



TransRe Canada Branch

**2026 OSFI B-15 Guideline
Risk Management Report**



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Purpose

This report was prepared to comply with OSFI Guideline B-15 Climate Risk Management and has been prepared using data as of December 31, 2025. Unless otherwise noted, all amounts are presented in Canadian Dollars (“CAD”) and results of the entity in this report are presented on an IFRS 17 basis. For the purposes of this report, unless otherwise specified, “TransRe” or “the Company” refers to the wider TransRe Group (“TransRe”); where we refer to the TransRe Canadian Branch (“TRCC” or “the Branch”) or Berkshire Hathaway Group of Insurance Companies (“Group”), these entities are specifically identified.

Introduction to TransRe

TRCC is a regulated reinsurance branch of Transatlantic Reinsurance Company (“TRC”), a New York domiciled Reinsurer, supervised by the New York Department of Financial Services (“NYDFS”), which, in turn, forms part of Transatlantic Holdings, Inc. (“TRH”) and its subsidiaries and branches (“TransRe”). TRCC writes on behalf of TRC, which is supported by United States Dollar (“USD”) \$5.1B of US Statutory Capital as of 31 December 2025.

TRCC was established in 1980 and was the Company’s first office outside of the United States. The Branch operates as a federally registered Canadian branch of its U.S. parent TRC, reflecting TransRe’s longstanding commitment to the Canadian insurance market.

Headquartered in Toronto, TRCC provides property and casualty reinsurance to insurance and reinsurance companies in Canada and internationally. Business is written on both a treaty and facultative basis, placed directly with cedants as well as through reinsurance brokers. Reinsurance coverage is provided across most major lines of insurance, utilizing both excess-of-loss and pro-rata structures.

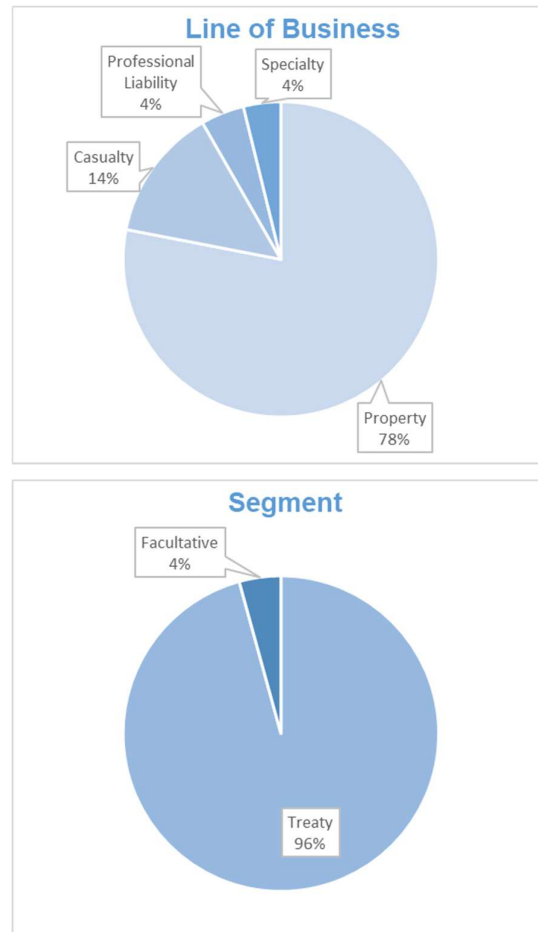
Since its establishment, TRCC has combined local market knowledge with access to TransRe’s global underwriting, actuarial, and research capabilities. TRCC has evolved alongside the Canadian insurance industry, deepening its technical expertise and expanding its analytical support in response to increasing risk complexity and changing regulatory and market environments.

Today, TRCC operates as an integral part of TransRe’s global organization, maintaining long-standing relationships with cedants while continuing to deliver disciplined underwriting, analytical rigor, and a long-term partnership approach to the Canadian market.

TransRe, as noted previously, comprises several different entities. The largest of these entities, as measured by both premium and U.S. GAAP Equity, is TRC, which was formed in 1977 as the in-house assumed reinsurance division of American International Group (AIG) and commenced reinsurance underwriting on January 1, 1978. It has international branch or representative offices in Canada, London, Tokyo, Hong Kong, Miami, Paris, Zurich, Shanghai, Buenos Aires, Sydney, Stamford, Chicago, Munich, Hamilton, Singapore and Luxembourg.

Since October 2022, TRH became a wholly owned subsidiary of Berkshire Hathaway (“BH”) and TransRe benefits from the same rating as BH by Standard & Poor’s (“S&P”) and AM Best to AA+ and A++ respectively.

TRCC wrote CAD 258m of 2025 reinsurance premium segmented as follows:



As of December 31, 2025, TRCC is well capitalized with a Branch Adequacy of Assets Test (“BAAT”) ratio of 378%, with excess net assets available over the minimum margin required is \$161.7m. The Branch’s BAAT ratio is well in excess of the conservatively selected operating target ratio of 300%.

Governance

Risk governance operates throughout TransRe and starts at each branch and subsidiary and feeds into the overall governance framework of the Company.

Local risk and compliance resources have reporting lines to their respective head office functions. Issues and matters are addressed in the regions and brought to the attention of the Corporate Risk Management Committee (“CRMC”) and ultimately the Board of TRH, as appropriate. Regional Actuarial, Compliance and Finance resources provide further local governance support. These resources are also complemented by various local risk committees (“LRC”) established throughout the Company.

TRCC’s LRC is chaired by the Chief Agent for Canada and includes senior Branch staff from the finance, actuarial, and underwriting functions as well as Group-level representation from Group Risk Management and the Group Chief Compliance Officer.

At the Branch level, risks associated with climate change are assessed quarterly by Risk Committee members via the risk register and is a standing item on the quarterly Risk Committee meeting.



TRH's Board is ultimately responsible for the company's approach to managing Sustainability and Resilience ("S&R"). The Board has delegated responsibility to its CRMC, who in turn has established an S&R Committee.

The S&R function at TransRe is embedded within TransRe's Group Risk Management ("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.

Governance of S&R risks and opportunities is the responsibility of the Committee, which is chaired by the Head of Sustainability and Resilience and meets quarterly. The S&R Committee reports to the CRMC and is comprised of experienced underwriting, risk management, actuarial, and claims professionals reflecting the global footprint of the Company. Where appropriate, the committee will identify whether training is required for staff to manage the risks associated with climate risk.

In pursuit of its stated strategy, TransRe recognizes that it must set the level of risk it is willing and able to accept and ensure that it has an appropriate risk and capital management framework that supports the appetites and tolerances.

The Company's corporate risk appetite and tolerance statements, which are reviewed and approved as part of the ORSA approval process, demonstrate a key focus on balance sheet strength and protection of the TransRe franchise and brand value. These include a climate-specific risk appetite statement for S&R including climate change:

TransRe recognizes the hazards associated with not understanding, managing and mitigating the risks related to S&R. Aligned with the corporate appetites set out above, TransRe will seek to manage and mitigate the impact of these S&R risks in its underwriting and operational activities.

Compensation and incentive plans are not directly linked to climate-related risk. Such a metric is a factor judgmentally considered.

Risk Management

Climate change risk can broadly be categorized into three main drivers of risk: physical risks, transition risks and liability risks:

Physical Risk

Physical risks are risks that arise from the physical effects of climate change. They include:

- Acute physical risks, which arise from particular events, especially weather-related events such as storms, floods, fires or heatwaves that may damage property (residential and commercial), production facilities, disrupt value chains and increase the frequency and quantum of potential losses.
- Chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

Transition Risk

Transition risks are risks that arise from the transition to a lower carbon economy. They include:

- Government policy risks, for example because of changing energy efficiency requirements, carbon pricing mechanisms which increase the price of fossil fuels, or policies to encourage sustainable land use.
- Market sentiment risks, for example because of the choices of consumers and business customers reduce demand for certain types of products and services.

Liability Risk

Liability risk, also referred to as climate litigation risk, is defined by the International Association of Insurance Supervisors as "the risk of climate-related claims under liability policies, as well as direct actions against insurers, for failing to manage climate risks."



Given the significant increase in recent years of climate-related litigation, the claims function monitors current climate cases and reports to the S&R Committee each quarter as a standing agenda item.

Climate change will likely have different implications for different lines of business underwritten by TRCC, such as property and casualty and commercial and personal lines. TRCC incorporates these considerations in its approach to each segment and modifies its underwriting approach based on a variety of underwriting and actuarial techniques that consider the potential frequency and severity of natural catastrophes.

To manage these risks, the Company conducts robust catastrophe modeling. The climate risk focused stress testing considers the following impacts:

- **Natural Catastrophe Risk** – The Company is exposed to physical risks of climate change, including a potential increase in severe weather-related events. The stresses include multiple 500-year events. The Company believes this approach is more meaningful/conservative than a time-based approach.
- **Transition Risk** – The Company could face Transition Risk if companies in the investment portfolio face sudden drops in asset values or increased credit risk as a result of the transition to a lower carbon economy. The Company incorporates the mid-term shocks utilized in the Net Zero by 2050 Scenario to stress Transition Risk.
- **Litigation Risk** – The Company could be exposed to Litigation Risk if parties who have suffered losses and damages from climate change seek to recover from insureds whom they believe are responsible.
- **Pricing Risk** – The Company protects itself against Pricing Risk in its P&C insurance policies in the coverage term, which is customarily written for one year and repriced annually to reflect changing exposures (increased possibilities of loss translate promptly into increased premiums). This reduces the climate change driven residual pricing risk significantly and eliminates the need for a pricing risk stress. The Company, in coordination with the Branch, revisits this assumption on an ad hoc basis.
- **Underwriting Risk** – Certain climate change mitigation efforts are expected to decrease the demand for insurance for industries that produce non-renewable resources (i.e., coal, natural gas, and oil). Other mitigation efforts are likely to reduce the population of insureds for certain business units (i.e., auto and airline) leading to a decreased pool of insureds and associated premium.

As noted, climate change is a stand-alone risk in TRCC's risk inventory. TransRe has established a Climate Change specific risk scenario. This includes an annual stress testing scenario that incorporates Physical Risk and Transition Risk that provides post-stress capital and liquidity levels. The post-stress metrics are monitored against minimum risk-based capital ratios established by the Group's ERM Committees and reported at relevant risk committees.

Findings from TransRe's climate scenario analysis are incorporated into the Company's view of risk, which forms the basis for pricing natural catastrophe exposures, and are considered in the Company's portfolio management processes.

Natural catastrophe exposures are subject to an annual strategic review, which includes climate impacts as determined by the Catastrophe Research function (recognizing the current phase of El Niño-Southern Oscillation (ENSO) and Atlantic Multi-decadal Oscillation (AMO)). As reinsurance contracts are typically written on an annual basis, TransRe can rebalance its portfolio swiftly as dictated by market conditions and research assessment.

As property exposures to natural catastrophe risk are a key risk driver, TransRe regularly monitors these exposures. Tolerances are reported quarterly for seven geographic "superzones" that encompass peak global catastrophe risks, including Canada, and the possibility that an event could affect more than one modelled region. Additional reporting tools that are updated quarterly allow for granular risk analysis across the natural catastrophe-exposed global property portfolio.

TransRe's Catastrophe Research function is responsible for evaluation of climate risk, including climate scenario analysis. The research team identifies perils and regions on its climate change research agenda on a periodic basis with the research agenda typically set 1-2 years in advance.



In evaluating climate change impacts, the level of scientific consensus ascribed to different climate risks varies by peril and time horizon. Depending on the levels of confidence and their relevance for the re/insurance industry, TransRe considers two approaches to address the impact of climate change on weather-related risks. For perils with a high scientific consensus such as wildfire and flood, the short-term impact of climate change is included in TransRe's view of risk. For perils with medium and low confidence levels (e.g., tropical cyclones), TransRe's natural catastrophe portfolio is stress tested using climate change scenarios.

TransRe utilizes vendor catastrophe models for determining the impact of natural catastrophe scenarios on its portfolio. Where available, modelled output by region and peril is evaluated against actual loss experience, and where deficiencies are identified, adjustments are made to the model as part of the model validation process. In addition to using vendor models, TransRe has also analyzed the potential impact of climate change on different geographical regions, contemplating both frequency and severity.

TRCC's primary exposure to climate change risk arises from its P&C reinsurance business. P&C reinsurance contracts are customarily written for one-year terms and repriced annually to reflect changing exposures.

Climate-Related Risks

Climate-related risks are assessed on an ongoing basis over the short term (0-5 years), medium term (5-15 years), and long term (15+ years) and are assessed for potential severity (low, medium and high). Risks assessed include physical, transition, liability, legal, and reputational risks. Due to the high levels of uncertainty regarding the nature, timing, and magnitude of climate-related risks, it is not possible to estimate the timing of the impacts with any level of precision. Results of these assessments are shared periodically with the Company's S&R Committee.

In conducting these assessments, we have considered the following thresholds:

Time Horizon	Long	Medium	Short						
	15+ Years	5-15 Years	0-5 Years	Premium USD(m)			Capital USD(m)		
Severity	Low (0.5-1%)	Med (2.5-5%)	High (10-30%)	Low (0.5-1%)	Med (2.5-5%)	High (10-30%)	Low (0.5-1%)	Med (2.5-5%)	High (10-30%)
Mid-Range	0.75%	3.75%	20.00%	0.75%	3.75%	20.00%	0.75%	3.75%	20.00%

Key risk owners then assess their assigned climate-related risks and controls against these thresholds as presented in the climate risk register below:



Risk Title	Inherent Rating		Residual Rating	
	Time Horizon	Severity	Time Horizon	Severity
Property pricing parameters and assumptions do not reflect exposures to climate change	Long	Medium	Long	Medium
Risk that IBNR loss reserves do not adequately contemplate climate-related factors	Medium	Low	Medium	Low
Casualty pricing parameters and assumptions do not reflect known exposures to climate-related risk	Short	Medium	Short	Medium
Lack of monitoring around exposure to carbon intensive industries (especially high profile risks such as coal) and consequent reputational risk with certain segments of clients (e.g. UK/European clients)	Medium	Medium	Medium	Medium
Models prove materially inadequate in assessing the frequency and/or severity of losses of extreme natural catastrophe risks due to climate change uncertainties	Medium	Medium	Medium	Medium
TransRe perceived in the market (by brokers and clients) as a Sustainability laggard	Medium	Low	Medium	Low
Risk that the group is subject to conflicting climate regulatory requirements in different states, countries, or other jurisdictions where TransRe operates	Short	Low	Short	Low
Failure to react to developing climate litigation risk	Medium	Medium	Medium	Medium

Climate-Related Opportunities

TransRe continuously monitors the impact climate-related risk could have on its various lines of business and assesses the potential impact on pricing and underwriting. As a result of this monitoring and assessment process, it is possible that reinsurance contract terms and conditions could be updated or revised to reflect changes in such risk. Likewise, opportunities to enter new lines may be identified as a result of these reviews. Where new opportunities arise, they will be considered and if appropriate supported through careful selection of cedants.

Greenhouse Gases

TRCC generates minimal carbon emissions. TRCC also considers initiatives to assess, reduce, and mitigate Greenhouse Gas (“GHG”) emissions as part of the strategic planning process. This informal process typically estimates the rate of return on investments in carbon-reduction technologies and the overall benefit to the environment. Ongoing GHG and other related environmental conservation initiatives within TRCC’s daily operations include the following:

- Implementing technology, equipment, and processes to reduce electricity and natural gas usage, such as transitioning from fluorescent to LED lighting, motion sensor lighting, installing high efficiency window blinds, and computer controlled thermostats;
- Updating computer equipment to take advantage of cutting-edge technology, often reducing energy usage as well as adding more computing power while using less equipment;
- Considering the benefits of increased work location flexibility and virtual meetings. This includes assessing the carbon footprint impacts associated with office space, commuting, and associated travel;
- Advocating the recycling of paper, glass, and plastics to all personnel and providing options to make recycling convenient at office locations;
- Encouraging electronic communication versus paper usage;
- Supporting the use of reusable cups to reduce one time use products; and
- Employing imaging technology to replace paper usage and long-term information storage.

Climate Ambitions and Metrics



The appropriateness of TRCC’s Climate Ambition and Metrics are assessed by the LRC on an annual basis (at a minimum).

Metric	Description	How it is measured	Current ambition
Transition Risk impact on the TRCC’s portfolio.	Portfolio exposure to carbon intensive assets.	Percentage of bonds and equities exposed to carbon risk.	TRCC’s equity and bond portfolio will continue to be managed to appropriately limit undue exposure to transition risk. Currently, all holdings are Canadian Government backed securities.
Business Continuity during inclement weather events.	Increasing volatile weather and environmental changes generate extreme storms that pose a risk to business continuity.	Percentage of employees engaged during a severe weather event.	95% of TRCC personnel are able to complete their employment responsibilities during a severe weather event that negatively impacts the ability to safely travel to / from the office. This metric would be reassessed in the event of a prolonged power outage.

Greenhouse Gas (“GHG”) Metrics

Where appropriate, TRCC follows the GHG Protocol Corporate Standard methodology. TRCC adopted the Financial Control method to account for GHG emissions. TRCC does not occupy owner-occupied offices or employ a corporate fleet.

Emissions	tCO2e
Scope 1: Direct GHG Emissions from company-owned buildings, fleets, or equipment (e.g., therms, fuel consumption).	Not applicable.
Scope 2: Indirect GHG emissions from the generation of purchased energy by owner occupied offices.	Not applicable.
Scope 3: Indirect GHG emissions that occur in a company’s value chain.	Scope 3 emissions are not in scope for fiscal year 2025.

Conclusion

TRCC has established governance, risk management, and underwriting processes that support the identification, assessment, and management of climate-related risks. These processes incorporate climate considerations into strategic planning, catastrophe modelling, and portfolio management, and are supported by ongoing monitoring and internal reporting.

TRCC concludes it has the financial resources and underwriting discipline to mitigate the risks associated with climate change. This includes the ability to successfully navigate the high level of uncertainty regarding the nature, timing, and magnitude of climate related risks.