technical provisions are not discounted under UK GAAP.

Under PRA Rules, TRL calculates best estimates separately for obligations in different currencies using the relevant risk-free term structures of interest rates prescribed by the PRA. The set of currencies for which spot discount curves are provided by the PRA form a subset of the complete table of currencies defined in the accounting system of TRL. Where, for a given currency, spot discount curves are not provided by the PRA, the spot discount curve for U.S. dollars is used by default.

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

TRL does not adjust the technical provisions calculated under UK GAAP for potential counterparty default.

Under PRA Rules, 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:

Probability of default x Loss given default

These are defined as follows:

- Probability of default — cash flows are adjusted to reflect the likelihood of default at different time periods, 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 or 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%. With the exception of the TRC Quota Share, which is secured by the TRC Trust Agreement, TRL does not adjust the amounts recoverable to allow for deposits or collaterisation arrangements. The loss given default for the TRC Quota Share is reduced by the ratio of the current value of the collateral and the current outstanding and IBNR claims allocated to the TRC Quota Share.

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 4% (2022: 6%) per annum, as determined under PRA Rules.

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 PRA Rules, TRL 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 TRL to denote a technical provision figure net of reinsurance.

Existing reinsurance

TRL 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 PRA Rules.

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

Future reinsurance purchases

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

Uncertainty within the technical provisions

TRL writes a variety of coverages whose major risk factors materially impact the variability of TRL's loss reserves. In particular, TRL'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, TRL 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. TRL's portfolio includes exposure to high excess liability layers and casualty LOBs, 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 LOBs and across different cedants.

The variability in 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 TRL's loss reserves.

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

- current levels of reserves for reported claims and expectations with respect to reporting lags;
- catastrophe events;

- historical data;
- legal developments; and
- economic conditions, including the effects of inflation.

The actuarial methodologies employed to calculate loss and IBNR development 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 TRL'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;
- inflation;
- worldwide economic conditions;
- tort reforms;
- court interpretations of coverages;
- the regulatory environment;
- underlying policy pricing;
- terms and conditions; and
- claims handling.

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

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

With respect to unexpired periods of coverage, TRL’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 TRL 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.

It is expected that the loss experience of TRL 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 TRL.

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 LOBs.

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 TRL.

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 27: 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	5%	- 5%	- 3%	3%	18%	- 13%

* Unaudited.

** 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 transitional measures that firms can apply for:

Matching adjustment

TRL 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 TRL in the calculation of technical provisions.

Transitional measures on Technical Provisions ("TMTP")

TRL does not apply any transitional arrangements to its regulatory balance sheet.

Transitional risk-free interest rate-term structure

TRL 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 TRL's regulatory balance sheet, their values under PRA Rules and corresponding values in the financial statements are summarised in the table below.

Figure 28: Other liabilities – reconciliation from PRA Rules to UK GAAP as at 31 December 2023

($'000s)	Liabilities under PRA Rules	Financial statement liabilities	Difference
Insurance and intermediary payables	42,120	0	42,120
Reinsurance payables	116,898	328,896	(211,998)
Payables (trade, not insurance)	5,001	25,804	(20,803)
DAC	0	83,408	(83,408)
Deferred tax liabilities	10,607	0	10,607
Total other liabilities	**174,626**	**438,108**	**(263,482)**
Technical provisions	1,033,809	1,628,978	(595,169)
Total liabilities	**1,208,435**	**2,067,086**	**(858,651)**

The main valuation differences between PRA Rules and financial statement balances presented above are as follows:

- UK GAAP reinsurance payables include technical accruals, which are subsumed within technical provisions under PRA Rules;
- UK GAAP trade payables include accrued "other expenses" which are subsumed within technical provisions under Solvency II; and
- technical provisions differences arise due to the differing treatments of technical accruals and accrued other expenses referred to above.

TRL has no financial or operating lease arrangements.

(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 PRA Rules compared to the financial statements relates to accrued insurance related expenses not yet due, which have been moved to technical provisions.

Provisions

Other than technical provisions, TRL held no provisions in its financial statements or on its regulatory balance sheet as at 31 December 2023 (2022: $nil).

Contingent liabilities

TRL does not recognise any contingent liabilities as at 31 December 2023 (2022: $nil).

Employee benefits

TRL does not consider any material employee benefit liabilities exist as at 31 December 2023 (2022: $nil).

Aggregation of liabilities

TRL 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

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

D.5 Any other information

TRL 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

TRL's own funds comprise ordinary paid-up share capital of $500m as at 31 December 2023 (2022: $500m) and a reconciliation reserve of $96.1m (2022: $25.1m) which are classified as Tier 1 own funds.

As at 31 December 2023 TRL had a net deferred tax liability of $10.6m, so did not have any Tier 3 own funds (2022: deferred tax asset of $13.5m). Tier 3 own funds are not eligible to cover the MCR but are available to cover the SCR. Solvency II rules sets certain limits for the recognition of different tiers of capital. No limits were exceeded during the year.

As at 31 December 2023 and 2022, the available own funds of TRL were as follows:

Figure 29: Eligible own funds by tier

Tier	Instruments	At 31 December ($'000s)	
		2023	2022
Tier 1	Ordinary share capital Reconciliation reserve	500,000 96,121	500,000 25,109
Total own funds to cover MCR		**596,121**	**525,109**
Tier 3	Net deferred tax asset	0	13,504
Total own funds to cover SCR		**596,121**	**538,613**

TRL did not have any Tier 2 or ancillary own funds at 31 December 2023 or 2022.

The reconciliation reserve of $96.1m (2022: $25.1m) comprises balances shown below in Figure 30, calculated in accordance with PRA Rules, and is dependent on the level of excess assets over liabilities, and restricted own fund items. The reconciliation reserve has the potential for volatility. Movements in the reconciliation reserve are associated with movements in EOF and thus the SCR coverage ratio. The sensitivity of the coverage ratio to movements in a range of parameters is provided in section C7 of this SFCR.

Further information regarding deferred tax assets is included in section D1.

Other than the movement in excess assets over liabilities and the lack of deferred tax asset, there were no material changes in the reconciliation reserve over the reporting period. The movements in components of the reconciliation reserve are shown in the table below. The largest factors impacting the movement in excess of assets over liabilities were the net underwriting profit and investment income resulting in an increase in surplus assets on a PRA Rules basis of $71.3m and the 2022 deferred tax asset of $13.5m becoming a deferred tax liability of $10.6m as at 31 December 2023 under PRA Rules. For further details of these drivers, please refer to the following sections of this document: A2 for underwriting profit; A3 for net investment income; and D1 for deferred tax.

Figure 30: Reconciliation reserve

Reconciliation reserve	At 31 December ($'000s)	
	2023	2022
Excess of assets over liabilities	**601,591**	**543,119**
Less:		
Ordinary share capital	(500,000)	(500,000)
Deferred tax asset	0	(13,504)
Restricted own fund items	(5,470)	(4,506)
Reconciliation reserve	**96,121**	**25,109**

TRL makes a deduction from the reconciliation reserve of $5.5m (2022: $4.5m) for its surplus collateral assets which are either deposited with cedants or held in trust. The surplus collateral assets are calculated on a treaty-by-treaty basis as the difference between the value of the collateral advanced and the liability that it supports. These surplus assets represent restricted own funds items in the table above. None of these deposits are considered to be material ring-fenced funds.

At least every quarter, TRL reviews its own funds against its MCR and SCR requirements. The review is undertaken by the Risk Management function and is presented to the Risk Management Committee and Risk & Audit Committee as part of the ongoing review process.

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

As part of TRL's ORSA process, described in section B, a number of stress tests are undertaken to determine the impact on TRL's own funds and whether they would deteriorate below the required Tier 1 buffer.

TRL 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 should TRL's capital fall below 120% of its SCR;
- revisions to the TRL business plan, such as changes to the composition of business; and
- the purchase of additional retrocession.

As set out in TRL's Articles of Association, the Directors have 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 TRL 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 TRL's 2023 financial statements and the excess of assets over liabilities as calculated for solvency purposes:

Figure 31: Reconciliation of UK GAAP net assets to the excess of assets over liabilities under PRA Rules as at 31 December

	2023 $'000s	UK GAAP treatment	PRA Rules treatment
UK GAAP net assets	**544,696**		
Change in:			
Net DAC	(7,778)	DAC shown separately, matching unearned premium income.	DAC subsumed within TPs on a cash flow basis.
(Re)insurance receivables	(221,978)	Separate recognition of (re)insurance receivables, whether due or not yet due.	Separate recognition of (re)insurance receivables only when due. Receivables not yet due are deducted from TPs.
(Re)insurance recoverables	(471,697)	(Re)insurance recoverables shown separately.	(Re)insurance recoverables included within TPs.
(Re)insurance payables	169,876	Separate recognition of (re)insurance payables, whether due or not yet due.	Separate recognition of (re)insurance payables only when due. Payables not yet due are deducted from TPs.
Investments	23	Short-term investments carried at amortised cost.	Short-term investments carried at fair value including accrued interest.
Other net payables	12,244	Accrued insurance expenses not yet due shown separately.	Accrued insurance expenses not yet due included in TPs.
Technical provisions	629,170	Adjustments from UK GAAP insurance reserves to TPs under PRA Rules, described in D2 above.	
Risk margin	(34,000)	No explicit risk margin.	Inclusion of separate risk margin.
Deferred tax liability / asset	(18,965)	UK GAAP deferred tax asset adjusted for different valuation bases of assets and liabilities under PRA rules, set out in Figure 22.	
Excess of assets over liabilities under PRA Rules	**601,591**		

Please see section D1 for further information on the valuation of assets under UK GAAP and PRA Rules; section D2 for a reconciliation between technical provisions under UK GAAP and PRA Rules; and section D3 for other liabilities.

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

TRL 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

TRL's SCR is calculated according to the SCR – Standard Formula part of the PRA Rules as modified by a PIM to calculate catastrophe risk.

Figure 32: Regulatory capital requirements under PRA Rules as at 31 December

	2023 ($'000s)	2022 ($'000s)
EOF to cover SCR	596,121	538,613
EOF to cover MCR	596,121	525,109
MCR	**80,840**	**88,284**
Basic SCR	293,367	323,920
Operational risk	29,994	29,217
SCR	**323,361**	**353,137**
Market risk	29,871	35,744
Counterparty default risk	31,693	18,971
Health underwriting risk	4,875	6,160
Non-life underwriting risk	266,624	302,640
less diversification	(39,696)	(39,595)
Basic SCR	**293,367**	**323,920**
Non-life catastrophe risk	119,923	156,845
Non-life premium & reserve risk	208,736	216,574
Non-life lapse risk	24,892	55,697
less diversification	(86,927)	(126,476)
Non-life underwriting risk:	**266,624**	**302,640**

TRL's SCR decreased by $29.8m from $353.1m as at 31 December 2022 to $323.4m at 31 December 2023; and the EOF to cover its SCR increased by $76.4m from $538.6m to $596.1m during the year.

TRL's SCR coverage ratio as at 31 December 2023 was 184.4% (2022: 152.5%) and its MCR coverage ratio was 737.4% (2022: 594.8%).

The increase in the SCR coverage ratio is driven by the following factors:

- an increase in EOF of $57.5m due primarily to TRL's total comprehensive income of $50.8m on a statutory UK GAAP basis and a $11.1m decrease in net technical provisions on a PRA basis during 2023. Technical provisions reduced mainly due to a $10m reduction in the risk margin, following a reduction in the cost of capital assumption from 6% to 4% per annum, in line with PRA guidance.
- a decrease in the SCR of $29.8m, predominantly reflecting:
  - a $37m reduction in catastrophe risk, primarily due to the effect of the change in the TRC Quota Share under which TRL now cedes 80% of all business incepting on or after 1 January 2023, and 60% of all business incepting before that date; offset by reductions in other natural catastrophe retrocession protection;
  - a $31m decrease in lapse risk due to a greater portion of written business being impacted by the 80% TRC Quota Share and a refinement of the calculation to allow for the offsetting of loss-making business within homogenous risk groups;

- an $8m reduction in premium and reserve risk due to a greater portion of business being impacted by the 80% TRC Quota Share; and
- a $6m reduction in market risk consistent with the shift into short-dated government bonds within the investment portfolio; offset by:
- a decrease in the diversification benefit for non-life risk sub-module of $40m; and
- an increase in counterparty default risk of $13m due to the increase in business ceded 80% under the TRC Quota Share and an increase in amounts due in more than 3 months which attract higher charges.

The decrease in the MCR and increase in the MCR coverage ratio are in line with the movements in the SCR and SCR coverage ratio.

TRL does not use any undertaking specific parameters in the calculation of the SCR. The SCR is subject to supervisory assessment as set out in Article 297(2)(a) of the SII Regulations.

Simplifications have been used only where permitted under the SII Regulations. The simplifications used by TRL are listed below:

- Article 107: simplified calculation of the risk mitigating effect for reinsurance arrangements or securitisation;
- Article 111: simplified calculation of the risk mitigating effect; and
- Article 112: simplified calculation of the risk adjusted value of collateral to take into account the economic effect of the collateral.

These simplifications relate to the counterparty default risk module. No other simplifications are used by TRL in the calculation of the SCR.

Partial Internal Model

TRL's SCR is calculated according to the Solvency Capital Requirement – Standard Formula part of the PRA Rules as modified by TRL's PIM which now replaces the entire non-life catastrophe risk module of the Standard Formula.

All data used in the PIM is reviewed at least annually and updated appropriately to ensure it is fit for use. TRL integrates the results of its PIM with the Standard Formula using technique 4 as described in Annex XVIII of the SII Regulations.

Calculation of the MCR

In order to calculate the MCR, TRL uses the net written premiums on a regulatory basis split by Solvency II LOB. Written premiums are defined in Article 1(11) of the SII Regulations 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 LOB), together with the prescribed minimum (or "absolute floor") and the most recently calculated SCR.

TRL's linear MCR falls below the SCR corridor of between 25% and 45% of the SCR. Accordingly TRL's MCR has been adjusted upwards to equal 25% of its SCR, as required by PRA Rules.

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

TRL 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

As noted above, TRL uses a PIM to calculate the SCR for all non-life catastrophe risk.

TRL's PIM is calibrated to a 99.5% confidence level. As best estimate reserves for catastrophe business are already held in technical provisions on TRL's Solvency II balance sheet, the capital requirement for the risks covered by the PIM is intended to represent the uplift from the best estimate (expected loss) to the 1:200 aggregate loss.

To calculate the capital requirement for natural catastrophe risk and the natural catastrophe risk of non-proportional property reinsurance, TRL uses data from a third party catastrophe risk model.

The capital requirement for man-made and other non-life catastrophe risk is calculated using a scenario-based approach.

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.

E.6 Any other information

TRL 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
BF	Bornhuetter-Ferguson
Berkshire Hathaway	Berkshire Hathaway Inc.
bps	Basis points (0.01%)
Calpe	Calpe Insurance Company Limited
CCO	Chief Compliance Officer (TransRe group)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPD	Continuing Professional Development
CRO	Chief Risk Officer (TransRe group)
CUO	Chief Underwriting Officer
Calpe	Calpe Insurance Company Limited (Gibraltar)
Certification Function	Any function identified as a certification function under the SM&CR
D&F	Direct and facultative
DAC	Deferred Acquisition Costs
ELR	Expected Loss Ratio
ENID	Events not in Data
EOF	Eligible Own Funds
EPIFP	Expected Profit included in Future Premiums
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
ETF	Exchange Traded Fund
EU	European Union
EUR	Euro
FCA	Financial Conduct Authority
Fitch	Fitch Ratings, Inc., Fitch Ratings, Ltd. and its subsidiaries
GBP	Great Britain Pound
GRM	Global Risk Management (TransRe group)
GWP	Gross Written Premium
HR	Human Resources
IBNER	Incurred but not Enough Reported
IBNR	Incurred but not Reported
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
IT	Information Technology
KYC	Know Your Counterparty
LAE	Loss Adjustment Expenses
LBO	TRC London Branch Office
LDF	Loss Development Factors
LOB	Lines of Business
LTF	Loss Trend Factors
MAT	Marine, Aviation and Transport
MCR	Minimum Capital Requirement

MI	Management Information
Moody's	Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their affiliates
NEAM	New England Asset Management
NED	Non-executive director
OFAC	US Office of Foreign Assets Control
ORSA	Own Risk and Solvency Assessment
OTC	Over-the-counter broker-dealer securities trading (not on an exchange)
PIM	Partial Internal Model
PPO	Periodic payment order
PRA	Prudential Regulation Authority
PRA Rules	The rules contained in the PRA's Rulebook for Solvency II Firms
QRT	Quantitative Reporting Template
RCO	Regional Compliance Officer
S&P	Standard & Poor's Financial Services LLC and/or its affiliates
S&R	Sustainability and Resilience
SCR	Solvency Capital Requirement
SPV	Special Purpose Vehicle
SFCR	Solvency and Financial Condition Report
SII	Solvency II Directive
SII Regulations	Commission Delegated Regulation (EU) 2015/35, as adopted into UK law
SM&CR	The Senior Managers and Certification Regime
SMF	Senior Manager Function under the SM&CR
SPV	Special Purpose Vehicle
SS	PRA Supervisory Statement
TMTP	Transitional Measures on Technical Provisions
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 Trust Agreement	The trust agreement described in section B1
TReIMCo	TReIMCo Limited, a Corporate Member at Lloyd's
TRH	Transatlantic Holdings, Inc.
TRL	TransRe London Limited
TRLS	TransRe London Services Limited
UK	United Kingdom
UK GAAP	UK generally accepted accounting practice
U.S. or USA	United States of America
USD or $	United States of America Dollar
Velonetic	Trading name of Ins-sure Holdings and Xchanging Services (formerly DXC)
XOL	Excess of loss

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	Other information
S.05.02.01	Premiums, claims and expenses by country	Other information
S.17.01.02	Non-Life Technical Provisions	Relevant element
S.19.01.21	Non-life insurance claims	Other information
S.23.01.01	Own funds	Relevant element
S.25.02.21 PIM	Solvency Capital Requirement - for undertakings on Standard Formula and partial internal model	Other information
S.28.01.01	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity	Relevant element

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
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)	985,406
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	985,406
R0140	*Government Bonds*	985,406
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	606,787
R0280	*Non-life and health similar to non-life*	606,787
R0290	*Non-life excluding health*	602,714
R0300	*Health similar to non-life*	4,073
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	27,304
R0360	Insurance and intermediaries receivables	60,668
R0370	Reinsurance receivables	57,902
R0380	Receivables (trade, not insurance)	8,948
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	63,011
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	1,810,026

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,033,809
R0520	*Technical provisions - non-life (excluding health)*	1,028,115
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	994,244
R0550	*Risk margin*	33,871
R0560	*Technical provisions - health (similar to non-life)*	5,694
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	5,565
R0590	*Risk margin*	129
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	10,607
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	42,120
R0830	Reinsurance payables	116,898
R0840	Payables (trade, not insurance)	5,001
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	1,208,435
R1000	**Excess of assets over liabilities**	601,591

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	0	0	266	7,010	0	0	0	0	0					7,276
R0120	Gross - Proportional reinsurance accepted	0	309	0	59,405	10,483	201,432	143,287	90,743	67,252	-5,113	0	0					567,797
R0130	Gross - Non-proportional reinsurance accepted													3,829	53,964	57,943	63,464	179,200
R0140	Reinsurers' share	0	210	0	44,041	7,772	143,463	109,826	64,088	48,180	-3,068	0	0	2,919	40,697	44,457	52,395	554,980
R0200	Net	0	99	0	15,364	2,711	58,235	40,471	26,655	19,072	-2,045	0	0	910	13,267	13,486	11,069	199,293
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	0	0	267	5,288	0	0	0	0	0					5,555
R0220	Gross - Proportional reinsurance accepted	0	293	0	56,982	10,056	175,792	117,510	93,382	64,163	-1,094	0	0					517,084
R0230	Gross - Non-proportional reinsurance accepted													3,842	53,324	57,694	62,342	177,202
R0240	Reinsurers' share	0	183	0	37,554	6,627	114,285	82,359	60,180	42,225	-656	0	0	2,932	40,143	44,349	51,310	481,491
R0300	Net	0	110	0	19,428	3,429	61,774	40,439	33,202	21,938	-438	0	0	910	13,181	13,345	11,032	218,350
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	0	0	25	2,051	0	0	0	0	0					2,076
R0320	Gross - Proportional reinsurance accepted	0	4	0	47,007	8,295	120,189	54,477	51,218	17,169	-3,788	0	0					294,571
R0330	Gross - Non-proportional reinsurance accepted													295	37,882	26,790	18,867	83,834
R0340	Reinsurers' share	0	6	0	30,742	5,425	79,505	39,300	32,869	12,227	-2,273	0	0	176	28,727	23,408	16,371	266,483
R0400	Net	0	-2	0	16,265	2,870	40,709	17,228	18,349	4,942	-1,515	0	0	119	9,155	3,382	2,496	113,998
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	68	0	2,584	455	18,273	14,179	11,249	6,820	471	0	0	958	2,156	5,476	4,331	67,020
R1200	**Other expenses**																	0
R1300	**Total expenses**																	67,020

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			US	GI	ES	BM	CH	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	7,188	0	0	0	0	0	7,188
R0120	Gross - Proportional reinsurance accepted	324,520	57,242	50,775	43,365	41,459	11,087	528,448
R0130	Gross - Non-proportional reinsurance accepted	109,684	19,017	3,197	2,529	3,523	5,406	143,356
R0140	Reinsurers' share	321,598	62,683	41,374	34,301	29,018	12,479	501,452
R0200	Net	119,794	13,576	12,598	11,593	15,964	4,014	177,540
	Premiums earned							
R0210	Gross - Direct Business	5,471	0	0	0	0	0	5,471
R0220	Gross - Proportional reinsurance accepted	303,880	45,719	52,403	41,293	28,973	7,363	479,631
R0230	Gross - Non-proportional reinsurance accepted	109,099	18,960	3,096	2,504	3,546	5,299	142,505
R0240	Reinsurers' share	284,066	51,139	37,786	29,957	20,227	9,141	432,316
R0300	Net	134,385	13,540	17,713	13,841	12,292	3,522	195,291
	Claims incurred							
R0310	Gross - Direct Business	2,071	0	0	0	0	0	2,071
R0320	Gross - Proportional reinsurance accepted	168,480	34,412	35,071	11,043	15,970	4,799	269,775
R0330	Gross - Non-proportional reinsurance accepted	50,798	11,848	854	795	1,395	4,964	70,654
R0340	Reinsurers' share	153,503	34,411	24,419	9,122	10,818	6,409	238,682
R0400	Net	67,846	11,849	11,506	2,716	6,547	3,354	103,818
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	37,107	6,973	4,491	4,084	4,954	1,091	58,700
R1200	**Other expenses**							0
R1300	**Total expenses**							58,700

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		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	Total Non-Life obligation
		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
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0	-53	0	-2,583	-456	-41,613	-35,872	-12,629	3,754	-171	0	0	-1,702	-13,338	-10,885	-17,082	-132,630
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	-24	0	-496	-88	-24,443	-22,940	-7,093	4,356	-149	0	0	-1,267	-9,815	-8,576	-14,765	-85,301
R0150	**Net Best Estimate of Premium Provisions**	0	-29	0	-2,087	-368	-17,170	-12,932	-5,536	-602	-22	0	0	-435	-3,523	-2,309	-2,317	-47,329
	Claims provisions																	
R0160	Gross	0	604	0	121,034	21,359	216,881	150,469	127,025	70,055	10,140	0	0	6,716	140,824	148,370	118,963	1,132,439
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	350	0	69,334	12,235	119,417	89,360	72,654	41,607	5,997	0	0	5,015	88,039	106,404	81,676	692,088
R0250	**Net Best Estimate of Claims Provisions**	0	254	0	51,700	9,124	97,464	61,109	54,371	28,448	4,143	0	0	1,701	52,785	41,966	37,287	440,351
R0260	**Total best estimate - gross**	0	551	0	118,451	20,903	175,268	114,597	114,396	73,808	9,969	0	0	5,014	127,486	137,485	101,881	999,809
R0270	**Total best estimate - net**	0	225	0	49,613	8,756	80,294	48,177	48,835	27,846	4,121	0	0	1,266	49,262	39,657	34,970	393,022
R0280	**Risk margin**	0	19	0	4,292	757	6,946	4,168	4,225	2,409	356	0	0	110	4,262	3,431	3,025	34,000
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	0	570	0	122,743	21,660	182,214	118,765	118,621	76,217	10,325	0	0	5,124	131,748	140,916	104,906	1,033,809
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0	326	0	68,838	12,147	94,974	66,420	65,561	45,962	5,848	0	0	3,748	78,224	97,828	66,911	606,787
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	0	244	0	53,905	9,513	87,240	52,345	53,060	30,255	4,477	0	0	1,376	53,524	43,088	37,995	427,022

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Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2014	9,367	93,240	87,431	59,228	20,595	21,318	11,821	7,384	3,778	3,259		3,259	317,420
R0170	2015	7,271	82,549	95,990	49,522	24,256	19,541	9,239	9,312	6,616			6,616	304,297
R0180	2016	10,183	101,044	91,114	57,670	31,602	18,139	15,055	13,348				13,348	338,156
R0190	2017	5,023	126,618	125,959	72,060	39,555	24,238	21,174					21,174	414,626
R0200	2018	4,602	121,639	115,604	79,999	52,768	51,589						51,589	426,201
R0210	2019	7,044	75,631	103,823	72,424	62,403							62,403	321,326
R0220	2020	8,340	80,560	80,865	60,646								60,646	230,410
R0230	2021	6,267	58,020	80,978									80,978	145,266
R0240	2022	5,989	59,935										59,935	65,955
R0250	2023	3,688											3,688	3,688
R0260												Total	363,636	2,567,345

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2014	159,241	218,353	142,742	95,780	74,090	50,212	39,396	33,177	26,216	20,708		20,708
R0170	2015	157,424	208,101	151,815	99,031	69,184	48,301	39,128	29,268	25,342			25,342
R0180	2016	159,267	225,685	174,341	113,385	73,528	56,459	44,282	32,710				32,710
R0190	2017	280,340	299,298	221,754	150,914	113,720	87,492	62,975					62,975
R0200	2018	188,666	246,586	221,548	176,564	150,542	110,502						110,502
R0210	2019	147,091	290,108	263,158	187,718	134,526							134,526
R0220	2020	214,819	319,814	245,544	183,435								183,435
R0230	2021	150,170	258,044	238,066									238,066
R0240	2022	175,968	270,071										270,071
R0250	2023	151,181											151,181
R0260												Total	1,229,516

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	500,000	500,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	96,121	96,121			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	596,121	596,121	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	596,121	596,121	0	0	0
R0510	Total available own funds to meet the MCR	596,121	596,121	0	0	
R0540	Total eligible own funds to meet the SCR	596,121	596,121	0	0	0
R0550	Total eligible own funds to meet the MCR	596,121	596,121	0	0	
R0580	**SCR**	323,361				
R0600	**MCR**	80,840				
R0620	**Ratio of Eligible own funds to SCR**	184.35%				
R0640	**Ratio of Eligible own funds to MCR**	737.41%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	601,591
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	500,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	5,470
R0760	**Reconciliation reserve**	96,121
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	238,995
R0790	**Total Expected profits included in future premiums (EPIFP)**	238,995

S.25.02.21

Solvency Capital Requirement -
for undertakings using the standard formula and partial internal model

USP Key

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

USP Key

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

USP Key

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

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
Row	C0010	C0020	C0030	C0070	C0090	C0120
1	1	Market risk	29,871	0	9	
2	2	Counterparty default risk	31,693	0	9	Counterparty default risk
3	4	Health underwriting risk	4,875	0	9	
4	5	Non-life underwriting risk	266,624	119,923	9	
5	7	Operational risk	29,994	0	9	

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

	Calculation of Solvency Capital Requirement	C0100
R0110	Total undiversified components	363,057
R0060	Diversification	-39,696
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	323,361
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	323,361
	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	
R0310	Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	
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 Requirement for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	Amount/estimate of LAC DT	
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	
R0670	Amount/estimate of AC DT justified by carry back, current year	
R0680	Amount/estimate of LAC DT justified by carry back, future years	
R0690	Amount/estimate of Maximum LAC DT	

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	76,055

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	225	99
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	49,613	15,364
R0060	Other motor insurance and proportional reinsurance	8,755	2,711
R0070	Marine, aviation and transport insurance and proportional reinsurance	80,296	58,235
R0080	Fire and other damage to property insurance and proportional reinsurance	48,177	40,471
R0090	General liability insurance and proportional reinsurance	48,835	26,655
R0100	Credit and suretyship insurance and proportional reinsurance	27,846	19,072
R0110	Legal expenses insurance and proportional reinsurance	4,121	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	1,266	910
R0150	Non-proportional casualty reinsurance	49,262	13,266
R0160	Non-proportional marine, aviation and transport reinsurance	39,657	13,487
R0170	Non-proportional property reinsurance	34,969	11,069

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	76,055
R0310	SCR	323,361
R0320	MCR cap	145,513
R0330	MCR floor	80,840
R0340	Combined MCR	80,840
R0350	Absolute floor of the MCR	3,929
R0400	**Minimum Capital Requirement**	80,840