somewhat different

Hannover Re (Ireland) Designated Activity Company

2020

Solvency and Financial Condition Report

hannover re®

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Executive Summary

Key figures

in USD 000's	2020	2019
Solvency II Balance Sheet		
Assets	8,026,230	7,479,743
Technical Provisions	5,945,400	5,393,526
Other Liabilities	1,311,430	1,400,883
Excess of Assets over Liabilities	769,400	685,334
Eligible Own Funds to meet the Solvency Capital Requirement (SCR)		
Tier 1 Basic Own Funds	769,158	682,446
Tier 2 Basic Own Funds	113,781	106,865
Tier 3 Ancillary Own Funds	77,602	64,511
Total Eligible Own Funds (SCR)	960,541	853,822
Eligible Own Funds to meet the Minimum Capital Requirement (MCR)		
Tier 1 Basic Own Funds	769,158	682,446
Tier 2 Basic Own Funds	46,561	38,706
Total Eligible Own Funds (MCR)	815,720	721,152
Capital Requirements		
Solvency Capital Requirement	517,349	430,072
Minimum Capital Requirement	232,807	193,532
Coverage Ratio		
Ratio of Eligible Own Funds to SCR	186%	199%
Ratio of Eligible Own Funds to MCR	350%	373%

A. Business and Performance

Hannover Re (Ireland) Designated Activity Company (hereinafter referred to as "HRI" or "the Company") is an Irish regulated entity authorised by the Central Bank of Ireland to carry on both L&H and P&C reinsurance business. HRI is part of the Hannover Re Group. Hannover Re, with gross premium of more than EUR 24 billion, is the third-largest reinsurer in the world. The Hannover Re Group today has a network of more than 170 subsidiaries, affiliates, branches and representative offices worldwide.

HRI plays a pivotal role within this network and is one of the core risk carriers for Hannover Re. We offer reinsurance solutions to leverage our significant capital base for the benefit of clients worldwide as well as other Hannover Re Group entities.

The result for the year as set in Section A Business and Performance have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The HRI profit before tax for the financial year 2020 was USD 19.1m (2019 Profit of USD 121.3m). The P&C business segment returned a positive underwriting result. The L&H business segment returned a negative underwriting result which led to an overall underwriting loss. The investment result for the year was an increase on 2019 and contributed to an overall profit before tax. The result was satisfactory given the challenging market conditions.

HRI recorded an underwriting loss of USD (9.8m) (2019 Profit of USD 100.4m), an investment result of USD 33.1m (2019: 21.7m) and other income and expenses not related to the underwriting or investment result amounted to USD (4.2m) (2019: USD (0.8m)).

Details on the Business and Performance can be found in Section A.

B. System of Governance

The Company recognises the importance of a strong System of Governance. In our governance system the central functions are closely interlinked with one another and the roles, tasks and reporting lines are both clearly defined and documented in the context of the so-called "three lines of defence" model.

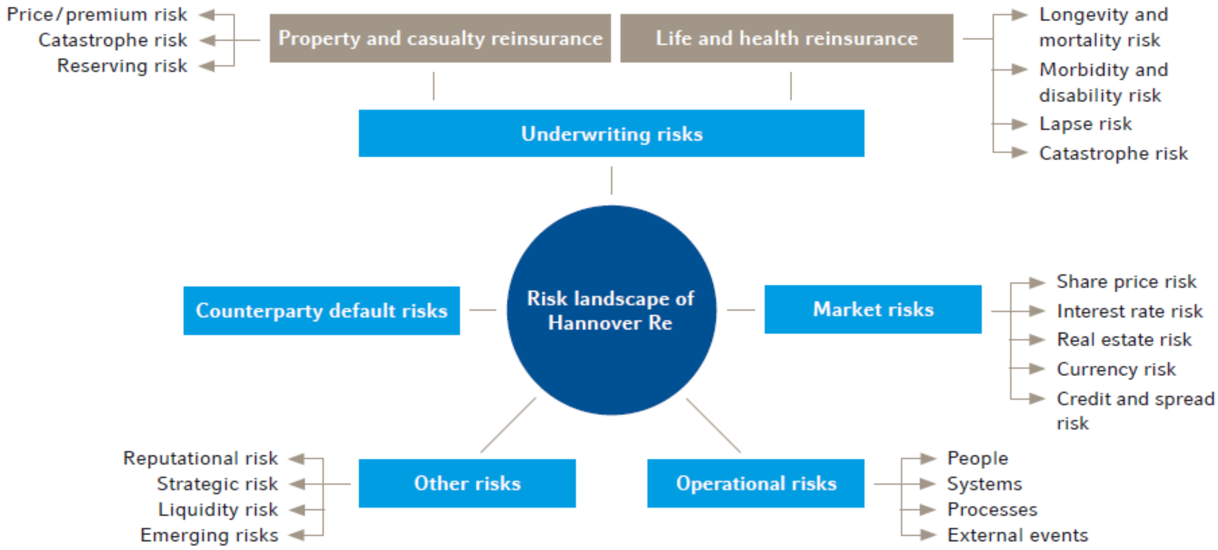
The first line of defence consists of operational management of the risks and controls on a day-to-day basis. The risk management function ensures the second line of defence - risk monitoring. It also receives support from the actuarial function and the compliance function. The third line of defence consists of process-independent monitoring executed by the internal audit function.

All key functions are equipped with appropriate resources and skills. The reporting lines to one another and to the Board Member responsible have been clearly defined. Effective 1 January 2020, the Deputy Chief Executive Officer became the Chief Executive Officer of HRI. The Head of Pricing became Business Centre Head of Life and Health Ireland. With effect from 18 June 2020, the Chief Financial Officer was appointed as an Executive Director of HRI.

The individual elements of the System of Governance of the Company are explained in Section B.

C. Risk Profile

In the context of its business operations HRI enters into a broad variety of risks. These risks are deliberately accepted, steered and monitored. They specifically concern underwriting risks pertaining to Property & Casualty, Life & Health, as well as capital market risks, liquidity risks and counterparty default risks. Operational, strategic and reputational risks also arise in the course of business operations. Further details on the Company Risk Profile are included in Section C.



Hannover Re quantifies risks using the internal capital model. For the purposes of calculating the Solvency Capital Requirement, Hannover Re has approval to use a full internal model. The Solvency Capital Requirement as of December 31, 2020 is presented in the following table.

In USD 000's	2020	2019
Underwriting risk - Property & Casualty	498,517	359,144
Underwriting risk - Life & Health	226,788	249,361
Market risk	169,883	162,585
Counterparty default risk	36,884	33,288
Operational risk	93,823	109,942
Diversification	437,489	423,994
Total risk (pre-tax)	**588,406**	**490,235**
Deferred tax	71,057	60,253
Total risk (post-tax)	**517,349**	**430,072**

D. Valuation for Solvency Purposes

For the purposes of calculating the eligible own funds, HRI values the assets and liabilities pursuant to the provisions of S.I. No. 485/2015 European Union (Insurance and Reinsurance) Regulations 2015.

The valuation for Solvency II purposes is set in principle at the fair value (market value). Insofar as IFRS values appropriately reflect the fair value, these values are applied to Solvency II. HRI has been granted approval by the CBI to use volatility adjustments to value the Best Estimate Liability ("BEL") beginning with 31 December 2018.

The calculation of technical provisions can differ significantly under Solvency II and IFRS. The IFRS technical provisions are grounded in US GAAP and use locked in assumptions for long duration contracts. The Solvency II technical provisions consist of best estimate liability which is based on probabilistic best estimate cashflows with a risk margin derived from our internal capital model.

An analysis of the valuation of the assets and liabilities per the Solvency II balance sheet can be found in Section D.

E. Capital Management

The Ratio of Eligible Own Funds to SCR at 31 December 2020 was 186% (2019: 199%). Own funds in the Solvency II balance sheet consist of basic own funds, which comprise the excess of assets over liabilities (Tier 1 capital) and subordinated loans (Tier 2 capital). Within the Tier 3 own funds is included an AOF item approved by the Central Bank of Ireland. The renewal of this item with amendments was approved on 23 November 2020.

Further details on capital management are included in Chapter E.

A. Business and Performance

A.1 Business

A.1.1 Business Model

The principal activity of the Company is the transaction of international life & health reassurance and property & casualty reinsurance business.

Life & Health

As one of the largest, internationally operating and established life and health reinsurers, Hannover Re Group offers clients worldwide reinsurance protection in all lines of life and health insurance. With 25 Life & Health offices on all continents, Hannover Re Group has an outstanding international network at its disposal.

We seek to use our global mandate to offer reinsurance solutions to leverage our significant capital base for the benefit of life and health clients worldwide. Our focus is to combine our in-house skills with the considerable resources of the network to develop solutions which can be written, either as retrocession for our sister companies or directly with life insurance companies.

The Company has significant experience in developing structured Financial Solutions for clients which provide financing, capital support or a combination of both. Our in-house expertise in this area means that we have the tools to implement effective solutions in a short space of time. A strong and liquid capital base allows us to provide both cash and non-cash financing solutions to service our clients' needs.

The Risk Solutions business is focused on reinsurance of mortality and morbidity business but does include other exposures such as lapse and longevity. There is a strong focus on the United Kingdom and Asia markets. Our clients are highly rated entities located throughout the world.

The Company also operates a Life branch in Canada which offers all lines of life and health reinsurance – risk solutions, longevity reinsurance and financial solutions.

Property & Casualty

Hannover Re is also one of the largest international P&C reinsurers. Through its network of 19 locations, Hannover Re writes business in most P&C lines of business.

Within this network the Company plays an important role as one of the major risk carriers. The Company uses both its significant capital base and in-house expertise to provide solutions to other Hannover Re Group entities worldwide as well as reinsurance solutions to insurance companies mainly in North America and the United Kingdom. The Company has increased its focus on the provision of solutions to other Hannover Re Group entities in recent years while continuing to manage its existing book of business and existing client relationships.

The Company writes reinsurance transactions where structured elements may be incorporated to enable the coverage to be tailored to the individual needs of our clients. The appropriate pricing for the actual risks transferred is a crucial element of the considerations. Our risk management and aggregation control tools are consistent with those applied within the P&C reinsurance business group of Hannover Re.

Our major lines of business include general and automobile liability, professional indemnity, workers compensation and property. With respect to the latter we endeavour to avoid huge aggregate exposures from major natural catastrophe perils.

Structured features will remain a cornerstone of our product offerings, thereby reducing the volatility of our transactions and hence the capital requirements for our overall book of business.

Our transactions generally cover all or most lines of business written by our clients. The form of these covers will depend on the requirements of our clients as we seek to provide solutions which are tailored to these particular requirements. The majority of our business is written in the form of quota share or aggregate excess of loss reinsurance.

With our considerable experience in assessing risks and our expertise in structuring transactions, combined with the financial strength of the Company and the extensive Hannover Re Group network we are very well positioned and look forward to further successful and profitable years ahead of us.

A.1.2 Results of Operations

The Profit after tax for 2020 was USD 16.5m (2019: USD 106.1m).

Net premium written increased by 50.1% to USD 4,713.6m (2019: USD 3,124.1m). Net premium earned increased by 39.5% to USD 4,149.0m (2019: USD 2,973.2m).

The underwriting result for the year was a loss of USD (9.8m) (2019 USD 100.4m) of which the P&C underwriting result for the year was USD 16.3m (2019: USD 73.6m) and the L&H underwriting result for the year was USD (26.1m) (2019: USD 26.7m). The P&C segment performed well both in business assumed from other Hannover Re Group entities as well as the Third Party Portfolio.

The investment result for the year was USD 33.1m (2019: USD 21.7m). There was a decrease in realized losses of 66% compared to 2019 that lead to the improved result.

The Other Activities result for the year was USD (4.2m) (2019: USD (0.8m)). This movement relates to an unrealized loss on life settlement yield collar USD (1.0m) and an increase in other expenses for the year USD (3.2m) (2019: USD (1.0m)).

A.1.3 Headquarters, supervisors and auditors

HRI is an Irish Designated Activity Company.

Registered office of HRI

4 Custom House Plaza
Harbourmaster Place
International Financial Services Centre
Dublin 1
Republic of Ireland

The Company's ultimate parent undertaking is HDI Haftpflichtverband der Deutschen Industrie V.a.G., a company incorporated and operating in Germany. The Company's immediate parent company is Hannover Rück Beteiligung Verwaltungs-GmbH. The largest group in which the results of the Company are consolidated is that headed by HDI Haftpflichtverband der Deutschen Industrie V.a.G.

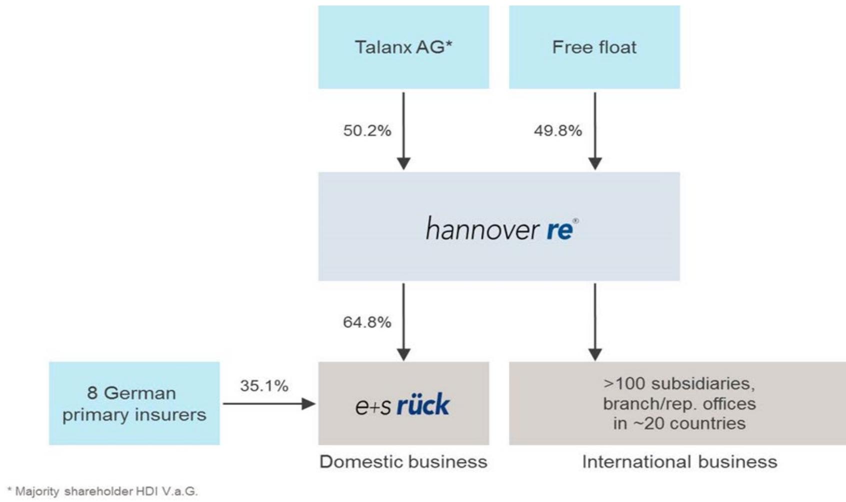
The smallest group in which the results of the Company are consolidated is that headed by Hannover Rück SE. Hannover Rück SE is a European stock corporation, Societas Europaea (SE) has been entered in the Commercial Register of the District Court of Hannover under the number HR Hannover B 6778.

Headquarters address

Karl-Wiechert-Allee 50
30625 Hannover
Germany

A rounded 50.2% of Hannover Rück SE shares are held by Talanx AG. HDI Haftpflichtverband der Deutschen Industrie V.a.G. ("HDI") in turn holds a stake of 79% in Talanx AG.

Hannover Re as a sub-group of the Talanx Group



Shareholder
Subsidiaries, branches

HRI is subject to supervision by the Central Bank of Ireland ("CBI").

Hannover Rück SE as well as Talanx and HDI are subject to supervision by the Federal Financial Supervisory Authority ("BaFin").

Name of the supervisory authority	Contact details
Central Bank of Ireland ("CBI")	Insurance Supervision Division Central Bank of Ireland New Wapping Street North Wall Quay Dublin 1 D01 F7X3
Federal Financial Supervisory Authority ("BaFin")	Graurheindorfer Straße 108 53117 Bonn Germany Postbox 1253 53002 Bonn Germany

The auditor appointed for HRI and the Group auditor are as follows:

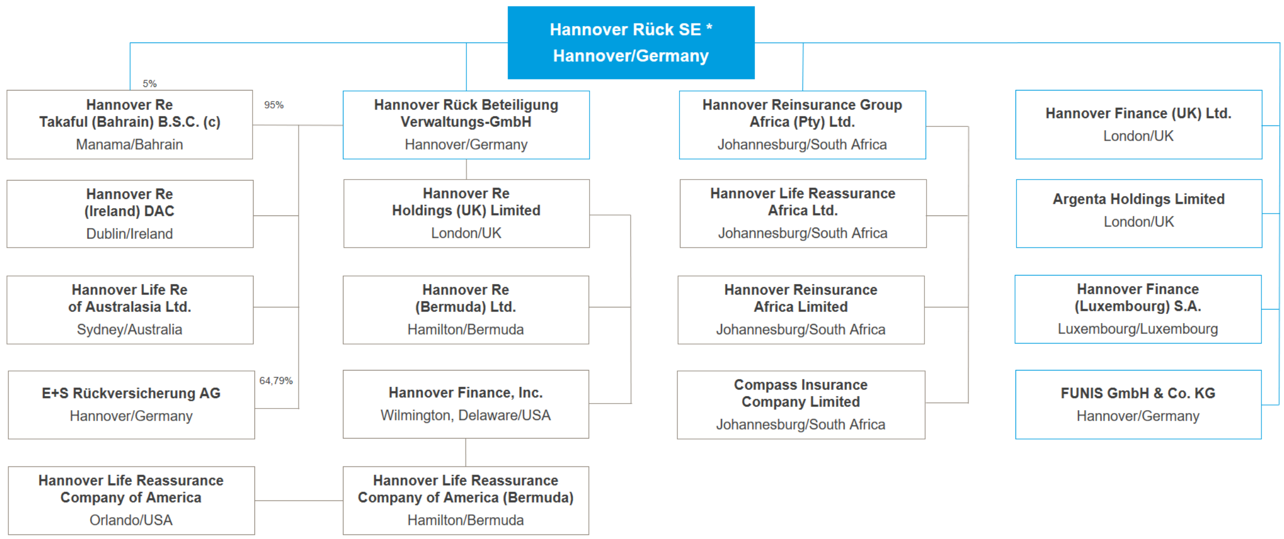
Auditors for HRI and Group	Contact details
HRI	Price Waterhouse Coopers Spencer Dock North Wall Quay North Wall Dublin 1
Hannover Re Group	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Fuhrberger Straße 5 30625 Hannover

A.1.4 Group structure

Hannover Rück SE and its subsidiaries (collectively referred to as the "Hannover Re Group" or "Hannover Re") transact all lines of Property & Casualty and Life & Health reinsurance. The Group is present on all continents.

The Group consists of more than 170 subsidiaries, affiliates, branches and representative offices worldwide with a total workforce of 3,218.

Subsidiaries of Hannover Rück SE at 31 December 2020



Reinsurance or Insurance companies
Non-insurance companies
* Unless otherwise stated, the shareholding is 100%

A.1.5 Significant events

The COVID-19 pandemic continues to have dramatic effects on individuals, society, business and economies across the globe. The crisis poses new challenges in almost all areas of business. HRI as part of the Hannover Re Group, is closely monitoring, managing and responding to the pandemic. Further details on COVID-19 and HRI response is detailed in Section B.3.1 and Section C.

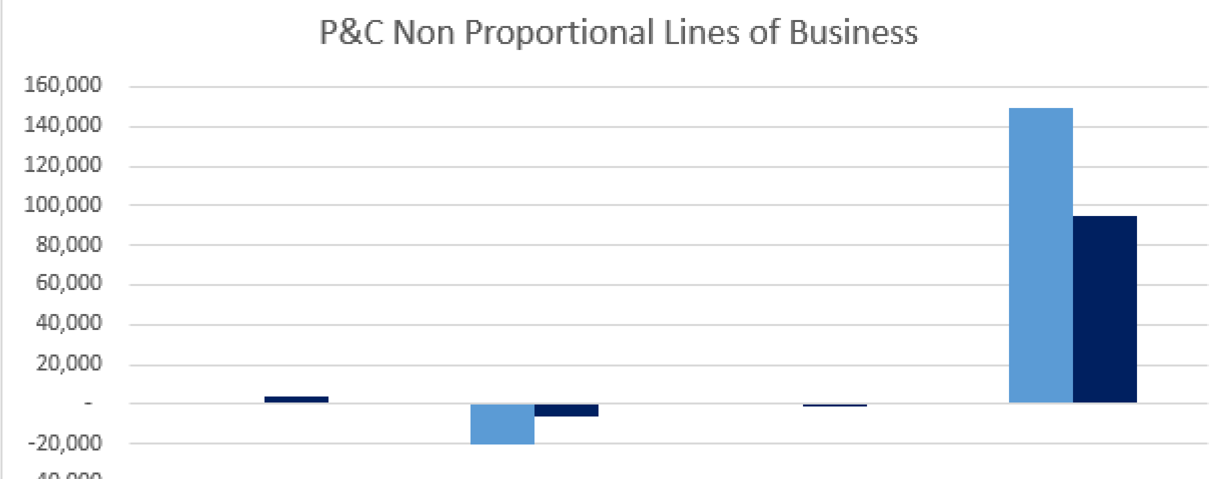
A.2 Underwriting Performance

HRI made an underwriting loss of USD (9.8m) during the financial year 2020 (2019: Profit of USD 100.4m), with net earned premiums in the amount of USD 4,149.0m (2019: USD 2,973.2m), net claims incurred in the amount of USD 3,010.3m (2019: 1,983.7m) as well as other income and expenses attributable to the underwriting performance in the amount of USD 1,148.5m (2019: USD 879.5m).

Property & Casualty – Line of business

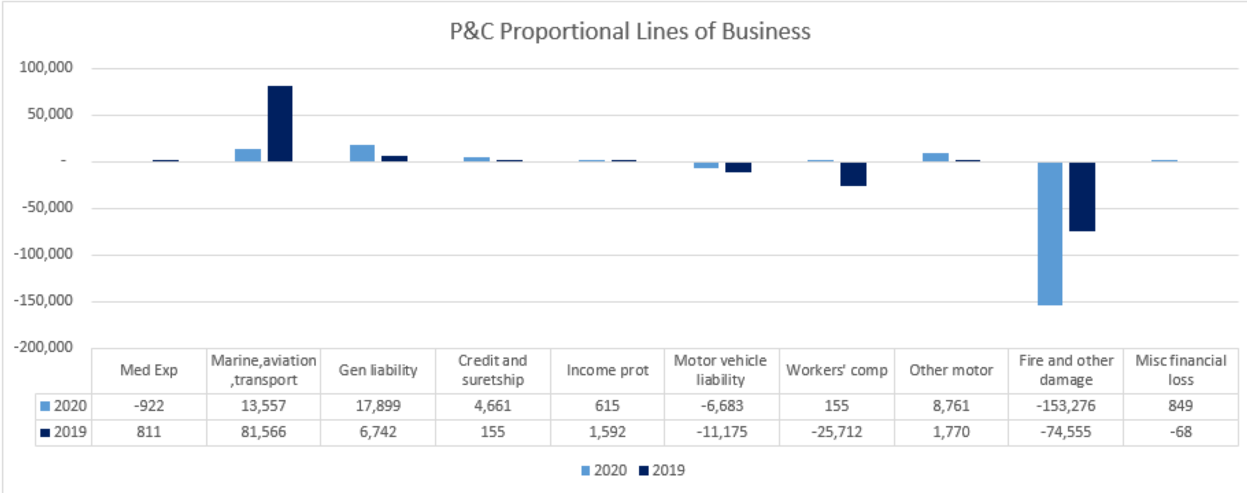
HRI made an underwriting profit of USD 16.3 m for the P&C lines of business (2019: Profit of USD 73.6m).

The underwriting result analysed by Solvency II for the P&C non-proportional lines of business is as follows (in USD 000's):



	Health	Casualty	Marine,Aviation & Transport	Property
2020	1,312	-20,756	929	149,248
2019	4,077	-6,207	-459	95,091

HRI write a number of treaties that are multi-line business. Volatility in the underwriting result on the lines of business within these treaties is expected between periods, with offsetting movements across the individual lines of business. The underwriting result analysed by Solvency II for the P&C proportional lines of business is as follows (in USD 000's):



	Med Exp	Marine,aviation ,transport	Gen liability	Credit and suretship	Income prot	Motor vehicle liability	Workers' comp	Other motor	Fire and other damage	Misc financial loss
2020	-922	13,557	17,899	4,661	615	-6,683	155	8,761	-153,276	849
2019	811	81,566	6,742	155	1,592	-11,175	-25,712	1,770	-74,555	-68

The significant drivers of the underwriting result in the financial year 2020 were the Non-Proportional Property USD 149.2m, Proportional Fire and other damage (USD 153.2m) USD, Non-Proportional Casualty (USD 20.8m) and the Proportional General Liability USD 17.9m lines of business.

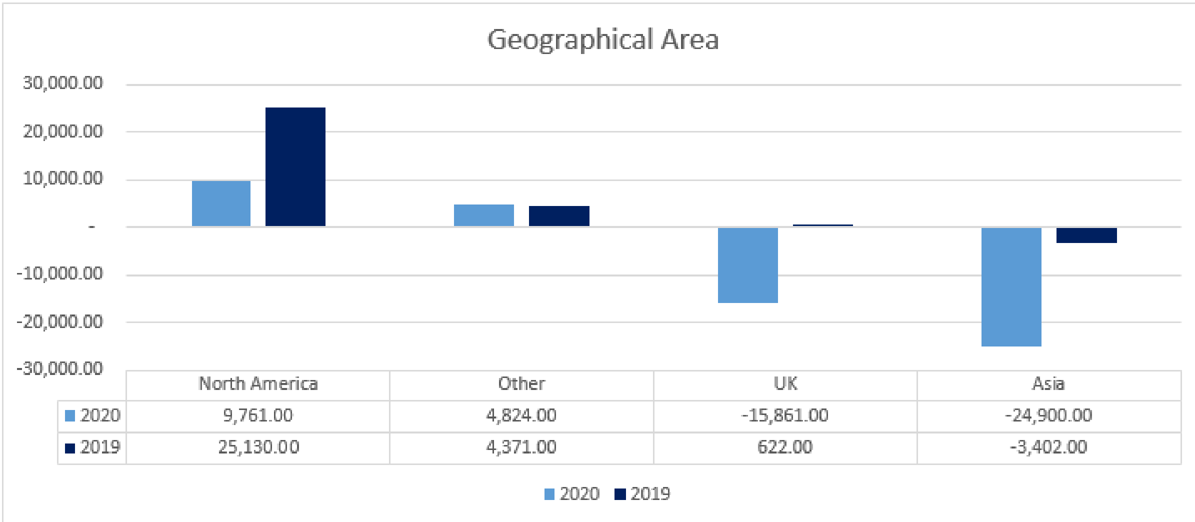
These lines of business, together with the Proportional Marine, aviation and transport USD 13.6m, Proportional Other Motor USD 8.8m, account for 95% of the overall P&C underwriting result.

Life & Health – Line of business

HRI made an underwriting loss of (USD 26.1m) for the L&H lines of business (2019: Profit of USD 26.7m). The 2020 underwriting result was primarily attributable to the Asian and UK business, offset by the remaining North American business.

Geographical area

The underwriting result analysed by geographical area is as follows (in USD 000's):



Asia and the UK are the most material geographical areas where the Company carries out business. In 2020, the Asian and UK geographical areas accounted for 89% of total net earned premium (2019: 85%).

A.3 Investment Performance

The Company recorded an investment result of USD 33.1m in 2020 (2019: USD 21.7m). The investment income and expenses are analysed by Solvency II asset classes in the overview.

Investment income

in USD 000's	2020 Ordinary income	2020 Realised gains	2019 Ordinary income	2019 Realised gains
Government Bonds	22,898	6,376	25,635	2,283
Corporate Bonds	23,998	1,233	23,124	3,401
Collateralised securities	3,177	0	3,782	0
Collective Investment Undertakings	1,909	0	1,325	0
Derivatives	0	1,484	0	1,402
Deposits other than cash equivalents	60	-	167	-
Other investments	2,022	7,824	3,153	6,647
Cash and cash equivalents	3	-	47	-
Investment income attributable to underwriting result:	**0**	**0**	**0**	**0**
Net funds transferred interest	−15,037	−3,603	−16,068	−3,704
Total	**39,030**	**13,314**	**41,165**	**10,029**

Investment expenses

in USD 000's	2020 Realised losses	2020 Other expenses	2019 Realised losses	2019 Other expenses
Government Bonds	−42	-	−7,485	-
Corporate Bonds	−834	-	−634	-
Collateralised securities	0	-	0	-
Derivatives	−2,738	-	−2,613	-
Other investments	−234	−1,289	−430	−3,408
Investment management expenses	-	−3,009	-	−2,468
Custody fees and other interest expenses	-	−98	-	−89
Finance costs	-	0	-	−12,391
Investment expenses attributable to underwriting result:	**0**	**0**	**0**	**0**
Loan interest	-	−10,922	-	-
Total	**−3,848**	**−15,318**	**−11,162**	**−18,356**

Certain investments are held to back the technical provisions. The income from these investments ("funds transferred interest") is reallocated from the investment result to the underwriting result.

HRI has invested in securitised assets in the form of Collateralised Debt Obligations ("CDOs"). These assets are recorded on HRI's Solvency II balance sheet as "R0170 – Collateralised securities". The resulting income and expenses can be taken from the above table. CDOs are asset backed financial instruments which consist of a portfolio of fixed income securities divided into several tranches. In principle, high rates of interest are to be viewed as the compensation for increasing probabilities of default, according to which the individual tranches are differentiated from one another.

Collateralised Dept Obligations

in USD 000's	2020	2019
Collateralised Debt Obligations	97,742	90,370
Total	**97,742**	**90,370**

The "available-for-sale" reserve in the Equity section of the HRI balance sheet is given below:

Available-for-sale reserve

in USD 000's	2020	2019
Available-for-sale reserve	134,625	72,452
Total	**134,625**	**72,452**

A.4 Performance of Other Activities

A.4.1 Other income and expenses

The following table displays IFRS other income and expenses not included in the underwriting or the investment result:

Other income

in USD 000's	2020	2019
Other various income	2,130	0
Unrealised gain on life settlements yield collar	0	1,041
Unrealised gain on foreign currency swap	162	468
Unrealised gain on embedded derivative	0	209
Net gain on foreign exchange translation	522	629
Total	**2,814**	**2,347**

Other expenses

in USD 000's	2020	2019
Other expenses	−3,217	−951
Net loss on foreign exchange translation	0	0
Auditor's remuneration (including non-audit services)	−665	−723
Unrealised loss on foreign currency swap	−667	−430
Depreciation	−1,086	−1,069
Unrealised loss on life settlement yield collar	−1,415	0
Total	**−7,050**	**−3,173**

Other expenses

An increase in other expenses is the material driver of the performance of Other Activities in 2020. Other expenses refers to expenses that are attributable to neither the underwriting result nor the investment result such as the Ancillary Own Funds fee .

A.4.2 Significant leasing agreements

There are no significant operating or finance lease agreements.

A.5 Any other information

There is no other material information regarding business and performance.

B. System of Governance

B.1 General information on the System of Governance

B.1.1 Governance structure

B.1.1.1 Our Administrative, Management or Supervisory Body

HRI has an effective system of governance in place which provides for sound and prudent management. The elements of the System of Governance are described in the following chapter.

Board of Directors

The Board of Directors has ultimate responsibility for the strategy, management and operations of HRI. The Board is collectively responsible for promoting the success of HRI by directing, effectively supervising and overseeing its affairs in a prudent and ethical manner. The Board sets and upholds the values and standards necessary to ensure that HRI's obligations to shareholders and other stakeholders, including clients, employees, regulators and creditors, are met.

The Board sets the direction and mission for HRI and ensures it meets its strategic objectives. The strategic objectives are set in recognition of the Hannover Re Group ("Group") strategy.

The Board has reserved a number of matters for its decision, in accordance with the schedule set out in the Board Charter. These can be summarised as follows:

- Board and Management – comprising matters relating to appointment, endorsement and/ or removal of Board Members, Managing Directors and other individuals who may have a material impact on the risk profile of the Company, establishment of the Board Sub-Committees (appointment of members and Chairperson) and delegating appropriate powers to each of the Committees;
- Corporate Governance – including responsibility to define the Corporate Governance system, effective and clear structures and reporting arrangements, oversight over the Senior Management and ensure that an effective Internal Control Framework and the control functions are appropriately established;
- Risk Management, including ORSA – comprising matters relating to the approval of the Risk Management Guideline, discharging the responsibility for HRI's Risk Management, establishing and monitoring the effectiveness of the HRI Risk Committee and Own Risk and Solvency Assessment ("ORSA") process;
- Solvency and Capital Management – focussing on matters relating to roles and responsibilities for Internal Model governance and its strategic direction, ultimately ensuring the solvency and capitalisation of HRI remain adequate and appropriate at all times;
- Corporate Issues – including decisions, in conjunction with Group, on material changes in the legal structure or the nature of business undertaken by the Company (i.e. major reorganisations, matters of acquisitions, sale, modification of interests in other companies of strategic relevance), formulation and amendment of strategic principles for HRI, and other corporate issues derived from Company law;
- Operational Matters – ensuring appropriate strategy and processes are defined in relation to succession plan, contingency arrangements and outsourcing;

- Financial Matters, Transactions and Expenditure – comprising of matters such as approval of the annual financial and business plan based on the agreed strategy and risk appetite of HRI, approval of annual regulatory returns, dividend payments, securities, guarantees or similar liabilities for third party payables outside the normal course of business, approval of any significant changes in accounting policies or practices, review of the Five Year Plan, the appointment and removal of auditors;
- Investment Activity – comprising matters such as approval of the investment strategy and guidelines, approval of the acquisition, disposal or mortgage of real estate or similar (including the construction and improvement of buildings),Approval of the appointment or dismissal of outside portfolio managers; and
- Remuneration Matters – including, but not limited to annual review of the performance of the Board and individual directors, relative to the Board's objectives.

Committees of the Board

The Board has delegated other matters for decision to the Committees of the Board (Audit Committee, Risk Committee and Compensation Committee) and other Management Committees (Investment Advisory Council and Canada Branch Steering Committee), as contained in their respective documented Terms of Reference.

Day-to-day Management

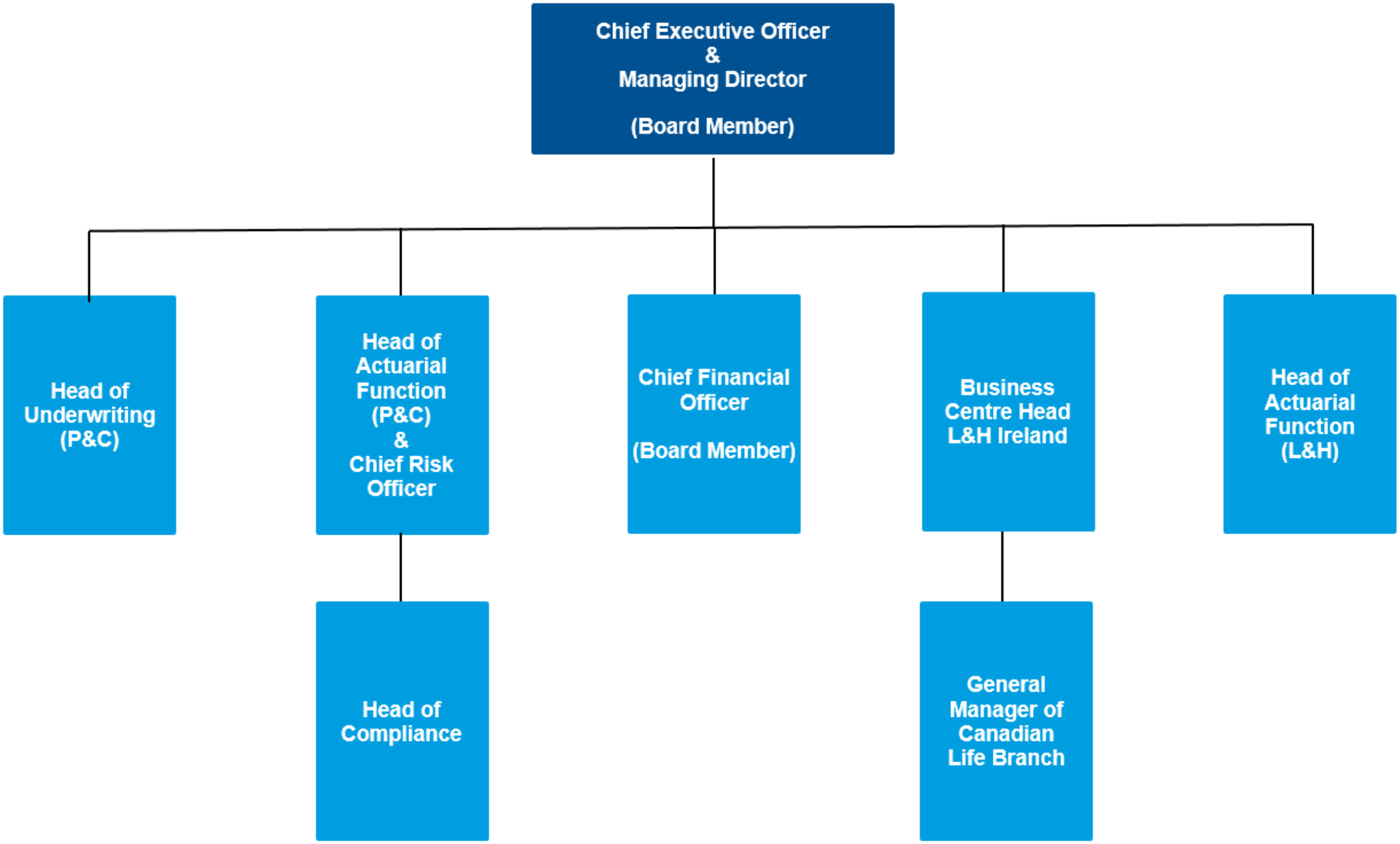
The Board has delegated responsibility for day-to-day management of the business in accordance with the strategy, objectives and policies set by the Board to the CEO. Day to day management is defined within the Board Charter as all matters not specifically reserved for approval by the Board or delegated to a Committee. An Operational Council, comprising members of Senior Management of the Company, assists the CEO in the exercise of her functions.

Underwriting authority is delegated in accordance with the Special Underwriting Guidelines – Life and Health, and the Special Underwriting Guidelines – ASI, approved by the Board.

Investments are managed in accordance with the HRI Investment Guidelines.

A high level organisational chart, setting out the reporting lines within HRI, is attached behind:

Effective date: 31 December 2020



The organisation and collective effort of individual functions are decisive for our Internal Risk Management and Control System. In our system the central functions are closely interlinked with one another and the roles, tasks and reporting lines are both clearly defined and documented in the context of the so-called three lines of defence. The first line of defence consists of risk control and the original responsibility for risk at divisional level. The risk management function ensures the second line of defence - risk monitoring. It also receives support from the actuarial function and the compliance function. The third line of defence consists of process-independent monitoring executed by the internal audit function.

All key functions are equipped with appropriate resources and skills. The reporting lines to one another and to the Board Member responsible have been clearly defined.

B.1.2 Material Changes in the System of Governance

Effective 1 January 2020, the Deputy Chief Executive Officer became the Chief Executive Officer of HRI. The Head of Pricing became Business Centre Head of Life and Health Ireland. With effect from 18 June 2020, the Chief Financial Officer was appointed as an Executive Director of HRI.

B.1.3 Material Changes in the System of Governance after the Reporting Period

None at this time.

B.1.4 Recruitment and Remuneration policy

B.1.4.1 Principles of the Recruitment and Remuneration Policy

The Board of Directors in conjunction with the Compensation Committee assesses remuneration packages in an effort to discourage imprudent risk taking. HRI's Recruitment and Remuneration Policy ("the Policy"), in conjunction with the Corporate HRM Principles: Executive and Senior Management Compensation and Benefits, reflects HRI's objectives in respect of corporate governance as well as sustained and long term value for stakeholders. It also provides for an appropriate level of transparency.

The Policy seeks to ensure that employees of HRI are compensated with appropriate incentives in an effort to recognise and encourage enhanced performance in a fair and responsible manner for their individual contributions to the success of HRI. In doing so HRI reviews its remuneration with that of comparable organisations and comparable roles within those organisations.

The Policy also ensures that the duty to mitigate loss is fully recognised.

HRI is committed to ensuring that its remuneration practices enable it to:

- Appropriately compensate employees for the services they provide to the Company;
- Attract and retain employees with skills required to effectively manage the operations and intended future direction of the business;
- Motivate employees to perform in the best interests of HRI and its stakeholders;

HRI does not permit risk-taking that falls outside of HRI's risk appetite policies and guidelines.

This is achieved by ensuring compliance with strict policies and guidelines on recruitment and compensation and appropriate action in the event of non-compliance.

The Compensation Committee is responsible for monitoring the ongoing performance of Senior Management at General Manager level and above, including the General Manager in Canada.

Senior Management at General Manager level and below is monitored by the CEO through day to day activities and in the more formal setting of the annual performance review process. In Canada the Business Centre Head Life and Health fulfils the same role by overseeing the activities of the General Manager in Toronto.

B.1.4.2 Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

Employees

HRI seeks to ensure that its employees are provided with appropriate incentives to encourage enhanced performance and are rewarded in a fair and responsible manner. The HRI Bonus Scheme ("the Scheme") governs this process in Ireland and Canada and ensures that the duty to mitigate loss is fully recognised.

Bonus payments are paid to all eligible employees based on individual performance over the previous 12 months and the financial results of the Group for the preceding financial year. Bonus payments under the Scheme are subject to the approval of the Operational Council in Ireland. For Canada, the local General Manager recommends the bonus ratings for employees. The recommendations are then discussed and agreed with the HRM and the Business Centre Head Life and Health.

Executive and Senior Management

The HRM Corporate Principles: Executive and Senior Management Compensation & Benefits provide clear guidelines for Executive and Senior Management remuneration, which recognise the long-term interests of the Hannover Re Group, its shareholders and employees.

Total compensation for Executive and Senior Management is highly geared towards performance with the proportion of "at risk" pay increasing/decreasing according to:

a) Group net income,

b) Business Group targets achievement (only for executives with business responsibility)

c) Individual target achievement

The Hannover Re Executive Board in cooperation with the Compensation Committee of each Group operation conducts risk assessments of pay packages to ensure that they do not encourage imprudent risk-taking. HRM in Hannover provide appropriate service including benchmarking and survey data to improve the effectiveness at managing the complex relationship between incentives and risk-taking.

B.1.4.3 A description of the main characteristics of supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

Retirement

The Company operates a pension plan on a defined contribution basis, which means retirement benefits will depend on the total amount contributed by both the Company and individual together with investment income earned. At the time of retirement, the accumulated fund will be available to provide the individual with a range of benefits within approved Revenue limits.

B.1.5 Related party transactions

No dividend was paid to Hannover Rück SE during the year.

B.2 Fit and proper requirements

Under the applicable F&P standards, the HRI CEO, on behalf of the Company, is required to satisfy herself on an ongoing basis that those individuals performing Pre-Approval Control Functions ("PCF") and Control Functions ("CF") roles comply with the standards set out in the legislation and guidance. In order to comply with the above requirements, the F&P process at HRI is performed in two phases:

- Due diligence performed for new PCF & CF roles; and
- Ongoing due diligence conducted for existing PCF & CFs, at least annually.

The purpose of the assessment is to ensure that all owners of PCF and CF roles have the relevant qualifications, experience and other necessary qualities and skills appropriate to the function they perform. The individual must be able to demonstrate that they have:

- Professional qualifications and capability appropriate to the relevant function;
- Competence and skills appropriate to the relevant function, whether gained through training or professional experience;
- Competence and proficiency through past performance in previous functions;
- Sound knowledge of the business and their new role;
- Clear and comprehensive understanding of regulatory and legal environment, appropriate to their function;
- Have no concurrent responsibilities or conflicts of interest which would impair their ability to discharge their duties;
- Act honestly, ethically and with integrity; and
- Are financially sound.

Initial Due Diligence for PCF and CF roles

The initial due diligence process commences as soon as an offer for new role is accepted by the internal/external candidate. Offers for relevant roles are conditional upon the individual successfully completing F&P assessment and obtaining CBI approval, where applicable.

Annual re-assessment PCF and CF F&P compliance

Subsequent to initial due diligence, the Compliance Function conducts an annual re-assessment process for all PCF and CF roles, to ensure evidence of continuous compliance exists and declarations of compliance are renewed.

B.3 Risk Management System including the Own Risk and Solvency Assessment

B.3.1 Risk management system

Throughout 2020 the Risk Management system and function have placed additional focus to COVID-19, which was declared a global pandemic in March 2020 by the World Health Organisation (WHO). The company submitted monthly questionnaires to the CBI regarding the impact and risks of COVID-19.

The risk management function is geared to preserving the company's financial strength. By conducting stress tests, e.g. for pandemics or capital market distortions, we have continuously reviewed the resilience of our financial strength. The impact of COVID-19 on HRI's business and operations continue to be closely monitored. At a high level, we have observed some modest claims experience on both L&H and P&C lines of business. Further details on COVID-19 are included in Section C.

To date, HRI has not experienced any significant impacts of the coronavirus on its business operations and has been able to operate on a full work from home basis without any issues.

The risk management system of HRI is articulated through a number of policies and frameworks, the key document being the Risk Management Guideline which encompasses the Risk Strategy, the Risk Management Framework and the System of Limits and Thresholds. The Risk Strategy describes the overall approach to risk and includes the Risk Appetite Statements. The Risk Management Framework sets out how the risk management system is structured in practice, the roles and responsibilities of the stakeholders in the process, and the risk assessment approach. The System of Limits and Thresholds provides the link between the internal model and its use in the risk management of HRI.

The Material Change in Risk Profile guideline ensures a documented procedure exists as regards the assessment of whether certain opportunities or changes to the business represent a material change in business. A material change in business requires pre-notification to the CBI under the Company's Conditions & Certificate of Authorisation. This guideline and procedure compliments the existing due diligence processes.

A risk register is used as the primary tool for identifying, measuring, monitoring, assessing and recording the risks faced by the business. The completeness of the Risk Register is reviewed by the Risk Management function and the Risk Owners at least annually as part of the Risk Workshop. The risks are identified, analysed and rated by the risk owner allowing for the controls in place, with the support of the Risk Management function. The effectiveness of the controls for each of the risks is also captured within the risk register. The risk register covers both risks that the Company is currently exposed to and emerging risks. A local Emerging Risk Framework is in place and the Emerging Risks Landscape is maintained by the Risk Management function.

A risk report is prepared by the Risk Management function for review and approval by the Risk Committee at least twice a year. The report includes amongst other things a summary of the risk register and an assessment of the identified risks, the System of Limits and Thresholds report and an update on whether any of the Risk Appetite Statements have been breached. A summary of the risk position is also provided to the Board quarterly.

The ORSA process is conducted on an ongoing basis throughout the year and provides the link between the risk management system and the decision-making processes of the Company. The process is summarised into the ORSA Report, which is prepared by the Risk Management function with input from the other key functions, and is reviewed and approved by the Board at least annually.

B.3.2 Risk management function

The Risk Management function, led by the Chief Risk Officer, is responsible for ensuring the development and ongoing maintenance of an effective risk management system within HRI. The activities of the Risk Management function are overseen by the HRI Risk Committee.

The Risk Management function’s responsibilities and authority are documented in detail within the Risk Management Guideline and are subject to annual review by the Risk Committee and the Board. The Risk Committee’s duties and responsibilities are detailed in the Terms of Reference, which are also subject to annual review by the Board.

The Board has ultimate responsibility for the governance of the internal model in accordance with regulatory requirements, including approval of any major changes or extensions, review and approval of the policies governing the internal model and review of the validation of the model results. The Risk Committee is authorised by the Board to provide support in this respect by providing advice to the Board. This governance structure has been established for several years.

An internal model validation policy is in place that is approved by the Board and requires a validation exercise to be performed at least annually. The validation policy discusses the approach to the validation process, including the tools and methods used. A validation plan and cycle is agreed by the Board and covers each risk module. Given HRI's risk profile and current portfolio of business, certain treaties or risk modules may be subject to additional focus of the validation annually.

B.3.3 Own Risk and Solvency Assessment (ORSA)

As mentioned earlier, the ORSA process is conducted on an ongoing basis throughout the year. The process and its results are summarised into the ORSA Report, which is prepared by the Risk Management function with input from the other key functions, and is reviewed and approved by the Board at least annually.

As part of the ORSA process, the risks faced by the Company are considered and the capital position of the Company is projected in line with the business plan to ensure that the capital position supports the business plan and the development of the risks faced. It also analyses the quality of the capital held and assesses the capital position under alternative scenarios. The SLT framework and capitalisation levels are assessed as part of the ORSA process and any proposals are brought to the Risk Committee and Board through the ORSA report.

A number of qualitative and quantitative processes are utilised to assess the risks to which the Company is exposed. A range of stress and scenario tests is also employed to test the Company’s exposure in stressed conditions.

The ORSA process is integrated into the decision-making processes of the Company through risk management actions taken as a result of the risk assessment processes, analysis of capital management options, analysis of large new business transactions and the selection of risk mitigation techniques.

B.4 Internal Control System

B.4.1 Elements of the internal control system

HRI implements effective internal controls that provide the Board and management with reasonable assurance in respect of the following:

- The Board and Management have an understanding of the extent to which the objectives of HRI's operations are being achieved,
- Published financial statements are reliable, and
- Applicable laws and regulations are complied with at all times.

The Internal Control system consists of systematically designed organisational and technical measures and checks within the Company. It ensures that guidelines are followed and risks are managed so that the Company's strategy can be fully implemented. HRI formalises its Internal Control framework within the Internal Control Policy, further supplemented with the Hannover Re Internal Control System Guideline.

HRI Internal Control ("IC") employs fundamental control principles applied consistently across HRI business (including its branches), as follows:

- Segregation of duties across the business and the key processes;
- Clearly documented delegated authorities, reporting lines, roles & responsibilities ;
- Documented policies and procedures;
- Documented key processes, subject to regular review; and
- Four Eyes review of all key reports / outputs.

B.4.2 Internal control framework

The HRI Internal Control framework incorporates the following components, which are set out in detail below:

- HRI Operations – the internal controls in place at Board and Senior Management level and across HRI's operations;
- Financial & Regulatory Reporting – the internal controls in place in relation to the production of accurate and reliable financial statements and regulatory reporting, and in particular the role(s) of the Chief Financial Officer and respective Heads of Actuarial Function/ Corporate Actuarial;
- Compliance with Laws and Regulations – including, but not limited to, the role of the Second Line of Defence Control Functions: Compliance, Risk Management and Actuarial Function; and
- The Role of Internal and External Audit in providing an independent assessment on the effectiveness of internal controls.

B.4.3 Compliance Function

The Board of Directors is responsible for maintaining a permanent Compliance Function within HRI. For this purpose, HRI formally appoints the Head of Compliance, who is supported by the Compliance Executive.

The Head of Compliance has a formal regular reporting line to the CRO. In addition, the Head of Compliance has a dotted reporting line to the Head of Group Legal Services in Germany, who acts as Chief Compliance Officer for the Hannover Re Group. The Compliance Function reports to each Risk Committee and to the Board.

The Compliance Function is implemented via the Compliance Charter, which has been approved by the HRI Board. The Charter provides for the independence of the Compliance Function from business activities and sets out the management reporting line to the CRO of HRI and the governance reporting lines into the Risk Committee and the Board of HRI.

The Head of Compliance has overall responsibility for co-ordinating the management of compliance risk, implementation of a robust compliance framework and for the delivery of the Annual Compliance Plan.

The Head of Compliance is responsible for assisting the business in identifying the procedures and controls necessary to meet legal and regulatory obligations and for ensuring that these are consistent with the Compliance Framework. The Compliance Executive supports the Head of Compliance in maintaining a strong compliance culture within HRI, co-ordinating the management of compliance risk and the delivery of the Annual Compliance Plan.

The roles, responsibilities and authority of the Compliance Function, as well as the overview of HRI Compliance framework is documented within the Compliance Charter.

B.5 Internal Audit Function

Hannover Re Group Auditing performs the Internal Audit Function for HRI. The provision of Internal Audit Services is governed by an SLA with Group Auditing, which is approved by the Audit Committee. The SLA is based on a three year rolling Internal Audit Plan (“the Audit Plan”).

There is an established Internal Audit Policy, outlining roles and responsibilities of the Internal Audit Function, as well as the roles and responsibilities of the Board, Audit Committee and HRI Management and employees in relation to the Internal Audit process. The key role of the Internal Audit Function is to assess the adequacy and effectiveness of the Internal Controls system and other elements of the HRI system of governance, in line with a risk based approach.

An Audit Plan is agreed as part of the SLA and comprises a three year Audit Cycle. This Cycle is designed to prioritise risk in the HRI Audit Universe. The Audit Cycle sets out the areas of the business that Group Auditing will review as part of the internal audit process and the timelines for the performance of such a review. The Audit Plan is approved by the HRI Audit Committee. The Audit Plan can be amended as required with agreement from the Audit Committee. The Audit Plan is drafted based upon an assessment of the risks facing HRI and the activities carried out by HRI. Management’s goals and objectives, together with its perceptions of risks and exposures, will also form a key input to Internal Audit’s strategic and operational planning process.

The Audit Plan identifies the business areas to be reviewed as part of the audit process. The scope of the audit for each business area is developed by Group Auditing in conjunction with the Internal Audit Liaison, Senior Management and relevant area management, and is set out in an Audit Instruction.

Group Auditing is responsible for allocating resources to audits and in the event of a conflict of interest or independence requirements breaches, Group Auditing will immediately seek to resolve the matter as appropriate.

The HRI Internal Audit Policy clearly articulates that Group Auditing have the right to review all activities and processes relevant to the performance of the audit/investigation and have full, free and unrestricted access to all the functions, records, assets, property and personnel necessary for the proper discharge of its responsibilities.

The Head of Group Auditing is subject to F&P requirements from HRI’s perspective, and for that purpose was designated as CF 2. An annual due-diligence process is conducted to ensure continuous compliance with F&P requirements. In addition, in line with Solvency II requirements for outsourced key control functions, an Executive Director of HRI has been appointed as the PCF responsible for outsourced Internal Audit Function.

B.6 Actuarial Function

The responsibility for the Actuarial Function is delegated to the Head of Corporate Actuarial L&H, in respect of the Life & Health portfolio, and the Head of Corporate Actuarial P&C, in respect of the Property & Casualty portfolio, who have reporting lines to the CEO. Formalised Actuarial Function Terms of Reference are in place, outlining roles and responsibilities of the Actuarial Function, key requirements applicable to its structure, independence and remit.

The Actuarial Function and specifically the respective Heads of the Actuarial Function have responsibilities under Solvency II and the CBI's Domestic Actuarial Regime and Related Governance Requirements under Solvency II. These responsibilities cover the following key areas:

- Co-ordination of the calculation of the Technical Provisions under Solvency II
- Assess the consistency of the data used in the calculation of the Technical Provisions
- Actuarial Opinion on the Technical Provisions
- Actuarial Opinions on the Underwriting policy and Retrocession policy
- Actuarial Opinion on the ORSA process
- Annual Actuarial Function report to the Board including the Actuarial Report on Technical Provisions

The Board of Directors is responsible for maintaining a permanent Actuarial Function within the organisation. For this purpose, HRI formally appoints a Head of Actuarial Function - L&H and a Head of Actuarial Function - P&C, and grants sufficient human and technical resources to achieve the defined objectives. The appointment of the Heads of Actuarial Function is subject to pre-approval by the Central Bank of Ireland in accordance with Fitness and Probity Regulations. The removal of either Head of Actuarial Function must be approved by the Board of Directors, in accordance with the CBI Corporate Governance Requirements.

B.7 Outsourcing

HRI has an Outsourcing Policy in place which is reviewed annually by the Risk Committee and approved by the Board. Under the Outsourcing Policy, documented Service Level Agreements ("SLA"s) are required for each outsourced relationship and must set out service standards to be adhered to. The Head of Compliance acts as Outsourcing Coordinator and oversees compliance with the Policy.

The Outsourcing Management Process consists of the following six steps:

- Planning and classification;
- Risk assessment and due diligence;
- Contract management;
- Notification to CBI of proposed outsourced relationship;
- Steering and monitoring; and
- Renewal and/or termination.

The Compliance Function maintains a register of all critical or important outsourcing arrangements which HRI is party to. The outsourcing risk, associated key controls and their effectiveness are monitored and assessed on regular basis as part of Risk Register cycle that is coordinated by the Risk Management Function.

In all cases, HRI benefits from the infrastructure, processes and resources established within respective Group entities in executing relevant services outlined above.

Appropriate due diligence is conducted on an annual basis to ensure that outsourced arrangements remain adequate and effective. An agreed annual review and reporting process is executed by responsible SLA Relationship Managers for each outsourced arrangements, to ensure that regular reviews against agreed service standards are carried out, documented and reported to Operational Council, and any issues are escalated in a timely manner.

B.8 Any other information

B.8.1 Evaluating the appropriateness of the system of governance

The system of governance is considered to be appropriate for the Company, taking into account the nature, scale and complexity of the risks inherent in the business.

B.8.2 Other information

There is no other material information regarding the system of governance.

C. Risk Profile

In the context of its business operations HRI enters into a broad variety of risks. These risks are deliberately accepted, steered and monitored in order to be able to act on the associated opportunities. The parameters and decisions of the Board with respect to the risk appetite of HRI are based on the calculations of risk-bearing capacity and are fundamental to the acceptance of risks.

The risk profile of HRI reflects the Risk Strategy, which is to actively assume Life & Health and Property & Casualty underwriting risks, while accepting other risks including market, counterparty default and operational risks as a consequence of that strategy.

The COVID-19 pandemic continues to have dramatic effects on individuals, society, business and economies across the globe. The crisis poses new challenges in almost all areas of business. HRI as part of the Hannover Re Group, is closely monitoring, managing and responding to the pandemic.

HRI has managed the risks and capital position actively through the Economic Capital Model, We are monitoring the development of the pandemic and the implications on our business very closely. The Company has not experienced any significant changes to liabilities as a result of Covid-19. 2020 Claims experience has shown some volatility but is not materially out of line with typical annual claims volatility. The Company has had no significant changes in its assets and investment profile over 2020.

While Risk Management activities have increased in response to the pandemic, the risk profile did not materially change during 2020 with underwriting risks increasing in line with the Company's new business strategy.

There is still much uncertainty about what impact COVID-19 will have on HRI, the insurance industry and the general economy and what the post pandemic landscape will look like. Implications from COVID-19 across all risk categories are discussed further in the sections that follow.

Prudent Person Principle

HRI's assets are invested in line with the Investment Guidelines. The Investment Guidelines are designed in accordance with the 'prudent person principle'.

The HRI asset portfolio consists of a large proportion of liquid and secure assets – with the majority in fixed interest securities. HRI assets are therefore in full compliance with this principle.

In addition, HRI is a signatory to the UN Principles for Responsible Investment as of December 2020.

Risk Concentrations

HRI monitors and sets limits on its exposure to various risk concentrations including natural catastrophe exposures, per life concentrations, geographic concentrations, asset concentrations and counterparty exposure concentration.

Risk Mitigation

The key technique used to mitigate risks is retrocession. While HRI has both internal and external retrocession arrangements in place, the use of external 3rd party retrocession is limited. HRI has internal retrocession arrangements which share the risks and rewards across the Hannover Re Group. Results are available gross and net of retrocession in order to monitor the continued effectiveness of the arrangements in place.

HRI uses derivative financial instruments to a limited extent. HRI currently only utilises forward currency contracts. The primary purpose of the derivatives is to hedge the non-USD net technical liabilities or the foreign dominated investments.

Stress tests and scenario analysis

HRI performs a wide range of stress tests and sensitivity analysis to test the resilience of the balance sheet under different circumstances. Those included in the most recent ORSA Report covered:

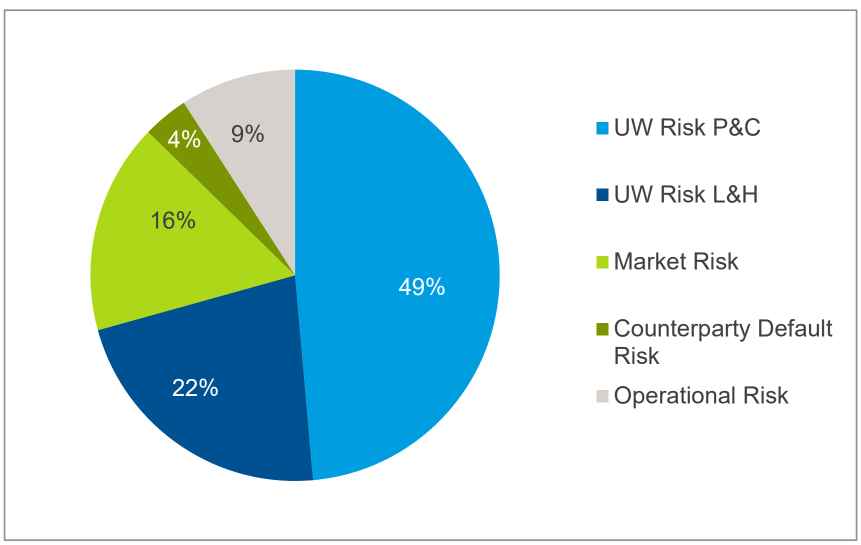
- Various biometric stresses on the key exposures in the Life & Health line of business.
- Tailored stresses on the key exposures in the Property & Casualty line of business.
- A number of economic stresses including an increase in credit spreads, an increase in interest rates and currency up/down movements.
- Other relevant scenarios tailored to HRI such as a significant operational risk event, a large increase in a certain line of Property & Casualty business, a reduction in Life & Health new business and a Brexit scenario.
- Relevant combined and reverse stress tests.
- Increased focused on pandemic stresses, in particular COVID-19.

Off-balance sheet exposures

Within the Tier 3 own funds is included an Ancillary Own Funds ("AOF") item. The renewal of this item was approved by the Central Bank of Ireland on 23 November 2020. The material terms and conditions of the Tier 3 Ancillary Own Funds are described further in Section E 1.2.2 Ancillary Own Funds. The counterparty for the AOF is Hannover Rück SE.

Quantitative information on Risk Exposures

The Solvency Capital Requirement split by individual risk categories as at 31 December 2020 is below.



C.1 Underwriting risk

C.1.1 Underwriting Risks Property/Casualty and Health Not Similar to Life Techniques

The Property & Casualty line of business expose HRI to the following types of P&C underwriting risk: premium risk, natural catastrophe risk, manmade catastrophe risk and reserving risk.

HRI writes business in most property and casualty lines of business. The most significant lines of business are general and automobile liability, professional indemnity, workers compensation and property.

There has been no material change in Property & Casualty underwriting risk over the reporting period. P&C underwriting risk increased over the reporting period due to growth in the underlying business and reserve ultimates for Inter-Company Transactions (ICTs). P&C Underwriting risk continues to be the dominant component of HRI's required capital.

HRI is expecting some Covid-19 related losses primarily arising from some business interruption cover exposures. There is continued uncertainty with respect to the final outcome.

We have seen minimal changes in business volumes amongst clients in 2020 and the hardening in the market observed as part of the January 2021 renewals is expected to lead to future growth within the P&C portfolio.

C.1.2 Underwriting Risks Life and Health Similar to Life Techniques

HRI's Life & Health business is primarily divided into two types of business, Financial Solutions and Risk Solutions.

Financial Solutions cover all treaties in which the primary emphasis is on financing or capital management components. These include providing both cash and non-cash financing solutions to service clients' needs.

The Risk Solutions business is focused on reinsurance of mortality and morbidity business but does include other exposures such as lapse and longevity. There is a strong focus on the United Kingdom and Asia markets.

The largest source of risk in the Life & Health line is short-term pandemic risk. This reflects HRI's risk profile and is expected due to the exposure to underlying life assurance business in line with the business strategy. Due to the long term nature of life business, long-term mortality is also a significant risk - a relative increase in mortality rates in each future year has a significant impact in terms of the present value of this change. Morbidity is also a significant risk with continued focus and growth in the Asia markets in line with the business strategy.

There has been a decrease in Life & Health underwriting risk over the reporting period. The decrease was driven by exposure updates on the short-term mortality business. The decrease was offset by growth in the long-term mortality and morbidity business.

In relation to COVID-19, emerging COVID-19 claims are monitored closely. We have observed some modest claims experience across the Life & Health portfolio. The loss development depends highly on a number of factors, including progress of the development of a vaccine and effective therapies against the virus, possible mutations of the virus as well as the extent of further governmental measures (and population discipline) to contain the spread of the virus. Further insight is needed to understand the excess mortality impact on the insured population vs. the general population. There is emerging evidence that the impacts on the insured population are less severe than for the general population but more data needs to emerge to substantiate this further.

Apart from direct mortality impacts, longer term impacts attributable to COVID-19 will continue to be closely monitored.

C.2 Market risk

HRI's market risk includes interest rate risks, currency risks, default and spread risks and equity risks.

HRI's asset portfolio currently consists in large part of fixed-income securities, and hence interest rate and credit spread risks account for the bulk of the market risk. HRI manages interest rate and currency risks through its asset liability matching program.

HRI is also exposed to changes in credit spreads, where an increase in credit spreads on its investments will reduce the market value of the assets without any corresponding change in the value of liabilities, which remain valued on a risk-free basis. HRI applied for, and received, CBI approval to use a dynamic volatility adjustment in the calculation of the technical provisions from year end 2019. The volatility adjustment provides some protection in the event of a significant widening of credit spreads. The impact of the volatility adjustment is approx. 2% increase in the capital ratio at 31 December 2020.

Currency risk is not a material risk for HRI as the currency of the majority of technical liabilities and own funds is matched to the currency of the assets. Some residual exposure to exchange rate volatility on the own funds remains due to non-USD denominated assets and business. This is partly mitigated through the use of FX derivatives.

There has been no material change in market risk over the reporting period. Effects on investments caused by COVID-19 are difficult to separate in a volatile challenging market environment.

Our existing asset/liability management, including the use of the volatility adjustment helped to cushion negative effects of market volatility on our Solvency II capital adequacy ratio throughout 2020. The impact of the VA on the Solvency ratio was 6% over Q1 2020 as spreads widened during the quarter.

C.3 Credit risk

Credit risk or counterparty default risk consists primarily of the risk of complete or partial failure of a counterparty and the associated default on payment. Counterparty default risk is controlled through counterparty exposure limits. Retrocession partners and broker partners are carefully selected and monitored in respect of their creditworthiness in order to minimise counterparty default risk as much as possible. The creditworthiness of cedants and retrocessionaires is monitored through a quarterly review of credit ratings, as provided by external rating agencies. A group-wide Cession Limits system is also in place which must be used before any third party retrocession is placed. It assesses whether there is capacity available for the placement and the creditworthiness of the counterparty. In addition, intra-group receivables are presented regularly to the Board.

There has been no material change in Credit risk over the reporting period.

C.4 Liquidity risk

Liquidity risk refers to the risk of being unable to meet financial obligations as they fall due. Due to the nature of the business written by HRI, there is a risk that while HRI has sufficient capital, there could be a short or medium-term liquidity strain. To mitigate this risk, the liquidity position is assessed at least quarterly. The analysis considers the current liquidity position plus known liquidity requirements in the foreseeable future, such as cash financing transactions or loan maturities. The liquidity position over the five year business planning period is also assessed annually.

Short term liquidity requirements are managed by the Finance department, who have a documented liquidity management process in conjunction with the asset manager(s).

The Risk Management Function is responsible for ensuring that HRI maintain access to sufficient liquid assets to ensure that payments can be made in an insurance stress scenario without the need to sell assets backing liabilities. HRI has a board approved Risk Appetite Statement (RAS) to ensure that it has access to sufficient assets to pay the potential claims liability from a 1-in-200 year liquidity event. Adherence to the Risk Appetite Statement ensures that HRI has access to sufficient assets to pay claims as they fall due. The RAS is monitored by the Risk Management Function and reported to the Board each quarter. The liquidity event is defined as the higher of a pandemic or natural catastrophe event of the magnitude of the one in two hundred year event consistent with the internal model. The RAS plays an important role in ensuring that HRI's Own Funds are of a sufficiently liquid nature such that stress scenarios do not result in forced selling of assets backing longer dated liabilities.

There has been no material change in the liquidity position of the Company since the onset of COVID-19, with the liquidity RAS remaining well in excess of the defined limit.

EPIFP

As at 31 December 2020, the expected profit included in future premiums ("EPIFP") is USD 239.8m. The majority of HRI's business has no surrender values and therefore the EPIFP is any negative BEL by Line of Business.

For the "total amount of the expected profit included in future premiums" required by Art. 295 (5) of the Delegated Regulation 2015/35 please refer to the Quantitative Reporting Template S.23.01.01., item R0790. We explicitly do not use this figure for our liquidity management.

C.5 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, from personnel and systems, or from external events. Unlike underwriting risks which are deliberately entered into, exposure to operational risk is not desired but is unavoidable. HRI's focus is therefore on minimising operational risk as much as possible.

The risk is strongly associated with human error, systems failure and inadequate controls and procedures. Operational risk, if unmitigated, may result in financial loss, unavailability of services, information deficiencies or loss, and damage to reputation. The key areas where operational risk has the potential to impact HRI's business are as follows:

- Business continuity
- Business processes and data quality
- Compliance
- Fraud
- Human Resources
- IT
- Outsourcing

HRI maintains an Operational Risk Register, where the key areas of operational risk are defined, assigned to risk owners, monitored and assessed twice a year. The results of the assessment are reported to the Risk Committee. HRI also follows the Group-wide Operational Risk Event Reporting Guideline, whereby all operational risk events are reported to Group Risk Management (GRM) by all branches and subsidiaries in the Group. GRM collate the information in a database (the "Loss and Learn" database) which can then be used for learning purposes across the Group. One of the key aims of reporting operational risk events is to benefit from the learning aspect of these events, which should improve the management of such risks in future. In addition, since September 2016 the Hannover Re Group is part of the Operational Risk data eXchange Association (ORX). The internal loss database was transferred to ORX reporting requirements in 2016.

Additionally, the Self-Assessment of Operational Risks (SAOR) process is a well-established Group-wide process that has been in use for several years. The process requires the operational risk owners in each area to assess the maturity level of each operational risk category by answering questions in a standardised template. It also includes scenario analyses for every category of operational risk which include items such as quantitative questions that require the Risk Owners to estimate the expected frequency and severity of operational risk events over the next ten years and the maximum possible loss in one year under each scenario. The SAOR process is carried out on a semi-annual basis is a key component of the operational risk module of the internal model.

COVID-19 has not had a material negative effect on the operational risk or the overall operations of HRI. All business continuity measures in place were executed and continue to work as planned. Remote working from home was and continues to be the main approach that is employed by the Company. Group IT has increased the band width of access to the Company servers and the alternative work arrangements have worked well with little or no issues to date.

Besides the business continuity management, no further material impacts have been identified, e.g. no increased number of information security and fraud attacks or internal control deficiencies (data quality, process errors) that are caused by the changed operational model.

As a large reinsurer the nature of our business is such that we transact with a limited number of individual clients and as such our business has not been significantly impacted. All critical functions are operating as normal.

C.6 Other material risks

HRI is also exposed to other material risks that are not covered by the categories in the previous sections. These risks include reputational, strategic and emerging risk. These risks are all measured, monitored and rated through HRI's risk register and are regularly reported on to the Risk Committee and/or Board, as appropriate. Group-wide frameworks for managing these risks have also been rolled out and adopted by HRI.

Reputational risk is defined as the risk that adverse publicity regarding HRI's business practices and associations, whether accurate or not, could cause a loss of confidence in the integrity of the company. The risk of loss of confidence relates to all stakeholders, which include existing and potential clients, brokers, suppliers, supervisors and employees. It has the capacity to damage our existing business and our future potential. Sustainability Risk is also captured within this category. Managing sustainability risk is balancing profit goals with internal green strategies and policies. Our compliance with arising regulatory requirements in this respect complement our sustainability procedures and framework in place.

Strategic risk refers to the risk of being unable to implement appropriate business plans and strategies, make decisions, allocate resources or adapt to changes in the business environment. It can also arise due to external factors such as changes in the accounting rules, changes in taxation or regulatory changes.

Emerging risks are potential new future risks or evolving risks which are difficult to quantify and may have a high loss potential. Emerging risks are marked by a high degree of uncertainty.

Risks which fall under the above categories include the following:

Cyber risk

As a subsidiary, HRI largely relies on the IT services provided by the Group to mitigate its exposure to cyber risk. A Group-wide Information Security Policy is in place and is annually reviewed and approved by the Executive Board of Hannover Rück SE. Cyber risk is considered as a component of Information and IT security risk, which is one of the operational risk categories on the risk register.

A local Information Security policy has been implemented and an expansion of the Business Continuity Plan to specifically cover cyber risk has been completed.

HRI has been subjected to and continues to be subjected to numerous phishing attempts. These have all been unsuccessful to date and have been used as training examples for all staff to raise awareness and to ensure everyone remains vigilant. While cyber risk can never be fully mitigated, HRI manages it through activities such as training, monitoring access rights, reviewing incident reports, identifying sensitive and critical data and regular reporting at Committee level. Cyber risk training takes place on an annual basis and is mandatory for all employees.

From an underwriting perspective, Cyber risk is being actively tracked by ASI. For all treaties it is being assessed if Cyber is explicitly covered or not. All silent cyber risk exposures are in the process of being excluded across the portfolio as part of the renewal process. Cyber Risk is reflected within the manmade Cat module of the internal model.

Environmental and Climate Change risk

Climate change has been recognised as an emerging risk for some time but there is an increased focus emerging into how (re)insurance entities are planning for and managing the associated risks of climate change and global warming.

Insurance companies face the dual challenge of addressing escalating climate change risks and shifting industry regulations. HRI may face financial, operational or reputational impacts as a result of environmental risk events, which include environmental issues, regulatory enforcement or costs associated with changes in environmental laws and regulations. HR collaborate closely with CatRisk modelling entities in order to assess the possible future impact of climate change on insurable risks.

Implications for the insurance sector include:

- underwriting of climate change related risks (and the important question of insurability);
- investment activities;
- reporting and disclosure

There is also a social role of the insurance industry and its responsibility to support the wider societal effort to transition to a lower carbon world, and to influence civic and infrastructure planning decisions now to help avoid an insurability gap in the decades ahead. As a result, reputational risk also arises in relation to how the insurance industry as a whole is reacting to climate change and sustainability as it conducts business.

From an investment and asset perspective, the HRI portfolio consists of a large proportion of highly liquid, high-end, secure and low risk assets. There is no direct equity investments within the energy and fossil commodity industry. Furthermore, no physical assets are held. In addition, HRI had signed up to the UN Principles for Responsible Investment in December 2020 and a Group-wide Sustainability Strategy is now in place.

According to our Sustainability Strategy on the investment side, we dedicate our attention to risks associated with different ESG (environmental, social and governance) criteria. The scope includes human rights, corruption or controversial weapons but also environmental issues. Here, we are considering involvements in fossil fuels as well and reducing our exposure accordingly. This means, we actively exclude issuers from our investment portfolio that derive more than 25% of annual revenues from thermal coal extraction and power generation. Similar to our portfolio negative screening in place since 2012, issuers defined as “non-adequate” are identified by our external service provider and are actively reduced while minimizing the market impact. Future investments in such issuers will be avoided.

HRI will continue to embed climate change risks into the risk management system.

IFRS 17

The key objectives of IFRS 17 are to introduce a single IFRS accounting model for all types of insurance contracts for the first time and align insurance accounting with the general IFRS accounting of other industries as much as possible.

This will be a significant change for all listed (re)insurers using IFRS Standards. There are substantial differences in approach under the new regime, including in the valuation of technical provisions and the recognition of profits. Hannover Re has initiated a Group-wide project for the transition to IFRS 17. HRI is actively involved in the Group’s project. A local IFRS 17 Steering Committee has also been established which reports regularly to the Audit Committee. No significant adverse consequences are expected.

Brexit

The UK left the EU at the end of 31 January 2020 CET (11 pm GMT). This began an 11-month transition period that ended on 31 December 2020 CET (11 pm GMT), during which the UK and EU negotiated their future relationship.

The UK-EU Trade and Cooperation Agreement (TCA) agreed in December 2020 is typical of free trade agreement and focuses on the trade of goods with UK financial services firms losing their pass-porting rights as of 1 January 2021.

In November 2020, the UK announced it would grant equivalence from 1 January 2021 to EEA based financial services in areas such as credit ratings agencies and derivatives trading.

While HRI does have exposure to UK-based clients, the latest internal analysis indicates that the implications of Brexit will not be material for HRI. There is a Hannover Group Brexit working party and HRI receives updates from the CRO Forum working group on Brexit where developments over 2021 will continue to be monitored.

C.7 Any Other Information

There is no other material information regarding the risk profile.

D. Valuation for Solvency Purposes

General valuation principles

The valuation of assets and liabilities pursuant to Solvency II is based on economic and market-consistent principles, and takes account of inherent risks.

In line with this concept the assets and liabilities are valued as follows:

- Assets should be valued according to the amount with which they could be exchanged between knowledgeable willing parties in an arm's length transaction.
- Liabilities should be valued according to the amount with which they could be exchanged between knowledgeable willing parties in an arm's length transaction.
- The fair value of money should be reflected, i.e. all cash flows have to be discounted.
- When valuing liabilities, no value adjustments are made in order to account for the creditworthiness of the insurance or reinsurance company.
- The valuation of assets and liabilities is based on the assumption that the company will continue its business activity ("going concern principle").
- Individual assets and liabilities are valued separately.
- Concepts of materiality shall apply. Absent or erroneous information pertaining to items shall be deemed significant if it could influence the individual or aggregated business decisions of the recipients.
- Simplifications may be applied when the method is deemed appropriate for the type, scope and complexity of the inherent risk.

The underlying principle used for determining the market values of assets and liabilities, with the exception of technical provisions, is the valuation principle pursuant to International Accounting Standards, as was adopted by the EU Commission pursuant to the Directive (EC) No. 1606/2002. For example, the guideline for determining fair values pursuant to IFRS 13 Fair Value Measurement, serves as a source of orientation.

The cash flow view plays a key role in the valuation of technical provisions:

- The value of technical provisions corresponds to the current amount insurance and reinsurance undertakings would have to pay if they were to transfer their insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.
- Technical provisions must be calculated in a prudent, reliable and objective manner.
- The value of technical provisions shall be equal to the sum of a best estimate and a risk margin
- The calculation of the best estimate (so-called "Best Estimate Liability" or "BEL") utilises cash flow projections, which reflect the settlement of insurance and reinsurance liabilities over the course of the term.
- The BEL is supplemented by a risk margin. The calculation of the risk margin is done using a Cost of Capital approach.

Any valuation methods used must always work in sync with Article 75, respectively Articles 77 to 82 and Article 86 of the Directive 2009/138/EC.

Going Concern

A going concern assessment has been undertaken as part of the 2020 reporting process. The assessment considered the company's business activities, liquidity, solvency and position within the group.

In addition, the SFCR includes notes on the Company’s capital management (Section E) and management of its risks including market, insurance, credit and liquidity risk (Section C).

The going concern assessment included consideration of the Company’s current and forecast solvency and liquidity positions over a five-year period through management’s 2021-2025 business plan and evaluates the results of stress and scenario testing.

The Company’s stress and scenario testing considers the Company’s capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focussing on the impacts on solvency, cash remittances and liquidity. The range of scenarios allow for the potential impacts of COVID-19 both directly on the claims and also on the wider macroeconomic environment. Even in severe downside scenarios, no material uncertainty in relation to going concern has been identified.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Assessing active markets

In the course of valuing assets, it is necessary to assess as to whether a market is either active or not. Only when a market is active may the current value be taken directly from these markets or derived from comparable assets traded there, in order to determine the market value of assets. If a market cannot be categorised as active, the market value is to be determined using valuation models. Whether or not a market can be viewed as an active market hinges on a discretionary decision regarding the type of financial instruments and local markets. At HRI this is, however, based on the following predetermined parameters.

- Business transactions occur with sufficient frequency and corresponding volume, so that price information is continuously available
- The products which are traded on the market are homogeneous
- Contractually willing buyers/sellers can, as a rule, be found at any time
- Prices are freely accessible to the public

An active market is deemed not to exist when, due to the complete and long-term decline in buyers and/or sellers, market liquidity is no longer established. Should transactions be verified as resulting exclusively from forced deals, compulsory liquidations or distressed sales, this is just as much an indicator for an inactive market as are high bid/ask spreads.

In the event that an inactive market has been verified, we use valuation models for the calculation of market values. Please refer to section "D.4 Alternative methods for valuation".

Note

Due to computational reasons rounding errors of +/- one unit can occur in the tables.

Solvency II balance sheet as of 31 December 2020

The following two pages show the Solvency II and IFRS balance sheets as at 31 December 2020.

The valuation of these items is further described in subsections "D.1 Assets", "D.2 Technical Provisions", "D.3 Other liabilities" and "D.4 Alternative methods for valuation".

In USD 000's	Solvency II	IFRS
Assets		
Deferred acquisition costs	-	462,558
Deferred tax assets	15,918	1,308
Property, plant & equipment held for own use	1,442	1,662
Investments (other than assets held for index-linked and unit-linked contracts)	2,434,181	2,422,522
Property (other than for own use)	0	-
Holdings in related undertakings, including participations	50,000	50,000
Bonds	2,319,739	2,308,582
Government Bonds	1,037,854	1,219,667
Corporate Bonds	1,184,143	991,173
Structured notes	0	-
Collateralised securities	97,742	97,742
Collective Investments Undertakings	25,414	25,414
Derivatives	6,263	6,263
Deposits other than cash equivalents	503	-
Other investments	32,263	32,263
Assets held for index-linked and unit-linked contracts	0	-
Loans and mortgages	0	10,174
Loans on policies	0	-
Loans and mortgages to individuals	0	-
Other loans and mortgages	0	10,174
Reinsurance recoverables from:	34,549	82,831
Non-life and health similar to non-life	80,939	63,836
Non-life excluding health	79,362	63,836
Health similar to non-life	1,578	-
Life and health similar to life, excluding health and index-linked and unit-linked	−46,390	18,995
Health similar to life	76,484	0
Life excluding health and index-linked and unit-linked	−122,874	18,995
Life index-linked and unit-linked	0	-
Deposits to cedants	4,677,714	4,398,540
Insurance and intermediaries receivables	547,171	422,024
Reinsurance receivables	259,124	4,756
Receivables (trade, not insurance)	5,507	5,507
Cash and cash equivalents	50,823	51,326
Any other assets, not elsewhere shown	0	-
Total assets	**8,026,430**	**7,863,617**

In USD 000's	Solvency II	IFRS
Liabilities		
Technical provisions – non-life	3,809,673	4,358,343
Technical provisions – non-life (excluding health)	3,488,270	-
Technical provisions calculated as a whole	0	-
Best Estimate	3,431,058	-
Risk margin	57,212	-
Technical provisions - health (similar to non-life)	321,403	-
Technical provisions calculated as a whole	0	-
Best Estimate	311,561	-
Risk margin	9,843	-
Technical provisions - life (excluding index-linked and unit-linked)	2,135,727	1,844,344
Technical provisions - health (similar to life)	850,330	-
Technical provisions calculated as a whole	0	-
Best Estimate	803,729	-
Risk margin	46,601	-
Technical provisions – life (excluding health and index-linked and unit-linked)	1,285,397	-
Technical provisions calculated as a whole	0	-
Best Estimate	1,247,567	-
Risk margin	37,831	-
Technical provisions – index-linked and unit-linked	0	-
Technical provisions calculated as a whole	0	-
Best Estimate	0	-
Risk margin	0	-
Provisions other than technical provisions	9,104	9,104
Deposits from reinsurers	133,477	40,784
Deferred tax liabilities	34,449	20,741
Derivatives	8,968	8,968
Debts owed to credit institutions	0	-
Financial liabilities other than debts owed to credit institutions	212,944	310,204
Insurance & intermediaries payables	680,062	472,744
Reinsurance payables	115,982	19,401
Payables (trade, not insurance)	0	-
Subordinated liabilities	113,781	-
Subordinated liabilities not in Basic Own Funds	0	-
Subordinated liabilities in Basic Own Funds	113,781	-
Any other liabilities, not elsewhere shown	2,863	2,863
Total liabilities	**7,257,030**	**7,087,905**
Excess of assets over liabilities	**769,400**	**775,712**

D.1 Assets

D.1.1 Deferred Acquisition costs R0020

The valuation of Deferred Acquisition costs is described in Section D.2 Technical provisions.

D.1.2 Deferred tax assets R0040

in USD 000's	Solvency II	IFRS
Deferred tax assets	15,918	1,308

In the IFRS financial statements balance sheet deferred tax is provided in full in accordance with IAS 12 Income Taxes, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

In the Solvency II balance sheet, deferred taxes may result from the following:

- Taxable / deductible temporary differences between the Solvency II balance sheet and the tax base (tax balance sheet); and
- Unused tax loss and tax credits that may be carried forward.

A deferred tax asset (under Solvency II and the statutory account valuations) is recognised only to the extent that it is probable that future tax profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Differences in valuation

The difference in valuation relates to the taxable / deductible temporary differences between the Solvency II balance sheet and the tax base (tax balance sheet).

D.1.3 Property, plant & equipment held for own use R0060

in USD 000's	Solvency II	IFRS
Property, plant & equipment held for own use	1,442	1,662

The market value of internally-used property is calculated as follows:

The market value of the leasehold improvements is Nil as it is assumed that the improvements will revert to the lessor at the expiration of the lease.

With regard to the fixtures, fittings and equipment the valuation base pursuant to the Solvency II balance sheet is seen as identical with the valuation base used for annual accounts in line with commercial law. A revaluation is not conducted for reasons of materiality.

Differences in valuation

The difference between the valuation bases found in the Solvency II balance sheet and the IFRS financial statements is attributable to the net book value of the leasehold improvements under IFRS.

D.1.4 Participations and related undertakings R0090

in USD 000's	Solvency II	IFRS
Participations and related undertakings	50,000	50,000

The investment was made towards the end of 2016 and during 2017 further shares were issued at the original cost therefore cost is considered to remain the best estimate of fair value.

D.1.5 Bonds R0130

in USD 000's	Solvency II	IFRS
Bonds	2,319,739	2,308,582

Government bonds, corporate bonds, structured notes and collateralised securities are predominantly valued on the basis of quoted prices, which have been realised on active markets. If no publicly available price quotations are available or the markets in which they originate are deemed to be inactive, the items are valued on a theoretical basis.

Market quotations are provided by selected price service agencies, trading information systems or intermediaries (brokers) deemed to be trustworthy. The potential sources of price information available are allocated a ranking within a hierarchy. As a rule, price quotations issued by price service agencies are allocated the highest priority, while those provided by intermediaries are allocated the lowest. Exceptions can occur, for example, for selected market segments / currency combinations.

Differences in valuation

The difference between the Solvency II valuation bases and the IFRS financial statements totalling USD 11.2m result from the reclassification of a surplus note investment with a related party, valued at USD 10.2m, which is classified as “Loans and mortgages” in the comparative IFRS balance sheet and corporate bonds under Solvency II.

The remaining difference of USD 1.0m between Solvency II and IFRS is attributable to the fixed income securities are acquired with the intent and ability to be held until maturity. Under IFRS they are initially recognised at fair value and directly attributable costs. Subsequent to the initial measurement they are measured at amortised cost. The corresponding premiums or discounts are recognised in profit or loss across the duration of the instruments using the effective interest rate method. For Solvency II these assets are valued at fair market value.

D.1.6 Collective Investment Undertakings R0180

in USD 000's	Solvency II	IFRS
Collective Investment Undertakings	25,414	25,414

Collective investment undertakings consist of High Yield Bond Funds and Debt Funds.

The High Yield Bond Funds are actively managed funds, focused on publicly traded bonds. These assets are predominantly valued on the basis of quoted prices, which have been realised on active markets. If not publicly available price quotations are available or the markets in which they originate are deemed to be inactive, the items are valued on a theoretical basis.

D.1.7 Derivatives R0190

in USD 000's	Solvency II	IFRS
Derivatives	6,263	6,263

Financial derivatives (e.g. options or forwards) are valued based on quoted market prices. If there are no market prices, the positions are evaluated theoretically.

Foreign exchange forward contracts, swaps and forward purchases can be evaluated by using the discounted cash flow method on the payoff profiles

The discount rates and the interest rate differentials are the two main factors used in calculating the valuation of the derivatives currently held by HRI.

To protect the Company's investment in Life Settlement products, the Company has entered into a reinsurance treaty with a fellow subsidiary which allows the Company to purchase cover on a policy-by-policy basis ("a yield collar"). The yield collars' unrealised value is the difference between the current market value and the cost of the policy where the market value is less than cost.

D.1.8 Deposits other than cash equivalents R0200

in USD 000's	Solvency II	IFRS
Deposits other than cash equivalents	503	-

The deposits other than cash equivalents are short-term highly liquid investments with less than 90 days' maturity from the date of acquisition. The funds are normally invested for periods of less than one month. They are carried at face value which is a reasonably approximate fair value at the reporting date.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of short term bank deposits which are classified as cash and cash equivalents in the IFRS financial statements.

D.1.9 Other investments R0210

in USD 000's	Solvency II	IFRS
Other investments	32,263	32,263

Life settlements are valued on a policy-by-policy basis, using a discounted cash flow method. The fair value of a policy at the point of purchase is assumed to be equal to the purchase price. The fair-value at future dates is assumed to be the present value of expected future cash flows discounted at the risk-free term structure of spot rates (based on swaps) plus a policy-specific risk margin. The main risks associated with these instruments are longevity and interest rate risk. The yield collars, which are purchased and valued on a policy-by-policy basis, are calculated as the difference between the fair value of the underlying policy and that fair value capped at the annual rate implied in the contract. Yield collars mitigate downside risk but also cap potential gains. The yield collars are classified as derivatives on the Solvency II and IFRS balance sheet.

The secured notes are valued at fair value. The fair value of these notes is calculated using an internal model based on changes in interest rates and credit spreads. The main risks associated with these instruments are counterparty, lapse and mortality risk.

D.1.10 Loans and mortgages R0230

in USD 000's	Solvency II	IFRS
Loans and mortgages	0	10,174

The surplus note is with a related special purpose financial captive insurance company. The fair value is the principal balance with interest accrued to contract terms. The main risk associated with this investment is counterparty and credit risk.

Differences in valuation

The difference between the Solvency II valuation bases and the IFRS financial statements result from the reclassification of the surplus note investment which is classified as a bond on the Solvency II balance sheet.

D.1.11 Reinsurance recoverables R0270

The valuation of Reinsurance recoverables is described in Section D.2 Technical provisions.

D.1.12 Deposits to cedants R0350

in USD 000's	Solvency II	IFRS
Deposits to cedants	4,677,714	4,398,540

These assets primarily consist of funds held on certain contracts representing the collateral contractually withheld by our cedants to cover the technical liabilities HRI has reinsured. Some of these assets are valued at market value using a mark-to-market method. These assets primarily consist of government, semi-government and corporate bonds. Such investments are typically held in trust and managed in accordance with approved investment guidelines. The remainder of these assets are funds held on the cedents general account with an explicit interest rate change attached.

Differences in valuation

There are five main reasons for the difference in valuation of Deposits to cedants.

- The Deposits to cedants are valued at fair value Solvency II whereas they are valued at amortized cost in the IFRS financial statements. This resulted in an increase in the asset under Solvency II of USD 190m
- Under Solvency II the probability-weighted, expected margin is recognised on deposit accounted business, whereas for IFRS the full margin is recognised.
- For Solvency II future periods within the contract boundary are recognised, whereas under IFRS they are not.
- Contract deposits are included in the liabilities (see “Deposits from reinsurers”) under IFRS.
- Local IFRS adjustment between Deposits to cedants and Deposits from reinsurers of USD 98m. No net impact on Solvency II balance sheet.

These adjustments resulted in an increase in the reported Deposits to cedants asset under Solvency II of USD 279.2m.

D.1.13 Insurance and intermediaries receivables R0360

in USD 000’s	Solvency II	IFRS
Insurance and intermediaries receivables	547,171	422,024

The carrying amount of Insurance and intermediary receivables is deemed to be a reasonable approximation of fair value. Balances receivable include actual account balances due plus an estimate of the amount due for the period for which accounts have not yet been received. The receivable balance is diversified among a range of cedants. The risk of non-payment by cedants is mitigated by the use of offset clauses in the underlying contract. Following our review of the receivable balances, no impairment was necessary.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of certain receivables to Technical Provisions in accordance with the due date of the receivable.

D.1.14 Reinsurance receivables R0370

in USD 000’s	Solvency II	IFRS
Reinsurance receivables	259,124	4,756

The carrying amount of Reinsurance receivables is deemed to be a reasonable approximation of fair value. Balances receivable include actual account balances due plus an estimate of the amount due for the period for which accounts have not yet been received. The receivable balance is diversified among a range of retrocessionaires. The risk of non-payment is mitigated by the use of offset clauses in the underlying contract. Following our review of the receivable balances, no impairment was necessary.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of certain receivables to Technical Provisions in accordance with the due date of the receivable.

D.1.15 Receivables (trade, not insurance) R0380

in USD 000's	Solvency II	IFRS
Receivables (trade, not insurance)	5,507	5,507

The carrying amount of Receivables (trade, not insurance) is deemed to be a reasonable approximation of fair value.

D.1.16 Cash and cash equivalents R0410

in USD 000's	Solvency II	IFRS
Cash and cash equivalents	50,823	51,326

The Cash and cash equivalents are carried at face value and consist of cash at banks. They are carried at face value which is a reasonable approximation to fair value at the reporting date.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of short term bank deposits which are classified as cash and cash equivalents in the IFRS financial statements.

D.2 Technical Provisions

The technical provision ("TP") under Solvency II is determined as the sum of the best estimate liability ("BEL") and the risk margin ("RM").

Determining the TP, the risk-free yield curve including a volatility adjuster component in line with EIOPA requirements are used. A matching adjustment is not applied. Furthermore, the risk-free yield curve is not adjusted as set out in article 308c of the directives 2009/138/EC.

A temporary deduction according to article 308d of the directives 2009/138/EC is not applied.

The concept of calculating the TP "as a whole" is currently not applied to any business written.

HRI has been granted approval by the CBI to use volatility adjustments. This is intended to mitigate the effect of value fluctuations on the bond market. The volatility adjustment according to Article 77 d of the Directive 2009/138/EC was used for calculating the BEL. The following table shows the impact of a non-application of a volatility adjustment on the TP, the Solvency Capital Requirement ("SCR"), the Minimum Capital Requirement ("MCR"), the basic own funds and the amounts of own funds eligible to meet the MCR and the SCR.

Even under a non-application of a volatility adjustment, the solvency ratio is still comfortable.

Impact of non-application of a volatility adjustment

in USD 000's	Amount with Long Term Guarantee measures and transitionals	Impact of volatility adjustment set to zero
Technical provisions	5,945,400	-1,169
Basic own funds	883,181	−2,785
Eligible own funds to meet Solvency Capital Requirement	960,541	−2,543
Solvency Capital Requirement	517,349	6,989
Eligible own funds to meet Minimum Capital Requirement	815,720	−1,969
Minimum Capital Requirement	232,807	3,145

For Solvency II purposes, all contracts have to be evaluated over the whole lifetime ("ultimate view"). In general, a contract boundary is set on that future date where at least one of the following criteria is met:

- The future date where the (re)insurance undertaking has a unilateral right to terminate the contract
- The future date where the (re)insurance undertaking has a unilateral right to reject premiums payable under the contract
- The future date where the (re)insurance undertaking has a unilateral right to amend the premiums or benefits payable under the contract in such a way that the premiums fully reflect the risks.

In case no contract boundaries exist, the projection is based on a look-through approach, i.e. the policies are projected until their natural expiry.

The BEL is shown on a gross basis in the following, i.e. before the reduction of reinsurance recoverables, and the RM is shown on a net basis, i.e. reflecting the risk mitigating effect of retrocessions. This is consistent with the methodology used in the Solvency II balance sheet.

Best Estimate Liability (BEL)

The calculation of the BEL is based on the projection of future cash in- and outflows like premiums, claims, and expenses as well as amounts related to payables and receivables with a future due date. Best estimate assumptions are used in the calculation of the BEL. The expenses consist of direct administration expenses and costs of on-going operations.

The projections are done separately for assumed and retroceded business using the same bases, methods and assumptions.

Risk Margin (RM)

According to article 37 (1) of the delegated acts (EU) 2015/35, a uniform cost-of-capital approach is used for calculating the risk margin.

The Cost of Capital (“CoC”) factor is 6%. The required capital is the SCR under Solvency II according to Hannover Re’s internal model. The allocation of the SCR to the lines of business reflects the contribution to the SCR (Art. 37). The distributed capital is run off in future years using appropriate risk drivers for each line of business.

The following have not been used by HRI in the calculation of the Solvency II technical provisions:

- Matching adjustment
- Transitional risk-free interest rate term structure
- Transitional deduction.

D.2.1 Life & Health: Valuation Principles

S.12.01.02 Life and Health SLT Technical Provisions included in the “Quantitative Reporting Templates” section shows the technical provisions associated with each HRI Life & Health line of business.

Valuation Bases

In all cases the technical provisions have been calculated as the sum of the Best Estimate Liability and Risk Margin.

The Best Estimate Liability is calculated as the present value of future cashflows arising within the contract boundary using current best estimate assumptions and the relevant risk-free interest term structure including a volatility adjuster component. The cashflows projected include the following:

- Premiums
- Benefits
- Commissions
- Profit sharing payments
- Expenses

Included in the Best Estimate Liability is an estimation of incurred but not reported claims and outstanding claims where relevant. In addition, the Best Estimate Liability includes payable/receivable amounts that have a future due date.

The Risk Margin is calculated using the cost-of-capital approach as set out in Delegated Acts Solvency II Article 37. The approach used falls under Method 1 of the hierarchy of methods as set out in Guideline 62 of the EIOPA Guidelines on the Valuation of Technical Provisions (i.e. to approximate the individual risks or sub-risks within some or all modules and sub-modules to be used for the calculation of future Solvency Capital Requirements).

Life

Methods

This line of business covers a significant number of treaties, originating primarily in the UK, Asia and US as well as a small number of treaties coming from the rest of the world. The underlying business covers term, permanent and annuity business through traditional reinsurance arrangements, with and without financing, as well as through more structured financing reinsurance arrangements which are more risk remote.

A combination of seriatim data and model points is used to project the best estimate future cashflows using actuarial projection programmes.

The Best Estimate Liability also includes cashflows related to administration and overhead expenses generated within HRI.

Main Assumptions

The primary assumptions for the traditional risk reinsurance arrangements are mortality and lapse.

The base mortality for the UK originated business has been developed based on a UK industry mortality table, calibrated to recent experience. Mortality assumptions include assumptions for future mortality improvement, developed from UK population mortality improvements. The mortality assumption for the Asian business has also been developed based on industry mortality tables and there is no assumption for future mortality improvement.

Lapse assumptions are based on current best estimates, reflecting factors such as duration, issue age, product type, sales channel, risk classes and single/joint life.

The assumptions for the traditional financing are set based on original pricing and historical experience where credible. For the structured transactions, the experience assumptions are generally those developed at pricing but treaty performance relative to expected is monitored and updates made if required.

Valuation Differences

The following table shows the difference between the Solvency II technical provisions and the technical provisions reported in the financial statements:

SII & IFRS Technical provisions
In USD 000's

Line of Business	BEL	RM	TP	IFRS Technical Provisions*	Comparison SII and IFRS
Life	1,247,567	37,831	1,285,397	1,105,022	180,375

*IFRS Technical Provision = Benefit reserve + IBNR + O/S claims reserve + UPR + Profit Commission Reserve- DAC

The IFRS reserves in the financial statements have been calculated under US GAAP principles.

For the traditional arrangements, the benefit reserve component is calculated using a Gross Premium Valuation approach for acquired business and a Net Premium Valuation approach otherwise. The benefit reserve component reflects the best estimate assumptions at the start of the contract with a provision for adverse deviation, whereas Solvency II reflects the current best estimate view of assumptions. The best estimate view of these assumptions has evolved over time arising from own emerging experience and industry studies. Due to different requirements, the provision for expenses within the Best Estimate Liability is higher than that within the IFRS reserves.

The Solvency II technical provisions include a risk margin. The benefit reserve assumptions include a provision for adverse deviation but the IFRS technical provisions do not include a further explicit risk margin similar to the Solvency II methodology.

The Best Estimate Liability is calculated using current risk free interest rates including a volatility adjustment whereas the benefit reserve is calculated using a valuation interest rate set at the start of the contract. The average valuation interest rate is higher than the current risk free rates.

Deposit related cashflows are based on market values under Solvency II whereas these are included within the benefit reserve at book value, with the market value USD 190m higher.

There are differences between the Solvency II and IFRS technical provisions related to where balances are shown on the respective balance sheets, with payables/receivable amounts of USD 27m included in the Solvency II technical provisions that are not included with the IFRS technical provisions.

For the structured transactions the IFRS reserves are zero. The corresponding Solvency II technical provisions are negative for these deals, representing the expectation of receipt of future fee income, with insignificant risk margins given the remoteness of the risk being provided for.

The Incurred but not reported and outstanding claims reserves are consistent between IFRS and Solvency II.

Health

Methods

This line of business comprises treaties where the material underlying risks relate to critical illness or disability products originating primarily in Asia but also in the UK.

A combination of seriatim data is used to project the best estimate future cashflows using actuarial projection programmes.

Main Assumptions

The primary assumptions are morbidity and lapse. Mortality is also important for some treaties in respect of claim terminations.

Assumptions are set based on original pricing, client provided information, historical experience, and industry specific information.

Valuation Differences

The following table shows difference between the Solvency II technical provisions and the technical provisions reported in the financial statements:

SII & IFRS Technical provisions
In USD 000's

Line of Business	BEL	RM	TP	IFRS Technical Provisions*	Comparison SII and IFRS
Health	803,729	46,601	850,330	477,986	372,344

The IFRS reserves have been calculated under USGAAP principles.

The benefit reserve component reflects the best estimate assumptions at the start of the contract with a provision for adverse deviation, whereas Solvency II reflects the current best estimate view of assumptions. The best estimate view of these assumptions has evolved over time arising from own emerging experience and industry studies.

The Solvency II technical provisions include a risk margin. The benefit reserve assumptions include a provision for adverse deviation but the IFRS technical provisions do not include a further explicit risk margin similar to the Solvency II methodology.

The Best Estimate Liability is calculated using current risk free interest rates including a volatility adjuster component whereas the benefit reserve is calculated using a valuation interest rate set at the start of the contract. The average valuation interest rate is higher than the current risk free rates.

There are differences between the Solvency II and IFRS technical provisions related to where balances are shown on the respective balance sheets, with payables/receivable amounts of USD 372m included in the Solvency II technical provisions that are not included with the IFRS technical provisions.

Allowing for future management actions

HRI makes no allowance for future management actions within the calculation of the L&H technical provisions.

Reinsurance Recoverable

The following table shows the reinsurance recoverable amount per line of business:

In USD 000's

Line of Business	Reinsurance recoverable - Solvency II	Ceded IFRS Technical Provisions*
Life	−122,874	1,212
Health	76,484	

* Ceded IFRS Technical Provision = Benefit reserve + IBNR + O/S claims reserve + UPR + Profit Commission Reserve- DAC

The reinsurance recoverable reflects retrocession in place, both internally within the Hannover Re Group and externally to third parties. Where appropriate, a default adjustment is included.

In general the same approach is used to calculate the reinsurance recoverable as for the calculating the gross Best Estimate Liability, with best estimate future cashflows projected in actuarial systems.

Similar to the assumed technical provisions, there are differences in assumptions and the interest rates used in the calculations.

There are differences between the Solvency II and IFRS technical provisions related to where balances are shown on the respective balance sheets, with payables/receivable amounts of USD 76m included in the Solvency II technical provisions that are not included with the IFRS technical provisions.

Material Changes in Assumptions

As part of the regular and ongoing review of all assumptions, updates were made to the UK and Asian business to reflect experience. There were also model developments implemented during the year in respect of the Asian business. These changes resulted in an overall increase in the Best Estimate Liability.

Level of Uncertainty in the Technical Provisions

The main area of uncertainty around the level of the technical provisions relates to the potential deviation of actual experience from the underlying assumptions and the sensitivity of cash flows to changes in those assumptions.

The most material uncertainty comes from the traditional life and health risk business. Small changes in the mortality rates can have significant effects on the claim payments.

Changes in lapse rates are material for certain products as well. The directionality of the lapse effect is dependent on the treaty and type of reinsurance. In aggregate, the impact of an increase or decrease in lapse rates are both broadly neutral, with offsetting movements between treaties.

Given the risk remoteness of the deals, the structured transactions are a more limited source of uncertainty. The recapture rights of the cedants are an area of uncertainty.

D.2.2 Property & Casualty: Valuation Principles

S.17.01.02 Non-life Technical Provisions included in Section F Quantitative Reporting Templates shows the technical provisions associated with each HRI Property & Casualty line of business. For management reporting purposes underwriting performance is reviewed on a treaty-by-treaty basis as this is how the business is structured. Therefore the analysis below is performed strictly to meet the Solvency II narrative reporting requirements.

For the purposes of calculating the Technical Provisions the same approach is applied regardless of line of business, so the description below applies across all lines of business above.

Methodology

HRI calculate the best estimate liability ("BEL") on a treaty by treaty basis. Because of the structured nature of the business written by HRI traditional actuarial techniques would not be appropriate, even at a Solvency II segment level, to calculate the best estimate liability at a portfolio level.

In general, the BEL is based on the IFRS reserve minus the expected margin to be earned on the treaty. The expected margin is the weighted average margin derived at the time of pricing, which reflects the present value of the full range of possible outcomes modelled. So the BEL also reflects the weighted average outcome rather than a median scenario. In addition for older treaties where the margin has been recognised a portfolio level reserve is held to reflect the possibility of negative outcomes. However if a particular treaty is not performing as expected a treaty specific approach will be adopted.

Best Estimate Premium Provision

Premium provisions relate to claims events occurring after the valuation date and during the remaining in-force coverage period of policies. The cash flow projections comprise of all future claims payments and expected future premiums stemming from these events.

The best estimate includes all future cash flows associated with existing obligations. Premium provisions take account of expected profits during remaining periods on risk and of the time value of money over the period until settlement of relevant cash outflows. Thus, the best estimate may be negative.

Best Estimate Claims Provision

All future payments as well as any future premium resulting from those losses which occurred up to the valuation date are taken into account so as to calculate a best estimate claims provision irrespective of loss reporting date. Thus, any cash flow includes also loss payments and premiums for losses which are incurred but not reported at the valuation date. The best estimate claim provision calculation does not include any implicit or explicit redundancy or deficiency of calculated reserves.

Given the payment information up to the due date an ultimate loss estimator and a respective payout pattern is calculated for each treaty so as to project a cash flow of outstanding claims until ultimate loss is achieved.

Current assumptions

There are a number of treaties with specific assumptions as to their ultimate loss position. These are updated as experience develops or circumstances change and documented appropriately.

For treaties where the margin has been recognised a portfolio wide reserve is held on a best estimate basis.

Some treaties written by HRI contain features, such as the start of maintenance fees for example, to encourage the cedant behaviour that was anticipated at the inception of the treaty, such as commutation at a certain point. The expected margin reflects these features and the probability of commutation or payment of additional premiums or fees. So expected cedant behaviour is reflected in the BEL and any exceptions due to poor performance for example are reflected accordingly as necessary.

Expenses

The technical provisions include all cash flows arising from expenses that will be incurred in serving all recognised reinsurance obligations over the lifetime. Furthermore, expenses used for the technical provision calculation include both, allocated and unallocated (overhead) expenses. Allocated expenses are those expenses, which could be directly allocated to individual claims. Overhead expenses include all other expenses, which the undertaking incurs to settle its obligations and which are not directly assignable to settling claims.

Treaty boundary

For the calculation of technical provisions all expected cash flows allocated to treaties have to be projected into the future. For HRI, all treaties are evaluated over the whole lifetime ("ultimate-view"). Therefore, for purposes of measurement, the boundary of a reinsurance treaty is the point at which HRI would no longer be required to provide coverage.

Renewals are treated as a new treaty when HRI is no longer required to provide coverage, or the existing treaty does not confer any substantive rights on the ceding company. Obligations that do not relate to premiums which have already been paid do not belong to the treaty, unless HRI can compel the ceding company to pay the future premium.

Allowing for future management actions

HRI makes no allowance for future management actions within the calculation of the P&C technical provisions.

Reinsurance Recoverables within technical provisions

The technical provisions held correspond to the probability-weighted average of all future cash flows including cash flows recoverable from reinsurance contracts. This takes account of the time value of money and the adjustment for the expected losses due to the default of the counterparty. The following table shows the reinsurance recoverables associated with each relevant HRI Property & Casualty line of business, in USD 000's:

Line of Business	Reinsurance recoverable
Proportional Reinsurance	
Medical expense insurance	75
Income protection insurance	1,502
Workers compensation insurance	-
Motor vehicle liability insurance	17,019
Other motor insurance	396
Marine, aviation and transport insurance	11,463
Fire and other damage to property insurance	29,812
General liability insurance	2,294
Credit and suretyship insurance	12,521
Miscellaneous financial loss	44
Non-proportional reinsurance	
Marine, aviation and transport insurance	8
Fire and other damage to property insurance	5,805
Total	**80,939**

Risk-free interest rates

HRI does not use any transitional measures or the matching adjustment, but does use the volatility adjustment so the liabilities are discounted at the basic risk-free rate adjusted for the volatility adjustment. The relevant risk free discount rate will apply to each currency.

Risk margin

The Risk Margin is calculated using the cost-of-capital approach as set out in Delegated Acts Solvency II Article 37. The approach used falls under Method 1 of the hierarchy of methods as set out in Guideline 62 of the EIOPA Guidelines on the Valuation of Technical Provisions (i.e. to approximate the individual risks or sub-risks within some or all modules and sub-modules to be used for the calculation of future Solvency Capital Requirements).

Comparison of Net IFRS reserves to Net Solvency II Technical Provisions

The following table shows a comparison of the gross IFRS reserves versus the Solvency II Technical Provisions:

in USD 000's	Amount
IFRS Reserves(1)	4,075,501
Payables/receivables	-248,983
Adjustments to Solvency II basis(2)	-164,839
Best Estimate Liability	3,661,679
Risk margin	**67,055**
Total P&C Net Technical Provisions	

(1) IFRS Reserves = Claims Reserves + IBNR + UPR +Contingent Commission Reserve – Funds Withheld – DAC

(2) Adjustments are the removal of prudence in the IFRS reserves and discounting

D.3 Other Liabilities

D.3.1 Provisions other than technical provisions R0750

in USD 000's	Solvency II	IFRS
Provisions other than technical provisions	7,503	7,503

The following items are listed in the Solvency II balance sheet under non-technical provisions:

- Bonuses
- Other various provisions
- Provision for share awards
- Provision for audit fees and annual report expenses
- Outstanding invoices
- Provision for stock appreciation rights

The carrying amount of other payables and accrued expenses is deemed to be a reasonable approximation to fair value.

D.3.2 Deposits from reinsurers R0770

in USD 000's	Solvency II	IFRS
Deposits from reinsurers	133,477	40,784

Deposit from reinsurers consists of funds withheld and contract deposits due to/(from) reinsurers.

The funds withheld liabilities primarily consist of funds held on certain contracts representing the collateral contractually withheld by HRI to cover the technical liabilities that the retrocessionaires have reinsured. Some of these liabilities are valued at market value using a mark-to-market method. These liabilities primarily consist of government and corporate bonds. Such investments are typically held in trust and managed in accordance with approved investment guidelines. The remainder of these assets are funds held on general account with an explicit interest rate change attached.

Differences in valuation

There are three main reasons for the difference in valuation of Deposits from reinsurers.

The IFRS contract deposits liabilities for the majority of the L&H business are reclassified as the “Best-estimate liability” in the Solvency II balance sheet. The bases, methods and main assumptions used for their valuation are discussed in the technical provisions section (see section D.2).

Under IFRS a contract deposit liability is incurred for deposit accounted fee income that has been received but not yet “earned” in accordance with IFRS. There is no corresponding liability under Solvency II.

There was a Local IFRS adjustment between Deposits to cedants and Deposits from reinsurers of USD 98m. No net impact on Solvency II balance sheet.

D.3.3 Deferred tax liabilities R0780

in USD 000's	Solvency II	IFRS
Deferred tax liabilities	34,449	20,741

In the IFRS financial statements balance sheet deferred tax is provided in full in accordance with IAS 12 Income Taxes, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

In the Solvency II balance sheet, deferred taxes may result from the following:

Taxable / deductible temporary differences between the Solvency II balance sheet and the tax base (tax balance sheet); and

Unused tax loss and tax credits that may be carried forward.

Differences in valuation

The difference in valuation relates to the taxable / deductible temporary differences between the Solvency II balance sheet and the tax base (tax balance sheet).

D.3.4 Derivatives R0790

in USD 000's	Solvency II	IFRS
Derivatives	8,968	8,968

Recognition and valuation of obligations pertaining to derivatives are described in "D.1.6 Derivatives R0190".

D.3.5 Financial liabilities other than debts owed to credit institutions R0810

in USD 000's	Solvency II	IFRS
Financial liabilities other than debts owed to credit institutions	212,944	310,204

Financial liabilities are valued using the expected cash value of future payment streams for the purposes of Solvency II.

Differences in valuation

The main reason for the difference is a reclassification of a certain Tier 2 subordinated loan to R0870 Subordinated liabilities in Basic Own Funds for the purposes of Solvency II.

The remaining difference is due to loans and borrowings being measured at amortised cost using the effective interest method in the IFRS financial statements. The Solvency II value includes future interest payments and is discounted.

D.3.6 Insurance and intermediary payables R0820

in USD 000's	Solvency II	IFRS
Insurance and intermediary payables	680,062	472,744

The carrying amount of Insurance and intermediary payables is deemed to be a reasonable approximation of fair value. Balances payable include actual account balances due plus an estimate of the amount due for the period for which accounts have not yet been received. The payable balance relates to a number of different cedants.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of certain payables to Technical Provisions in accordance with the due date of the receivable.

D.3.7 Reinsurance payables R0830

in USD 000's	Solvency II	IFRS
Reinsurance payables	115,982	19,401

The carrying amount of Reinsurance payables is deemed to be a reasonable approximation of fair value. Balances payable include actual account balances due plus an estimate of the amount due for the period for which accounts have not yet been received. The payable balance relates to a number of different retrocessionaires.

Differences in valuation

The difference between the Solvency II value and the IFRS financial statements value result from the reclassification of certain payables to Technical Provisions in accordance with the due date of the receivable.

D.3.8 Subordinated liabilities R0870

in USD 000's	Solvency II	IFRS
Subordinated liabilities	113,781	-

Financial liabilities are valued using the expected cash value of future payment streams for the purposes of Solvency II.

Differences in valuation

Tier 2 subordinated loans are classified as R0870 Subordinated liabilities in Basic Own Funds for the purposes of Solvency II. The IFRS financial statements do not make any distinction in the classification of the loans and as such they are classified as R0810 Financial liabilities other than debts owed to credit institutions.

The remaining difference is due to loans and borrowings being measured at amortised cost using the effective interest method in the IFRS financial statements. The Solvency II value includes future interest payments and is discounted.

D.3.9 Any other liabilities, not elsewhere shown R0880

in USD 000's	Solvency II	IFRS
Any other liabilities, not elsewhere shown	2,863	2,863

The carrying amount of any other liabilities, not elsewhere shown is deemed to be a reasonable approximation of fair value.

D.4 Alternative methods for valuation

Valuation principles are applied pursuant to Solvency II. In addition to the general valuation principles the following valuation hierarchy is applied to the recognition and valuation of assets and other liabilities.

1. Stock exchange prices observed on active markets are utilised as part of the standard valuation method. The use of stock exchange prices should be based on the criteria stipulated for an active market, which are defined in the International Accounting Standards (IAS).

2. If no stock exchange prices in active markets are available for the assets and liabilities to be valued, stock exchange prices from similar assets and liabilities are used. Adjustments are made in order to reflect the differences.

3. In instances where the criteria for the use of stock exchange prices are not fulfilled, alternative valuation methods are utilised (different methods to those described in number 2). If alternative valuation methods are used these should be – to the greatest extent possible – based on market data, and should contain – to the least extent possible – company-specific influencing factors.

HRI uses alternative valuation methods for some balance sheet items, which are subsequently described in more detail in Section D.4.1 below.

D.4.1 Further information on alternative valuation methods

For the calculation of market values for assets and other liabilities which are not listed on a stock exchange, or whose relevant markets are deemed to be inactive at the point in time of valuation, we use the following valuation models and methods as an alternative. They represent the standard and recognised methods used for the respective assets, and are used in order to be able to determine a market price in spite of the absence of available valuations from active markets.

Financial instruments	Parameters	Valuation models / methods
Unlisted plain-vanilla bonds, loans	Interest rate curves	Present value method
Unlisted, structured bonds	Interest rate curve, volatility surfaces	Hull-White, Black-Karasinski, Libor Market Model among others
Unlisted CDO/CLO	Risk premiums, default rates, prepayment speed and recovery rates	Present value method
Unlisted equities and participations	Acquisition costs, cash flows, EBIT multiples, book value as applicable	Capitalised earnings method, discounted cash flow method, multiples-based approaches
Unlisted fixed income funds	Audited net asset values ("NAV")	Net asset value method
Currency forwards	Interest rate curves, spot and forward rates	Interest rate parity model
Life settlements	Interest rate curves, spot rates, mortality rates	Discounted cashflow method

The majority of assets valued using alternative valuation methods are valued on the basis of the present value method. This is a predominantly assumption-free method, with which the future cash flows of securities are discounted with the use of suitable interest rate curves. These curves are derived from appropriate market data observed on publicly accessible markets. Broadly speaking, this procedure is premised on the assumption generally accepted in the market that price differences for comparable securities listed in transparent markets with regard to risk, term and creditworthiness are predominantly the result of issuance-specific characteristics and lower liquidity, and are thus deemed immaterial with regard to their influence on market value.

Specific assumptions are made in the valuation of CLOs. They relate to prepayment rates and retrieval rates. The prepayment rate describes the scope available for the instrument to repay to the bearer parts of the outstanding nominal amount before maturity. The retrieval rate is the proportion of the nominal amount repaid to the bearer subsequent to proceedings triggered by a potential default. Both parameters are estimated with an industry-standard fixed value. They do, however, have a comparably limited influence on the valuation. The significant valuation parameters here are either directly observable market data or are derived from market data.

If particular structures are embedded into the security such as, for example, termination rights, further valuation models are also utilised such as, for example, the Hull-White Model or the Libor Market Model. The models calculate, for example, the probability of termination rights being exercised with the help of swaption volatilities. No noteworthy assumptions are utilised here either.

The use of models includes different model risks, which can lead to a degree of valuation uncertainty:

- Modelling risk (appropriateness and suitability of the model)
- Data quality risk (incomplete or obsolete data for the model calibration or parameterisation)
- Risk pertaining to the validity of assumptions and estimations.
- Risks in the model implementation

Through a process of regular validation in which a systematic, quantitative and qualitative assessment of the appropriateness of valuation models and methods is undertaken, model risks can be limited. Furthermore, the model results (for items which are predominantly valued using alternative valuation methods) are continuously subject to plausibility checks as part of daily quality assurance processes.

D.5 Any other information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own Funds

E.1.1 Management of own funds

The objective of own funds management is to maintain sufficient own funds to cover the SCR and MCR with an appropriate buffer on a continuous basis.

The own funds are categorised into three tiers, according to their capacity to absorb losses. Own fund items included in Tier 1 are of the highest quality and, as they are permanently available, demonstrably absorb unexpected losses to enable an undertaking to continue in the case of winding-up, as well as on a going-concern basis. Tier 2 relates to basic own funds, the characteristic of which is that they are able to absorb losses in the case of winding-up of the undertaking (e.g. classic subordinated loans) but not on a going-concern basis. Own funds items not classified as Tier 1 or Tier 2 shall be classified as Tier 3, for example a deferred tax asset or ancillary own funds, which are items of capital other than basic own-funds which can be called up to absorb losses.

The time horizon used for business planning is five years, which aligns with the ORSA and the business plan.

E.1.2 Tiering

The own funds of HRI split by tier as at 31 December 2020 compared to 31 December 2019 was comprised as follows:

in USD 000's	2020	2019
Tier 1	769,158	682,446
Tier 2	113,781	106,685
Tier 3	77,602	64,511
Total eligible own funds to meet SCR	**960,541**	**853,822**

None of the Tier 1 own funds is restricted capital. There is an upper limit 15% of the SCR on the amount of Tier 3 capital that can be counted towards covering the SCR.

The eligible amount of basic own funds to cover the MCR as at 31 December 2020 compared to 31 December 2019 was comprised as follows:

in USD 000's	2020	2019
Tier 1	769,158	682,446
Tier 2	46,561	38,706
Total eligible own funds to meet MCR	**815,719**	**721,152**

There are currently no ring-fenced funds or restrictions on capital fungibility.

E.1.3 Basic own funds

Share capital

The ordinary share capital of HRI as of 31 December 2020 amounts to USD 29.9m (2019: 29.9m). The share capital of the Company consists of 500,000 ordinary shares of EUR 100 and 500,000 Redeemable ordinary shares of EUR 100 each. The Company's issued share capital consists of 273,309 Redeemable Ordinary Shares (2019: 273,309) with a nominal value of EUR 100 at year end. The shares are fully paid.

The ordinary shares and the redeemable shares of the Company rank pari passu in all respects, with one exception in relation to the redeemable shares, which shall be redeemable in whole or in part at any time or times by notice in writing given by the Company.

Undenominated Capital Reserve

The Undenominated Capital Reserve at 31 December 2020 is USD 24.7m and relates to shares redeemed during 2018 and 2019.

Capital Contribution

The Capital Contribution account, approved by the CBI, related to ordinary share capital at 31 December 2020 is USD 330.5m (2019: USD 330.5m).

Net deferred tax asset

The net deferred tax asset per the Solvency II balance sheet at 31 December 2020 is USD 0.2m (2019: USD 2.9m).

Reconciliation reserve

The reconciliation reserve equals the total Solvency II excess of assets over liabilities reduced by all of the following:

- Share capital
- Net deferred tax asset
- Capital Contribution
- Foreseeable dividends, distributions and charges;

The reconciliation reserve at 31 December 2020 is USD 384.1m (2019: USD 297.3m).

Structure of basic own funds

in USD 000's	2020	2019
Tier 1 unrestricted	769,158	682,446
Ordinary share capital	29,865	29,865
Undenominated capital reserve	24,770	24,770
Capital Contribution	330,468	330,468
Reconciliation reserve	384,055	297,343
Tier 1 restricted	-	-
Tier 2	113,781	106,865
Subordinated liability	113,781	106,865
Tier 3	242	2,888
Net deferred tax asset	242	2,888
Total	**883,181**	**792,199**

E.1.4 Ancillary own funds

Within the Tier 3 own funds is included an AOF item approved by the Central Bank of Ireland. The renewal of this item with amendments as defined below was approved on 23 November 2020. The material terms and conditions of the Tier 3 AOF are as follows:

	Ancillary Own Funds
Counterparty	Hannover Rück SE
Initial Consideration	EUR 1
Subordinated loan tranche	USD 15m (USD 1m integral amounts)
Total Commitment Sum	The lower of 15% of SCR and 150m (subject to tax and Tier 2 restrictions)
Rank	Tier 3

Upon drawdown of these Ancillary Own Funds, Hannover Rück SE will provide subordinated loans that qualify as Tier 2 basic own funds items. The method of valuation has not changed over the time period.

E.1.5 Comparison of IFRS Financial Statements Equity and Solvency II excess of assets over liabilities

The table below shows the difference between the IFRS Financial Statements Equity and Solvency II Excess of assets over liabilities for 2020 and 2019.

In USD 000's	2020	2019
Solvency II Excess of assets over liabilities	769,400	685,334
Total shareholders' equity - IFRS	775,715	697,296
Difference	**6,312**	**11,962**

The difference is further analysed into the key drivers of this revaluation in the table below:

In USD 000's	2020	2019
Difference relating to non-technical positions	−15,759	−6,010
Difference relating to technical positions	8,545	−7,661
Difference relating to deferred tax	902	1,709
Total	**−6,312**	**−11,962**

The reasons for the difference in valuation on a line by line basis are further described in Section D Valuation for Solvency Purposes.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

The Solvency Capital Requirement split by risk categories as at 31 December 2020 with a comparison to 31 December 2019 is below.

In USD 000's	2020	2019
Underwriting risk - Property & Casualty	498,517	359,144
Underwriting risk - Life & Health	226,788	249,361
Market risk	169,883	162,585
Counterparty default risk	36,884	33,288
Operational risk	93,823	109,942
Diversification	437,489	423,994
Total risk (pre-tax)	588,406	**490,325**
Deferred tax	71,057	60,253
Total risk (post-tax)	517,349	**430,072**

The Solvency Capital Requirement has been calculated based on the approved internal model. HRI was also granted approval in 2019 to use a dynamic volatility adjustment.

The changes in the SCR over the reporting period were as follows:

- an increase in Property & Casualty underwriting risk mainly due to the increased exposure and growth in reserve ultimates for the underlying ICTs. Significant restructures were executed in Q1 2020 on ICTs resulting in an increase in business retained in HRI.

- a decrease in Life & Health underwriting risk due to the reclassification of underlying business within the Asia portfolio. Decreases are in line with estimates and capital impact assessments. This is mainly associated with catastrophe (Pandemic) risk. Exposure increases for mortality and morbidity risk offset some of the reduction.

- a small increase in market risk due to higher default and spread risk following increased market volatility in 2020.

  a small increase in counterparty default risk due to higher default exposures over 2020

- a decrease in operational risk capital due to parameter and methodology changes following the full update and review of the SAOR for 2020.

E.2.2 Minimum Capital Requirement

The Minimum Capital Requirement at the end of 2020 was USD 232.8m (2019: 193.5m). The ratio of eligible own funds for the Minimum Solvency Capital Requirement was 350% (2019: 373%). The MCR is currently equal to the cap which is the maximum level of the MCR i.e. 45% of the SCR.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

This is not applicable to HRI.

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

E.4.1 Technical Specifications on the Internal Model

HRI documents the uses of the internal model in a Use Test Register. The key local applications are:

- assessing the overall required capital including the diversification benefit
- in risk budgeting and allocation
- monitoring of risk appetite statements
- for strategic decisions
- in pricing
- testing risk mitigation options
- to quantify the severity and frequency of the risks faced by HRI.

There are also locally important uses at a group level such as setting margins and investment benchmarks and informing the strategic asset allocation.

The complete risk landscape of Hannover Rück SE consists of the primary categories of underwriting risks (Property & Casualty, Life & Health), market risks, counterparty default risks, operational risks and other risks.

The scope of the internal model is such that the risk categories addressed quantitatively by the model are Life & Health underwriting risk, Property & Casualty underwriting risk, Market risk, Counterparty default risk and Operational risk. These risks and their interactions are accounted for in the representation of target variables through the application of stochastic simulation models. There are no separate modules for other risks in the internal model for the following reasons:

- In contrast to existing risks, emerging risks concern potential risks that can develop at short notice. It is more appropriate to assess these risks on a qualitative basis. Capital requirements arising from emerging risks would only occur when a qualitative assessment leads to the conclusion that the risks could materialise.
- Liquidity risk relates to the short-term payments which could necessitate the sale of assets. A financial loss can occur if the sales process leads to deterioration in the market price as a consequence of the scale of the transaction or due to illiquid markets. It is assumed that the company is not in a position to execute transactions which could lead to a shift in the market. Market illiquidity is covered within the calibration of economic scenarios, and is therefore covered by market risk.
- Reputational risk and strategic risk do not affect the available capital over a one-year horizon, but rather the franchise value of the company exclusively. They are therefore excluded from the scope of the internal model.

It should be noted that concentration risk is taken into account in the calculation of required capital for every risk category.

E.4.2 Implementation of the Internal Model

A stochastic model is used to project own funds under a range of different scenarios. The Solvency Capital Requirement is derived from the 99.5 percentile of the resulting distribution. The internal model currently covers all business units and risk categories.

E.4.3 Comparison of the Internal Model with the Standard Formula

Generally speaking, the internal model represents a probability calculation approach, while the standard formula is factor-based. For natural and man-made catastrophes, the internal model uses exposure data for all risks whereas the standard formula only uses exposure data for EU proportional business. Premium figures are used for all other areas. Retrocessions and reinsurance cover are applied precisely in the internal model, whereas the standard formula only permits the use of approximate values. The appropriate treatment of risk mitigating features, such as profit commissions and ratio caps for ASI business, are also fully allowed for within the internal model whereas the standard formula ignores these features. Further differences arise from correlation assumptions and the presentation of retrocessions. The latter cannot be expressed exactly in the standard formula.

In the internal model, the premium and reserve risk on the Property & Casualty line of business is modelled by estimating marginal distributions for every risk factor, with their mutual dependencies assessed on the basis of company-specific historical data or expert judgement. This results in more refined segmentation than under the standard formula. It also leads to non-linear dependency structures, whereas a correlation approach would be used under the standard formula. The internal model covers all risks from provisions relating to incepted unearned premiums within the reserve risk sub-module instead of the premium risk sub-module. The volume measure for the reserve risk of a particular segment is the best estimate ultimate claims provision relating to that segment instead of the best estimate outstanding ultimate claim provision as set out in the regulations.

For Life & Health underwriting risk, the standard formula does not sufficiently allow for the portfolio and diversification effects of a globally active reinsurer. It also does not allow for diversification between geographies. Relatively static scenarios or factors are used to determine the necessary amount of capital for every risk category within market risk. The internal model allows for diversification between geographies and thus generates a more comprehensive set of scenarios in an integrated way. While the standard formula explicitly allows for concentration risk, this risk is implicitly represented in the internal model where applicable.

Default risks in the internal model follow a stochastic model for credit spreads. This produces a complete distribution of random variables, which represents the counterparty default risk. The standard formula calculates the required capital for the counterparty default risk on the basis of multiples of standard deviations of the respective loss distribution. The internal model uses a comprehensive matrix in which the transitions between the individual valuations are described, as opposed to the standard formula, which is premised on the probability of default for every valuation class and on certain correlation assumptions between the counterparties. The internal model includes a fixed recovery rate for every counterparty, and permits the full use of collaterals. In the standard formula, the recovery rate and the use of collaterals depends on the economic situation of the counterparty. For new business, the internal model uses the fully stochastic exposure at default, subject to any risk mitigation measures, while the standard formula uses the difference between the SCRs with and without the corresponding measures as the constant exposure at default.

The risk measure used is the change in own funds as used to calculate the SCR over a one year time horizon. The confidence level used is the 1-in-200 year, or 99.5%, level, in line with Solvency II guidance.

Data

All data used in the internal model is subject to the data standards for internal models. This design is appropriate in order to be able to supply timely data which is free from significant errors. HRI relies on data which is also used in other business applications to ensure consistent information and data usage within the company. Examples include the individual data sets from cash flow projections underlying the calculation of the Best Estimate Liability and the IFRS accounting methods, through which a reference point is provided for other established reporting processes. Subsequently, many individual data sets are subject to numerous quality assessments and both internal and external auditing.

The plausibility and credibility of information and data is established by way of repeated discussion with the suppliers. Calibration assumptions are reported and made transparent in calibration reports, which are discussed with the suppliers of information and the recipients of model results. The effect of influencing parameters is presented in sensitivity analyses. In particular, significant assumptions which are based on expert assessments are documented separately.

Relevant historical company data and internal company data is used to calibrate the model, particularly for underwriting risk. Long-term market data is used for the calibration of market and counterparty risk.

The risk profile of HRI consists of Property & Casualty and Life & Health underwriting risks, market risks, counterparty default risks, operational risks and other risks including strategic risk, emerging risk, liquidity risk and reputational risk. The risk categories explicitly covered by the internal model are underwriting risks, market risk, counterparty default risk and operational risk. The other risks are managed and monitored using other appropriate methods.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

E.5.1 Non-Compliance with Minimum Capital Requirement

There have been no instances of non-compliance with the Minimum Capital Requirement.

E.5.2 Significant Non-Compliance with Solvency Capital Requirement

There have been no instances of non-compliance with the Solvency Capital Requirement.

E.6 Any other information

There is no other material information regarding capital management.

Abbreviations and Glossary

AOF	Ancillary Own Funds
ASI	Advanced Solutions Ireland
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht, Federal Financial Supervisory Authority
BEL	Best Estimate Liability
BOF	Basic Own Funds
CBI	Central Bank of Ireland
CDO	Collateralised Debt Obligation
CLO	Collateralised Loan Obligation
CEO	Chief Executive Officer
CFs	Control Functions
CoC	Cost of Capital
DAC	Deferred Acquisition Cost
EBIT	Earnings before interest and taxes
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected profits included in future premiums
F&P	Fitness and Probity
FOGs	Financial options and guarantees
GAAP	Generally Accepted Accounting Principles
HGB	Handelsgesetzbuch, German Commercial Code
HRI	Hannover Re (Ireland) Designated Activity Company
IBNR	Incurred But Not Reported
HRM	Human Resource Management
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
L&H	Life and Health
MCR	Minimum Capital Requirement
NAV	Net asset value
ORSA	Own Risk and Solvency Assessment
P&C	Property and Casualty
PCFs	Pre-approval Control Functions
RM	Risk margin
SCR	Solvency Capital Requirement
SE	Societas Europaea
SLA	Service Level Agreement
TP	Technical Provisions
UPR	Unearned Premium Reserve

Quantitative Reporting Templates

All values are in USD 000's if not otherwise stated.

If a value amounts to less than USD 0.5, we show "0" in the respective cell. Empty cells represent the fact that HRI has no value to state.

Rounding differences of +/- one unit can occur in the following tables.

S.02.01.02: Balance sheet

S.02.01.02: Balance sheet, page 1		Solvency II
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	15,918
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	1,442
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,434,181
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	50,000
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	2,319,739
Government Bonds	**R0140**	1,037,854
Corporate Bonds	**R0150**	1,184,143
Structured notes	**R0160**	0
Collateralised securities	**R0170**	97,742
Collective Investments Undertakings	**R0180**	25,414
Derivatives	**R0190**	6,263
Deposits other than cash equivalents	**R0200**	503
Other investments	**R0210**	32,263
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	34,549
Non-life and health similar to non-life	**R0280**	80,939
Non-life excluding health	**R0290**	79,362
Health similar to non-life	**R0300**	1,578
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	−46,390
Health similar to life	**R0320**	76,484
Life excluding health and index-linked and unit-linked	**R0330**	−122,874
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	4,677,714
Insurance and intermediaries receivables	**R0360**	547,171
Reinsurance receivables	**R0370**	259,124
Receivables (trade, not insurance)	**R0380**	5,507
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	50,823
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	**8,026,430**

S.02.01.02: Balance sheet, page 2		Solvency II
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	3,809,673
Technical provisions – non-life (excluding health)	**R0520**	3,488,270
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	3,431,058
Risk margin	**R0550**	57,212
Technical provisions - health (similar to non-life)	**R0560**	321,403
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	311,561
Risk margin	**R0590**	9,843
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	2,135,727
Technical provisions - health (similar to life)	**R0610**	850,330
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	803,729
Risk margin	**R0640**	46,601
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	1,285,397
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	1,247,567
Risk margin	**R0680**	37,831
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	9,104
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	133,477
Deferred tax liabilities	**R0780**	34,449
Derivatives	**R0790**	8,968
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	212,944
Insurance & intermediaries payables	**R0820**	680,062
Reinsurance payables	**R0830**	115,982
Payables (trade, not insurance)	**R0840**	0
Subordinated liabilities	**R0850**	113,781
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	113,781
Any other liabilities, not elsewhere shown	**R0880**	2,863
Total liabilities	**R0900**	**7,257,030**
Excess of assets over liabilities	**R1000**	**769,400**

S.05.01.02: Premiums, claims and expenses by line of business (“Cover”)

S.05.01.02: Cover, page 1

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compen-sation 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
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Proportional reinsurance accepted	R0120	30,391	46,698	31,367	768,847	661,788	195,803	1,271,427	204,676	177,892
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	−3,388	−1,456	0	−30,819	−74,617	−14,701	55,586	−83,300	−67,440
Net	R0200	33,779	48,155	31,367	799,666	736,405	210,504	1,215,841	287,976	245,332
Premiums earned										
Gross - Direct Business	R0210	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0220	17,363	38,702	31,367	802,870	657,920	189,823	1,182,949	181,711	168,447
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	78	359	0	−30,811	174	6,074	203,071	892	1,472
Net	R0300	17,286	38,344	31,367	833,681	657,746	183,749	979,878	180,818	166,975
Claims incurred										
Gross - Direct Business	R0310	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0320	10,916	18,264	18,686	507,780	402,543	129,457	817,449	109,213	130,956
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	106	−929	0	−2,389	75	−494	29,026	7,108	−735
Net	R0400	10,809	19,193	18,686	510,169	402,468	129,951	788,423	102,106	131,691

S.05.01.02: Cover, page 2

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compen-sation 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
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	7,564	18,880	13,221	347,507	256,310	48,782	372,478	61,380	30,714
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02: Cover, page 3

		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
		Legal expenses insurance	Assistance	Miscella-neous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								
Gross - Proportional reinsurance accepted	R0120	0	0	2,480					3,391,369
Gross - Non-proportional reinsurance accepted	R0130				42,496	58,169	466	164,465	265,595
Reinsurers' share	R0140	0	0	−593	0	0	1,625	10,050	−209,054
Net	R0200	0	0	3,073	42,496	58,169	−1,160	154,415	3,866,018
Premiums earned									
Gross - Direct Business	R0210	0	0	0					
Gross - Proportional reinsurance accepted	R0220	0	0	2,636					3,273,787
Gross - Non-proportional reinsurance accepted	R0230				33,932	48,426	666	163,955	246,980
Reinsurers' share	R0240	0	0	344	0	0	1,619	10,151	193,420
Net	R0300	0	0	2,292	33,932	48,426	−952	153,804	3,327,347

S.05.01.02: Cover, page 4

		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
		Legal expenses insurance	Assistance	Miscella-neous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Claims incurred									
Gross - Direct Business	R0310	0	0	0					
Gross - Proportional reinsurance accepted	R0320	0	0	1,190					2,146,453
Gross - Non-proportional reinsurance accepted	R0330				25,961	51,071	−1,353	4,074	79,753
Reinsurers' share	R0340	0	0	168	0	0	−2	5,875	37,809
Net	R0400	0	0	1,022	25,961	51,071	−1,352	−1,800	2,188,396
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550	0	0	422	10,843	18,725	58	967	1,187,850
Other expenses	R1200								
Total expenses	R1300								1,187,850

S.05.01.02: Cover, page 5

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							474,032	401,930	875,963
Reinsurers' share	R1420							24,041	4,327	28,367
Net	R1500							449,992	397,604	847,595
Premiums earned										
Gross	R1510							450,189	399,912	850,101
Reinsurers' share	R1520							0	28,367	28,367
Net	R1600							450,189	371,545	821,734
Claims incurred										
Gross	R1610							352,171	380,906	733,077
Reinsurers' share	R1620							0	27,636	27,636
Net	R1700							352,171	353,271	705,442
Changes in other technical provisions										
Gross	R1710							0	0	0
Reinsurers' share	R1720							0	0	0
Net	R1800							0	0	0
Expenses incurred	R1900							138,006	69,339	207,345
Other expenses	R2500									
Total expenses	R2600									207,345

S.05.02.01: Premiums, claims and expenses by country ("Country")

S.05.02.01: Country, page 1

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0070
	R0010		CHINA	GERMANY	UNITED KINGDOM (GIBRALTAR)	UNITED STATES	
		C0080	C0090	C0100	C0110	C0120	C0140
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120		1,316,855	1,392,540	437,549	88,258	3,235,202
Gross - Non-proportional reinsurance accepted	R0130		0	1,224	36,109	197,490	234,822
Reinsurers' share	R0140		0	−377,032	0	590	−376,442
Net	R0200		1,316,855	1,770,796	473,659	285,157	3,846,466
Premiums earned			0	0	0	0	0
Gross - Direct Business	R0210		0	0	0	0	0
Gross - Proportional reinsurance accepted	R0220		1,160,513	1,393,752	444,209	114,414	3,112,888
Gross - Non-proportional reinsurance accepted	R0230		0	1,224	28,941	190,928	221,092
Reinsurers' share	R0240		0	25,514	0	590	26,104
Net	R0300		1,160,513	1,369,462	473,150	304,752	3,307,877
Claims incurred			0	0	0	0	0
Gross - Direct Business	R0310		0	0	0	0	0
Gross - Proportional reinsurance accepted	R0320		879,863	829,453	258,360	80,706	2,048,381
Gross - Non-proportional reinsurance accepted	R0330		0	410	30,133	14,176	44,719
Reinsurers' share	R0340		0	25,256	0	6,258	31,513
Net	R0400		879,863	804,607	288,493	88,624	2,061,586
Changes in other technical provisions			0	0	0	0	0
Gross - Direct Business	R0410		0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420		0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430		0	0	0	0	0
Reinsurers' share	R0440		0	0	0	0	0
Net	R0500		0	0	0	0	0
Expenses incurred	R0550		303,554	578,106	189,801	67,885	1,139,346
Other expenses	R1200						
Total expenses	R1300						1,139,346

S.05.02.01: Country, page 2

		Home country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		UNITED KINGDOM	HONG KONG	UNITED STATES	CHINA		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410		112,788	150,205	84,323	466,671		813,986
Reinsurers' share	R1420		0	0	97	−51,748		−51,651
Net	R1500		112,788	150,205	84,226	518,420		865,637
Premiums earned			0	0	0	0		0
Gross	R1510		112,788	149,853	84,323	441,334		788,297
Reinsurers' share	R1520		0	0	97	−51,748		−51,651
Net	R1600		112,788	149,853	84,226	493,083		839,949
Claims incurred			0	0	0	0		0
Gross	R1610		100,810	146,384	117,990	322,104		687,288
Reinsurers' share	R1620		0	770	28	−33,484		−32,686
Net	R1700		100,810	145,614	117,962	355,589		719,975
Changes in other technical provisions			0	0	0	0		
Gross	R1710		0	0	0	0		
Reinsurers' share	R1720		0	0	0	0		
Net	R1800		0	0	0	0		
Expenses incurred	R1900		39,530	22,946	5,908	128,285		196,668
Other expenses	R2500							
Total expenses	R2600							196,668

S.12.01.02: Life and Health SLT Technical Provisions ("TP Life")

TP Life, page 1

		Insurance with profit participation	Index-linked and unit-linked insurance		
				Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050
Technical provisions calculated as a whole	R0010				
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	R0020				
Technical provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate	R0030				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080				
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090				
Risk Margin	R0100				
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0110				
Best estimate	R0120				
Risk margin	R0130				
Technical provisions - total	R0200				

TP Life, page 2

		Other life insurance		
			Contracts without options and guarantees	Contracts with options or guarantees
		C0060	C0070	C0080
Technical provisions calculated as a whole	R0010			
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	R0020			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	R0030			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090			
Risk Margin	R0100			
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0110			
Best estimate	R0120			
Risk margin	R0130			
Technical provisions - total	R0200			

TP Life, page 3

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**			
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	**R0020**			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**		1,247,567	1,247,567
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		−122,874	−122,874
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		1,370,440	1,370,440
Risk Margin	**R0100**		37,831	37,831
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**			
Best estimate	**R0120**			
Risk margin	**R0130**			
Technical provisions - total	**R0200**		1,285,397	1,285,397

TP Life, page 4

		Health insurance (direct business)		
			Contracts without options and guarantees	Contracts with options or guarantees
		C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**			
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	**R0020**			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	**R0030**			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			
Risk Margin	**R0100**			
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	**R0110**			
Best estimate	**R0120**			
Risk margin	**R0130**			
Technical provisions - total	**R0200**			

TP Life, page 5

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
Technical provisions calculated as a whole	R0010			
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	R0020			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	R0030		803,729	803,729
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		76,484	76,484
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		727,246	727,246
Risk Margin	R0100		46,601	46,601
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0110			
Best estimate	R0120			
Risk margin	R0130			
Technical provisions - total	R0200		850,330	850,330

S.17.01.02: Non-Life Technical Provisions

S.17.01.02: TP Non-Life, page 1		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compen-sation 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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	7,213	5,572	2	212,371	56,813	19,406	178,413	63,308	55,088
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	18	27	0	0	12	231	1,310	23	154
Net Best Estimate of Premium Provisions	R0150	7,195	5,545	2	212,371	56,800	19,176	177,103	63,285	54,934
Claims provisions										
Gross	R0160	14,574	32,673	18,085	753,374	369,292	89,708	710,290	258,941	199,935
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	57	1,475	0	17,019	384	11,232	28,502	2,271	12,367
Net Best Estimate of Claims Provisions	R0250	14,516	31,198	18,085	736,354	368,908	78,476	681,788	256,670	187,568
Total Best estimate - gross	R0260	21,787	38,245	18,087	965,745	426,104	109,114	888,703	322,249	255,023
Total Best estimate - net	R0270	21,712	36,743	18,087	948,725	425,708	97,652	858,891	319,954	242,502
Risk margin	R0280	0	582	0	34,553	0	0	1,251	2,702	10

S.17.01.02: TP Non-Life, page 2

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compen-sation 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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0
Best estimate	R0300	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0
Technical provisions - total										
Technical provisions - total	R0320	21,787	38,827	18,087	1,000,298	426,104	109,114	889,953	324,951	255,033
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	75	1,502	0	17,020	396	11,462	29,812	2,295	12,521
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	21,712	37,324	18,087	983,278	425,708	97,652	860,141	322,657	242,512

S.17.01.02: TP Non-Life, page 3

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assis-tance	Miscella-neous financial loss	Non-propor-tional health reinsu-rance	Non-propor-tional casualty reinsu-rance	Non-pro-portional marine, aviation and trans-port reinsu-rance	Non-propor-tional property reinsu-rance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	0	0	759	18,350	21,533	32	99,041	737,902
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	1	0	0	0	463	2,240
Net Best Estimate of Premium Provisions	**R0150**	0	0	758	18,350	21,533	32	98,578	735,662
Claims provisions									
Gross	**R0160**	0	0	2,055	215,092	175,576	6,949	158,174	3,004,717
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	43	0	0	8	5,341	78,699
Net Best Estimate of Claims Provisions	**R0250**	0	0	2,012	215,092	175,576	6,941	152,832	2,926,017
Total Best Estimate - gross	**R0260**	0	0	2,815	233,442	197,109	6,981	257,214	3,742,618
Total Best Estimate - net	**R0270**	0	0	2,770	233,442	197,109	6,973	251,410	3,661,679
Risk margin	**R0280**	0	0	0	9,261	8,103	278	10,316	67,055

S.17.01.02: TP Non-Life, page 4

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assis-tance	Miscella-neous financial loss	Non-propor-tional health reinsu-rance	Non-propor-tional casualty reinsu-rance	Non-pro-portional marine, aviation and trans-port reinsu-rance	Non-propor-tional property reinsu-rance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0
Best Estimate	**R0300**	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0
Technical provisions - total									
Technical provisions - total	**R0320**	0	0	2,815	242,703	205,212	7,259	267,530	3,809,673
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	44	0	0	8	5,804	80,939
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	0	0	2,770	242,703	205,212	7,251	261,727	3,728,734

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S.19.01.21: Non-life insurance claims

Accident year / Underwriting year	Z0020	UWY

Gross Claims Paid (non-cumulative)

(absolute amount)

S.19.01.21: page 1		Development year										
	Year	0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											1,859,414
N-9	R0160	41,748	105,839	138,681	14,564	20,018	9,850	4,988	6,463	358	1,288	
N-8	R0170	197,919	99,474	124,204	26,940	11,649	12,128	2,907	9,438	505		
N-7	R0180	222,692	89,023	127,012	19,044	9,163	12,000	4,530	3,322			
N-6	R0190	182,292	33,629	110,711	12,778	−1,361	1,652	3,883				
N-5	R0200	546,714	464,215	46,769	17,660	11,835	2,514					
N-4	R0210	468,665	459,412	49,355	18,205	10,810						
N-3	R0220	321,973	617,009	60,875	23,962							
N-2	R0230	488,114	920,673	149,771								
N-1	R0240	379,462	919,503									
N	R0250	719,450										

S.19.01.21: page 1		In current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	5,137	5,137
N-9	R0160	1,288	343,797
N-8	R0170	505	485,165
N-7	R0180	3,322	486,786
N-6	R0190	3,883	343,582
N-5	R0200	2,514	1,089,707
N-4	R0210	10,810	1,006,447
N-3	R0220	23,962	1,023,819
N-2	R0230	149,771	1,558,558
N-1	R0240	919,503	1,298,965
N	R0250	719,450	719,450
Total	**R0260**	**1,840,146**	**8,361,414**

Gross undiscounted Best Estimate Claims Provision
(absoulte amount)

S.19.01.21: page 2

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10&+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											31,307
N-9	R0160	0	0	0	0	0	19,700	18,918	33,076	30,064	22,610	
N-8	R0170	0	0	0	0	24,920	23,049	28,893	46,640	28,496		
N-7	R0180	0	0	0	71,203	53,874	16,292	51,852	53,392			
N-6	R0190	0	0	63,414	48,361	31,634	60,972	38,191				
N-5	R0200	0	114,797	51,544	74,494	99,935	113,014					
N-4	R0210	226,567	72,407	58,669	73,269	57,516						
N-3	R0220	220,659	125,470	137,825	97,893							
N-2	R0230	399,647	517,572	223,705								
N-1	R0240	1,551,044	1,177,735									
N	R0250	1,251,694										

S.19.01.21: page 2

		Year end (dis-counted data)
		C0360
Prior	R0100	31,316
N-9	R0160	22,824
N-8	R0170	27,600
N-7	R0180	53,143
N-6	R0190	38,177
N-5	R0200	112,917
N-4	R0210	57,507
N-3	R0220	97,808
N-2	R0230	223,377
N-1	R0240	1,169,634
N	R0250	1,170,414
Total	**R0260**	**3,004,717**

S.22.01.21: Impact of long term guarantees measures and transitionals

S.22.01.21: Impact of long term guarantees measures and transitionals		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	5,945,400	-	-	−1,169	
Basic own funds	R0020	883,181	-	-	−2,785	
Eligible own funds to meet Solvency Capital Requirement	R0050	960,541	-	-	−2,543	
Solvency Capital Requirement	**R0090**	**517,349**	**-**	**-**	**6,989**	
Eligible own funds to meet Minimum Capital Requirement	R0100	815,720	-	-	−1,969	
Minimum Capital Requirement	**R0110**	**232,807**	**-**	**-**	**3,145**	

S.23.01.01: Own funds

S.23.01.01: Own funds, page 1		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	29,865	29,865			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	384,055				
Subordinated liabilities	R0140	113,781			113,781	
An amount equal to the value of net deferred tax assets	R0160	242				242
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	355,238	355,238			
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						
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	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	883,181	769,158	0	113,781	242

S.23.01.01: Own funds, page 2

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390	77,602			0	77,602
Total ancillary own funds	**R0400**	**77,602**			0	77,602
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	960,783	769,158	0	113,781	77,844
Total available own funds to meet the MCR	R0510	882,939	769,158	0	113,781	
Total eligible own funds to meet the SCR	R0540	960,541	769,158	0	113,781	
Total eligible own funds to meet the MCR	R0550	815,720	769,158	0	46,561	
SCR	**R0580**	**517,349**				
MCR	**R0600**	**232,807**				
Ratio of Eligible own funds to SCR	**R0620**	**186%**				
Ratio of Eligible own funds to MCR	**R0640**	**350%**				

S.23.01.01: Own funds, page 3 / Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	769,400
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	385,345
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	**384,055**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	239,809
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	**239,809**

S.25.03.21: Solvency Capital Requirement – for undertakings on Full Internal Model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
101	Market risk according to IM	169,883
102	Counterparty default risk according to IM	36,884
103	Life underwriting risk according to IM	226,788
104	Non-life underwriting risk according to IM	498,517
105	Operational risk according to IM	93,823
107	LAC TP according to IM	0
108	LAC DT according to IM	−71,057

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	954,837
Diversification	R0060	−437,488
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	R0160	0
Solvency capital requirement excluding capital add-on	**R0200**	**517,349**
Capital add-ons already set	R0210	0
Solvency capital requirement	**R0220**	**517,349**
Other information on SCR		0
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	−71,057
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	−71,057
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	−71,057
Amount/estimate of LAC DT justified by carry back, current year	R0670	
Amount/estimate of LAC DT justified by carry back, future years	R0680	
Amount/estimate of Maximum LAC DT	R0690	

S.28.01.01: Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	780,954

S.28.01.01: MCR, page 1		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	21,712	33,779
Income protection insurance and proportional reinsurance	R0030	36,743	48,155
Workers' compensation insurance and proportional reinsurance	R0040	18,087	31,367
Motor vehicle liability insurance and proportional reinsurance	R0050	948,725	799,666
Other motor insurance and proportional reinsurance	R0060	425,708	736,405
Marine, aviation and transport insurance and proportional reinsurance	R0070	97,652	210,504
Fire and other damage to property insurance and proportional reinsurance	R0080	858,891	1,215,841
General liability insurance and proportional reinsurance	R0090	319,954	287,976
Credit and suretyship insurance and proportional reinsurance	R0100	242,502	245,332
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,770	3,073
Non-proportional health reinsurance	R0140	233,442	42,496
Non-proportional casualty reinsurance	R0150	197,109	58,169
Non-proportional marine, aviation and transport reinsurance	R0160	6,973	−833
Non-proportional property reinsurance	R0170	251,410	154,088

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	742,106

Total capital at risk for all life (re)insurance obligations

S.28.01.01: MCR, page 2		Net (of reinsurance / SPV) best estimate and TP calculated as a whole	Net (of reinsurance / SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	2,097,686	
Total capital at risk for all life (re)insurance obligations	R0250		997,221,228

Overall MCR calculation

		C0070
Linear MCR	R0300	1,523,061
SCR	R0310	517,349
MCR cap	R0320	232,807
MCR floor	R0330	129,337
Combined MCR	R0340	232,807
Absolute floor of the MCR	R0350	4,215
Minimum Capital Requirement	R0400	232,807

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