AXIS Re SE

Solvency and Financial Condition Report

Year Ended 31 December 2019

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As used in this report, references to 'we', 'us', 'our', or 'Company' refers to AXIS Re SE. The Solvency and Financial Condition Report is presented in thousands of US Dollars (USD'000) unless otherwise stated. Amounts in tables may not reconcile due to rounding differences.

On 4 November 2015, Ireland transposed the Solvency II Directive (Directive 2009/138/EC) as amended by the Omnibus II Directive (2014/51/EC) (together “the Solvency II Directive”) into Irish Law effective 1 January 2016. This transposition took the form of secondary Irish legislation in the form of a Statutory Instrument, the European Union (Insurance and Reinsurance) Regulations 2015, which together with the Solvency II Directive are collectively referred to as “Solvency II” in this report.

This Solvency and Financial Condition Report ("SFCR") for AXIS Re SE is for year ended 31 December 2019.

The SFCR is produced as part of our compliance with the reporting requirements under Solvency II. It covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management.

Business and Performance

AXIS Re SE operates from its Head Office at Mount Herbert Court, 34 Upper Mount Street, Dublin 2. The Company has a branch office in Zurich, Switzerland, which trades as "AXIS Re Europe". The Company has marketing offices in Brazil and Dubai. During 2019 the Company closed it's representative offices in Madrid and Paris.

The Company is a part of the AXIS Capital Holdings Limited ("AXIS Capital") group. AXIS Capital is a Bermuda-based holding company. At 31 December 2019, it had common shareholders' equity of USD 4.8 billion, total capital of USD 7.4 billion and total assets of USD 25.6 billion.

The principal activity of the Company is the transaction of treaty and facultative reinsurance business in respect of the risks of third parties, primarily in the marine, transit, property (including energy and engineering), liability, accident and health, motor and credit and surety classes of business.

Gross premiums written in 2019 of USD 1,145.3 million were below prior year by USD 131.9 million. The decrease was primarily driven by the Motor (non renewal of large QS Treaty) and Credit and Bond lines of business in the Zurich branch. The profit for the year increased to USD 107.9 million from USD 2.4 million in 2018. The net combined ratio for 2019 was 93.8% (2018: 97.5%). The reduction in net combined ratio is primarily driven by favourable prior year development.

The Company's investment portfolio generated gains from investments of USD 113.0 million (including investment expenses and charges) in 2019 (2018: USD 17.9 million losses). This translated to a total gain on overage cash and investments (pre-tax) of 7.4% in 2019 (2018: 1.3% loss). The decline in sovereign interest rates and the rally in equity markets had a positive impact on the investment portfolio in 2019.

Refer to Section A for further detail relating to business and performance.

System of Governance

The Company adheres to the principle that good corporate governance is founded on a solid framework which delivers security and protection for policyholders and value for shareholders through the diligent oversight of policies, processes and decision making. The Board of Directors are ultimately responsible for the good governance, performance and strategy of the Company.

The Company ensures that all persons, who effectively run the Company or have other key functions, are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

Risk governance is executed through a three lines of defence model, as described below:

First Line of Defence Business Units	Second Line of Defence Risk Management	Third Line of Defence Internal Audit
• Management is responsible for the design and implementation of risk policies, processes and controls to manage risk	• Provide oversight and guidance of the management of risk across the business by supporting and challenging risk owners in their identification, assessment, and mitigation and reporting of risk.	• Perform risk audits of execution against the risk standards, practices, processes and controls.

Refer to Section B for further detail on the Company's system of governance.

Risk Profile
The Company's risk landscape comprises insurance, market, credit, liquidity, operational and other risks that arise as a result of doing business. Across these risk categories, emerging threats and opportunities are identified and evaluated through a framework that includes the assessment of potential surprise factors that could affect known loss potentials.

Insurance risk is comprised of underwriting and reserving risk. Underwriting risk is managed through rigorous protocols, including peer review and underwriting guidelines, which provide a framework for consistent pricing and risk analysis while ensuring alignment to risk appetite. The Company seeks to mitigate reserving risk by, among other things, diligently monitoring claims and maintaining a structured process and control framework for determining carried reserves.

The management of market and credit risk comprises the identification, assessment and controlling of the risks inherent in the financial and credit markets and includes monitoring of compliance with the Company's risk management standards, including various risk tolerance limits. The Company seeks to mitigate investment risk by, among other things, closely managing its investment managers through investment policies and guidelines which place limits on asset class and individual security exposures.

The Company aims to ensure it maintains adequate liquidity to meet its liquidity needs under both normal and stressed conditions. The Company manages liquidity through risk limits which define the minimum percentage of the Company's cash and investments to mature within a defined timeframe.

The Company manages operational risk through sound corporate and risk governance, including the application of effective systems and controls. The Risk Management Function is responsible for coordinating and overseeing the Group-wide framework for operational risk management.

Recent Development
The ongoing Coronavirus (COVID-19) crisis, and related operating and investment market impacts, is an emerging and evolving risk to which the Company is exposed from an asset and liability perspective.

The Company is monitoring the situation closely, including stress and scenario testing on existing underwriting exposure and taking into consideration the possible severity and duration of the outbreak. It is assessing the impact on premium, product, rate and future plans. A range of economic impacts and external pressures across individual product lines are being considered.

The Company has implemented business continuity plans to ensure that it will continue to operate effectively, ensuring the safety and well-being of our employees, the continued support of and engagement with our clients and alignment with Government Guidelines and Regulatory requirements. We are actively engaged with key service providers to ensure continuity of services.

Business continuity plans have been activated successfully, with employees working remotely to service our clients and fulfil our regulatory obligations. The robust nature of our remote working tools, and the positive engagement of all stakeholders has allowed us to continue to trade effectively in all relevant markets. At the date of approval of the financial statements, the Company has observed no material adverse operational impact.

Covid-19 is impacting global economies and markets, and has had an adverse impact on the Company's investment portfolio, which could impact on the Company's performance in the current year. The impact will depend on future developments, which are highly uncertain.

We have robust governance structures and monitoring processes in place, which support the on-going monitoring of the company's solvency position based on the latest available market information including our interpretation of our exposures and likely impacts on our business and on our reinsurance counterparties.

The solvency cover at 31 December 2019 was 140% (2018: 132%) of the Standard Formulae Solvency Capital Requirement, which is the mid-point of our Target Solvency range. As part of our ORSA process, we undertake stress tests across key risks and across combined risk areas to test the adequacy of Own Funds, on an ongoing basis. We are reviewing these scenarios in light of the emerging impact of this event. The full impact on capital and business plans is currently unknown, but is being constantly assessed. The Company has a Capital Management Committee and will consider all options including parental support to ensure the availability of additional capital should market developments lead to a reduction of coverage below the Target Solvency Range, in line with the Capital Management Plan

Refer to Section C for further detail on the Company's risk profile.

Valuation for Solvency Purposes
The Company's financial statements including the balance sheet have been prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, and comply with the Companies Act 2014 and the

European Union (Insurance Undertakings: Financial Statements) Regulations, 2015. As used in this report, references to 'GAAP' refer to the accounting standards and regulations under which the financial statements have been prepared.

The Solvency II balance sheet recognises assets and liabilities in conformity with the international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 (IFRS as adopted by the EU) unless otherwise stated within Solvency II.

The valuation of assets and liabilities for GAAP is the same as Solvency II except for:

- differences in the valuation of technical provisions and associated reinsurance recoverables,
- the financial statements include property, plant and equipment at cost, which are valued at fair value under Solvency II,
- deferred tax calculated on the expected tax impact once the valuation adjustments from GAAP to Solvency II unwind, and
- from 1 January 2019, leases are accounted under Solvency II using IFRS 16 following guidance coming out from EIOPA that IFRS 16 is the appropriate measurement basis for leases

Refer to Section D for further detail on valuation for Solvency purposes.

Capital Management

The Company's Capital Management objective is to ensure that the Company maintains an appropriate level of capital, in terms of both quantity and quality, at all times, in line with its risk appetite and capital requirements, and that it fulfils its obligations to monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements.

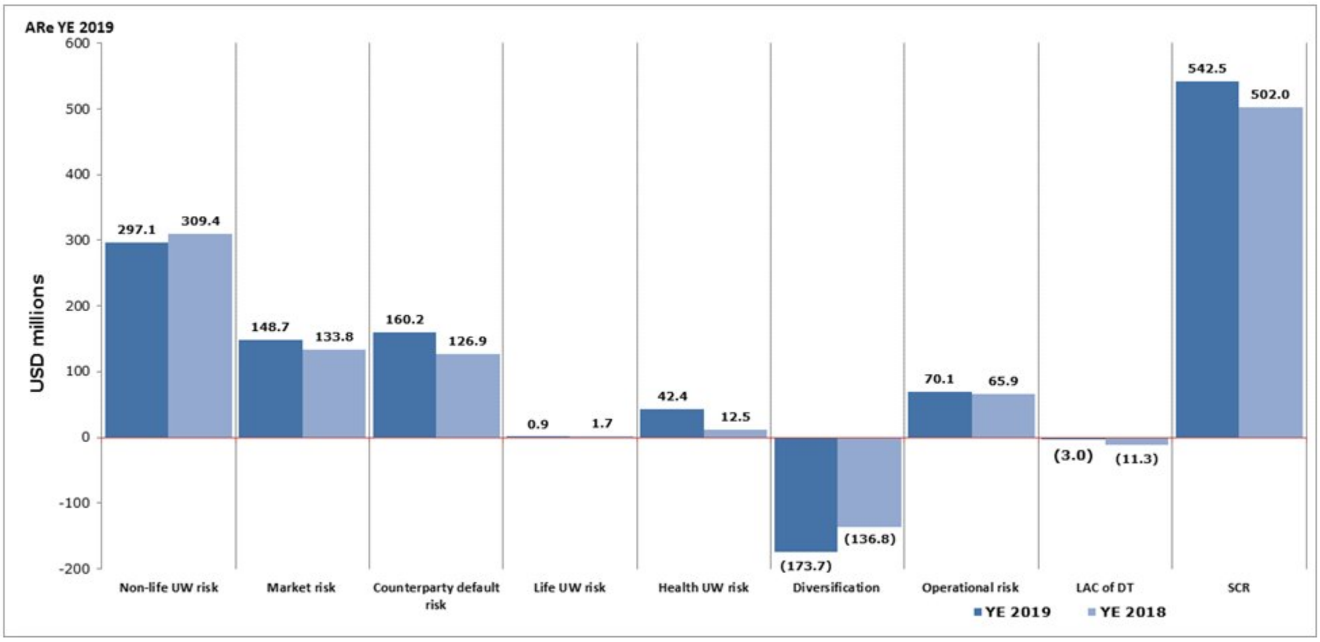
For Solvency II, own funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest. 98.0% of the Company's own funds are classified as Tier 1.

	2019	**2018**
	USD'000	**USD'000**
Solvency II own funds	762,725	668,643
Restricted own fund item	(5,000)	(5,130)
Eligible own funds	**757,725**	**663,513**

In accordance with certain local regulatory and contractual requirements, the Company has a restricted cash balance of USD 5.0 million on deposit at 31 December 2019.

The Company applies the Standard Formula approach in calculating the Solvency II Solvency Capital Requirement ("SCR").

The SCR at 31 December 2019 was USD 542.5 million with a coverage ratio of 139.7%.



"LAC of DT" - Loss absorbing capacity of Deferred Tax

The Minimum Capital Requirement ("MCR") at 31 December 2019 was USD 135.6 million with a coverage ratio of 547.6%.

The final SCR and MCR amounts remain subject to supervisory assessment. The Company was compliant with Solvency II capital requirements throughout the year.

On 15 February 2019, the Company received a capital contribution of USD 60.0 million from its parent company, AXIS Specialty Holdings Ireland Limited to bring its SCR coverage back to the mid-point of its target range of 130-150%.

In December 2019 the Company paid a dividend of US 35.0 million to its parent company, AXIS Specialty Holdings Ireland Limited.

Refer to Section E for further detail on Capital Management.

A. BUSINESS AND PERFORMANCE

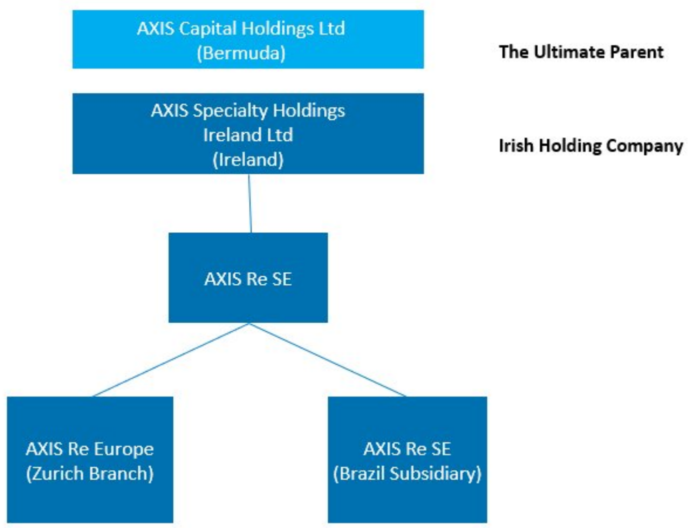
A.1 Business

Company Profile
The Company was incorporated in Ireland on 12 February 2002 as a limited liability company. On 10 September 2012, the Company re-registered as a Societas Europaea ("SE") having received Irish High Court approval.

The Company is 100% owned by AXIS Speciality Holdings Ireland Limited ("ASHIL"), an Irish registered company which is 100% owned by AXIS Capital, a company incorporated in Bermuda. The Bermuda Monetary Authority acts as the group supervisor of AXIS Capital.

At 31 December 2019, AXIS Capital had common shareholders' equity of USD 4.8 billion, total capital of USD 7.4 billion and total assets of USD 25.6 billion.

Simplified Group Structure



Refer to Appendix I for the AXIS Capital group structure including the Company and its related undertakings.

AXIS Re SE operates from its Head Office at Mount Herbert Court, 34 Upper Mount Street, Dublin 2. The Company has a branch office in Zurich, Switzerland, which trades as "AXIS Re Europe". The Zurich branch has a registered office address at Alfred Escher-Strasse 50, CH-8002 Zurich, Switzerland.

The Company has established representative offices as follows:

- In December 2010, the Company established a subsidiary in Brazil to provide marketing services for the Company. AXIS Re Limited Escritorio de Representaçao No Brasil Ltda (the "Brazil Subsidiary") is registered at the Chamber of Commerce in Brazil with a registered address at Pryor Locatelli Consultores Ltda, Avenue Bernardino de Campos, No. 98, 12th floor, room 6, Paraíso, São Paulo, CEP 04004-040. The Company was granted its license by the Superintendence of Private Insurance ("SUSEP") as an admitted reinsurer in Brazil in March 2011.

- In December 2015, the Company received approval from the Dubai Financial Services Authority to open a representative office in Dubai, AXIS Re SE, Dubai Representative Office, with a registered address at Unit 42, Level 3, Gate Village Building 4, Gate Village, DIFC, PO Box 507026, Dubai. In November 2017, the Dubai Representative Office was incorporated as a subsidiary of AXIS Specialty Holdings Ireland Limited trading as 'AXIS Reinsurance (DIFC) Limited'. In December 2017, AXIS Reinsurance DIFC Limited was granted a Category 4 license by the Dubai Financial Services Authority.

Changes to representative offices during the year:

- In February 2010, the Company set up a representative office in Madrid, Oficina de Representación en España (Madrid), (the "Madrid Representative office") with a registered address at Paseo de la Castellana 141 Portal IV - Planta 8, 28046 Madrid, which provides marketing services on behalf of the Company. This office closed on 31 October 2019.

- In October 2011, the Company set up a representative office in Paris, AXIS Re SE, French Representative Office with a registered address at 28 Rue Cambacérès, F-75008 Paris, which provides marketing services on behalf of the Company. This office was deregistered from the Greffe du Tribunal de Commerce in Paris with effect from 24 July 2019.

Shared Services within the AXIS Group

The AXIS Group ("Group") operates a global business providing a range of specialty (re)insurance products and services. Business segments and legal entities within the Group rely on the breadth of support functions offered by the Group. The Group is structured such that the business segments have access to many of their own vital support functions, such as Finance, Actuarial, Human Resources ("HR") and Information Technology ("IT"), and these are overlaid with further functions and support at Group level, such as Corporate Finance, Treasury & Investments, Corporate Risk and Ceded Reinsurance. Certain functions have centralised support, such as HR and IT, with a dedicated representative within the business segment. This also applies to the legal entities where many of the business and support function leaders have a shared responsibility, with some of those having obligations at both business segment and legal entity level.

Supervision and External Audit

The Company is regulated by the Central Bank of Ireland ("CBI"), New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3.

The Company's external auditor is Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, whose address is 29 Earlsfort Terrace, Dublin 2, Ireland.

Performance

On a GAAP basis, the profit for the year ended 31 December 2019 was USD 107.9 million (2018: USD 2.4 million).

	2019	**2018**
	USD'000	**USD'000**
Gross premiums written	1,145,280	1,277,216
Technical result	16,089	8,203
Net investment income / (expense)	113,009	(17,903)
Foreign exchange gains	(5,918)	12,762
Profit on ordinary activities before taxation	123,181	3,062
Taxation on profit on ordinary activities	(15,262)	(701)
Profit on ordinary activities after taxation	**107,919**	**2,361**

The Company writes business world-wide primarily across marine, transit, property (including energy and engineering), liability, accident and health, motor and credit and suretyship classes of business. Accident and health business includes medical expense, income protection, assistance and health non-proportional business.

In 2019, Gross premiums written of USD 1,145.3 million was below prior year by USD 131.9 million. The decrease was primarily driven by the Motor (non renewal of large QS Treaty) and Credit and Bond lines of business in the Zurich branch.

At the 1 January 2020 renewals the Company saw a competitive environment and remained committed to taking the underwriting actions necessary to achieve a stable return. A prudent underwriting approach, focus on diversification and the pursuit of opportunities to expand those lines of business which provide the best return on capital together with protection from its reinsurance program enables the Company to continue to maintain its current financial strength.

A.2 Performance from Underwriting activities

	2019	2018
	USD'000	USD'000
Gross premiums written	1,145,280	1,277,216
Net premiums written	224,814	259,986
Gross premiums earned	1,270,670	1,249,289
Net premiums earned	257,662	261,695
Other technical income (net)	2,363	1,743
Net losses and loss expenses	(179,642)	(183,984)
Net operating expenses	(64,294)	(71,250)
Technical result	**16,089**	**8,203**

Gross premiums written in 2019 of USD 1,145.3 million was below prior year by USD 131.9 million. The decrease was primarily driven by the Motor (non renewal of large QS Treaty) and Credit and Bond lines of business in the Zurich branch

The net combined ratio, which relates net losses and other expenses incurred to net premiums earned, is the primary indicator of the underwriting and therefore Company performance. During 2019, the Company's net combined ratio was 93.8% (2018: 97.5%). 2019 saw favourable prior year development of 7.5% compared to 6.9% favourable prior year development in 2018. The 2019 ratio is driven by lower than expected losses on Motor and Credit and Bond Lines of business.

This favorable development in 2019 was partly due to the U.K Ministry of Justice announcement of an increase in the discount rate used to calculate lump sum awards in motor bodily injury cases, known as the Ogden rate. The rate changed from minus 0.75% to minus 0.25%. This resulted in a decrease in projected ultimate losses, particularly related to recent accident years.

Premiums
The following table provides premium written and net premium earned by line of business:

	Gross premiums written 2019 USD'000	Gross premiums written 2018 USD'000	Net premiums earned 2019 USD'000	Net premiums earned 2018 USD'000
Direct business and accepted proportional reinsurance				
Medical expense	89,448	63,934	20,179	17,659
Income protection	7,351	12,435	2,556	1,065
Motor vehicle liability	165,255	265,254	53,239	56,285
Other motor	46,309	92,549	14,919	19,638
Marine, aviation and transport	75	(7)	17	(2)
Fire and other damage to property	203,984	143,900	41,186	30,497
General liability	64,985	54,415	12,794	11,452
Credit and suretyship	154,219	230,860	28,382	41,380
Assistance	5,194	5,561	1,082	1,856
Accepted non-proportional reinsurance				
Health	27,147	24,922	5,832	6,073
Casualty	202,537	224,705	45,035	41,302
Marine, aviation and transport	4,574	(928)	872	227
Property	174,203	159,615	31,570	34,262
Total	**1,145,280**	**1,277,216**	**257,663**	**261,694**

Analysis of gross premiums written by geographic location of cedent

	2019	2018
	USD'000	USD'000
Europe	795,102	978,436
Asia	244,491	158,916
Central & South America	69,753	107,461
North America	27,287	20,162
Africa	4,939	7,704
Oceania	3,708	4,537
	1,145,280	**1,277,216**

Refer to Appendix II S.05.02.01 for further detail on the top five countries by gross written premium.

In 2019, the gross premiums written is down from prior year. This is driven by new business shortfalls and non renewals in motor, credit & surety however this is offset by increases in Agriculture-Crop and Accident & Health.

The Company purchases both proportional and non-proportional reinsurance from both third parties and related group companies to reduce the risk of exposure to underwriting losses and assist in the management of capital. Ceded premiums written in 2019 decreased to USD 920.5 million, compared to USD 1,017.2 million driven by the reduction in gross premiums written.

Other technical income (net)

In consideration for the Company's appointment of certain intermediaries as reinsurance intermediary / broker for the placement and servicing of treaty reinsurance purchased or renewed by the Company on or after 1 April 2009, and in consideration of the Company's performance of various administrative services to assist the reinsurance intermediary/broker, the intermediaries agree to share the received brokerage revenue derived from the business written on behalf of the Company.

During 2019, the Company received USD 0.2 million (2018: USD 0.8 million) in relation to third party capital performance based fees (including profit commissions) and USD 9.0 million (2018: USD 5.7 million) in relation to third party capital reimbursements (including override commissions, underwriting fees and fronting fees). Resultant other technical income recognised in 2019 net of reinsurance was USD 2.4 million (2018: USD 1.7 million).

Net losses and loss expenses

	Net losses and loss expenses 2019 USD'000	Net loss ratio 2019 %	Net losses and loss expenses 2018 USD'000	Net loss ratio 2018 %
Direct business and accepted proportional reinsurance				
Medical expense	19,900	98.6%	15,550	88.1%
Income protection	2,133	83.4%	1,419	133.2%
Motor vehicle liability	45,872	86.2%	45,715	81.2%
Other motor	12,855	86.2%	19,564	99.6%
Marine, aviation and transport	(41)	(233.6)%	10	(655.8)%
Fire and other damage to property	43,144	104.8%	27,605	90.5%
General liability	9,238	72.2%	8,073	70.5%
Credit and suretyship	6,877	24.2%	13,553	32.8%
Assistance	818	75.5%	1,163	62.7%
Accepted non-proportional reinsurance				
Health	3,426	58.7%	3,353	55.2%
Casualty	27,515	61.1%	34,178	82.8%
Marine, aviation and transport	(1,082)	(124.1)%	990	436.9%
Property	8,988	28.5%	12,811	37.4%
Total	**179,642**	**69.7%**	**183,984**	**70.3%**

The Company's net loss ratio decreased to 69.7% from 70.3% in 2018. This favourable development in 2019 was partly due to the U.K Ministry of Justice announcement of an increase in the discount rate used to calculate lump sum awards in motor bodily injury cases, known as the Ogden rate. The rate changed from minus 0.75% to minus 0.25%. This resulted in a decrease in projected ultimate losses, particularly related to recent accident years.

The 2019 loss ratio is also driven by losses in Credit and suretyship related to the Thomas Cook Travel Company Collapse for proportional insurance.

Net operating expenses

Net operating expenses include net acquisition costs and net general and administrative expenses incurred during the year.

	2019	2018
Net operating expense ratio	25.0%	25.7%

The Company's net expense ratio was up on prior year The driver of the variance is mainly Third Party Fees and IT cost recharges from corporate.

Net operating expenses by line of business

	Net operating expenses 2019 USD'000	Net operating expenses 2018 USD'000
Direct business and accepted proportional reinsurance		
Medical expense	2,494	3,678
Income protection	325	228
Motor vehicle liability	12,752	12,706
Other motor	3,573	4,433
Marine, aviation and transport	5	—
Fire and other damage to property	12,670	11,626
General liability	5,203	4,152
Credit and suretyship	12,394	21,393
Assistance	336	800
Accepted non-proportional reinsurance		
Health	651	711
Casualty	7,008	6,038
Marine, aviation and transport	424	(778)
Property	6,458	6,263
Total	**64,294**	**71,250**

A.3 Performance from Investment activities

The Company's investment portfolio comprises debt, equity, cash and cash equivalents, hedge funds and derivatives (used only for hedging foreign currency exposure). The portfolio includes investments in securitisations of USD 4.2 million (2018: USD 2.1 million).

	Dividends	Interest	Realised gains/(losses)	Unrealised gains/ (losses)	Total
	2019	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000	USD'000
Government Bonds	—	7,901	6,125	7,115	21,141
Corporate Bonds	—	19,335	(2,366)	29,782	46,751
Equity instruments	6,606	—	2,218	20,293	29,117
Collateralised securities	—	4,084	31	5,083	9,198
Cash and deposits	—	5,342	2	—	5,344
Other investments	—	—	—	3,660	3,660
	6,606	**36,662**	**6,010**	**65,933**	**115,211**

	Dividends	Interest	Realised gains/(losses)	Unrealised gains/ (losses)	Total
	2018	2018	2018	2018	2018
	USD'000	USD'000	USD'000	USD'000	USD'000
Government Bonds	—	4,827	(3,197)	(2,461)	(831)
Corporate Bonds	—	16,355	(5,020)	(12,954)	(1,619)
Equity instruments	5,481	—	—	(27,973)	(22,492)
Collateralised securities	—	4,700	(3,545)	(618)	537
Cash and deposits	479	6,392	—	—	6,871
Other investments	—	—	—	1,818	1,818
	5,960	**32,274**	**(11,762)**	**(42,188)**	**(15,716)**

Investment Performance
The Company's investment portfolio generated gains from investments of USD 113 million (including investment expenses and charges) in 2019 (2018: USD 17.9 million losses). This translated to a total gain on average cash and investment (pre-tax) of 7.4% in 2019 (2018: 1.3% loss). The decline in sovereign interest rates and the rally in equity markets had a positive impact on the investment portfolio in 2019.

	2019	2018
	USD'000	USD'000
Investment expenses and charges	2,202	2,186

Investment expenses and charges relate to costs associated with the management of the investment portfolio including custodian fees and third party investment manager fees. It is not practicable to allocate investment management costs between the different investment classes.

A.4 Performance of other activities
In the normal course of its operations, the Company has entered into a "Central Services Agreement" within the AXIS group and performs services on behalf of other AXIS companies. There have been no other significant activities undertaken by the Company.

Leasing arrangements
The Company leases office space in a number of locations. Charges relating to lease obligations of USD 2 million (2018: USD 2.1 million) are included in net general and administrative expenses.

In December 2016, a ten year lease agreement was negotiated for a new Zurich office with an effective start date of March 2017. This lease runs until 28 February 2027, with a break option after five years on 28 February 2022.

The lease for the Dubai Representative Office expires in March 2020. A short-term renewal will be secured in 2020 with the possibility of finding a more permanent space in 2021. The Madrid Representative Office closed during 2019 as did the French Representative Office, which had a lease break that the Company exercised and the lease terminated in September 2019.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	USD '000
Lease commitments payable:	
Within 1 year	2,001
Within 2 to 5 years	7,917
After 5 years	4,289
	14,207

The Company is not party to any finance leases as at 31 December 2019.

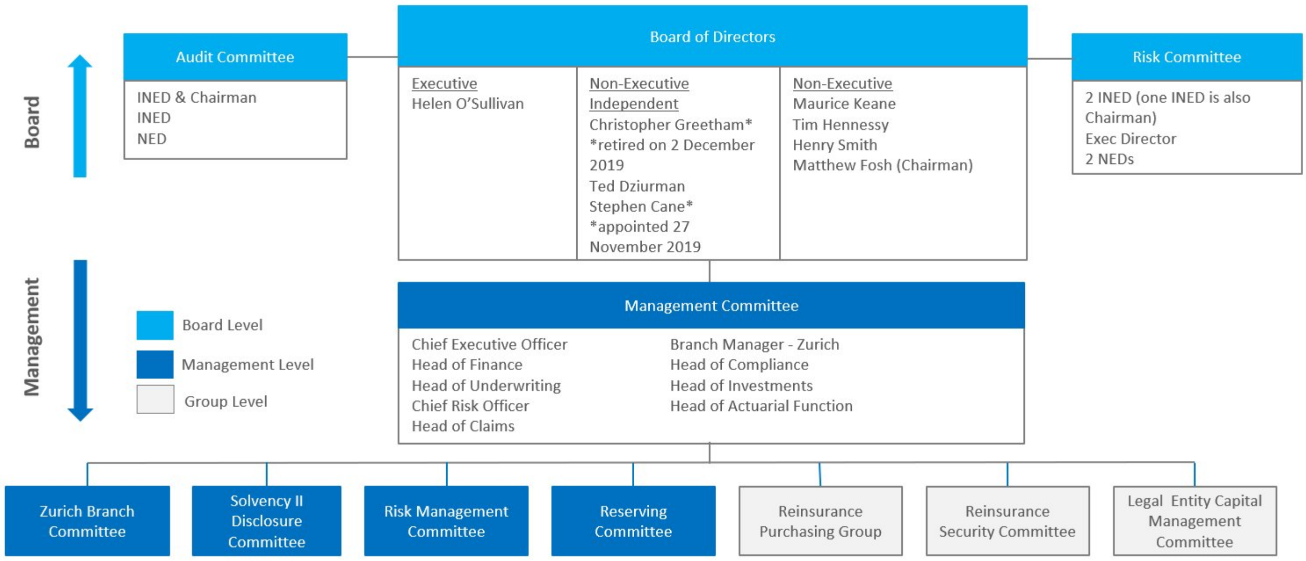
A.5 Any other information

All material information regarding business and performance has been disclosed in Sections A.1 - A. 4 above.

B. SYSTEM OF GOVERNANCE

B.1 General governance arrangements

AXIS Re SE adheres to the principle that good corporate governance is founded on a solid framework which delivers security and protection for policyholders and value for shareholders through the diligent oversight of policy, process and decision making. There were no changes in the system of governance over the reporting period.



Board of Directors

The Company has established a Board of Directors comprising a minimum of five directors including at least two non-executive directors.

The Board of Directors is responsible for the following:

- monitoring and oversight of the business activities of the Company,
- setting the strategy of the Company, and overseeing its execution,
- corporate, regulatory and compliance governance,
- compliance with all legal and regulatory requirements,
- effective, prudent and ethical oversight of the Company,
- oversight of Board of Directors Committees,
- ensuring key control functions including, risk, internal audit and compliance are properly managed, are independent of business units and have adequate resources and authority to operate effectively,
- appointment, monitoring and removal of persons performing Controlled Functions or Pre-approval Controlled functions on behalf of the Company,
- defining and documenting the responsibilities of Directors, Board of Directors Committees and senior management to ensure that no single person has unfettered control of the business,
- succession planning for the Board of Directors and senior management; and
- monitoring the performance of outsourced providers.

The Board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the Company's activities. The Board will meet at least four times a year.

The Board is responsible for ensuring that the system of governance is internally reviewed on a regular basis and should determine the appropriate scope and frequency of the reviews, taking into account the nature, scale and complexity of the business. The Board is also responsible for determining who within the Company should conduct the review and should ensure that they are suitably independent.

The Board of Directors has established Committees as required by law or regulation and as it deems appropriate given the nature, scale and complexity of the Company. The roles and responsibilities of the Committees are further described in this section.

Audit Committee
The Audit Committee is a sub-committee of the Board and its purpose is to assist the Board of Directors in its oversight of:
- the integrity of the Company's financial statements,
- the Company's compliance with legal and regulatory requirements,
- the independent auditors' qualifications, independence and effectiveness; and
- the effectiveness, adequacy and performance of the Company's internal audit, internal controls and IT systems.

The Audit Committee also reviews external reports and disclosures pursuant to the rules promulgated by the CBI and otherwise. In fulfilling its purpose, the committee maintains free and open communication with the Company's independent auditors, internal auditors and management.

The Audit Committee comprises non-executive directors, the majority being independent, and neither the Chairman of the Board nor the Chief Executive Officer are members.

The Committee consists of no fewer than three directors, as determined by the Board of Directors. Committee members shall be appointed annually by a majority vote of the Board of Directors. The Committee chairman is an independent non-executive director appointed by a majority vote of the Board of Directors.

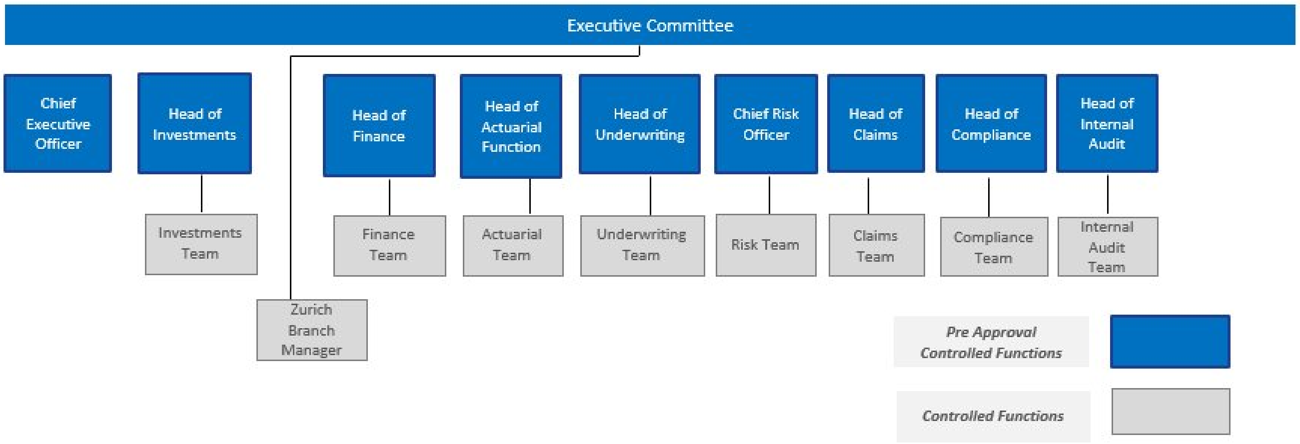
Risk Committee
The purpose of the Risk Committee is to assist the Board of Directors in overseeing the integrity and effectiveness of the Company's enterprise risk management framework, and ensuring that the Company's risk assumption and risk mitigation activities are consistent with that framework.

In furtherance of its purpose, the Risk Committee has the following duties and responsibilities:
- review and approve the Company's Enterprise Risk Management Framework, and monitor management's effective implementation of this framework,
- review the output of the Stress Test and Scenario Testing Framework, and provide input on scenario design and selection,
- review and approve annually the Company's Risk Management Strategy and Reinsurance Management Strategy documents,
- review and approve any changes to the Company's Solvency Standard and Risk Limits,
- review and approve the Company's annual Own Risk and Solvency Assessment ("ORSA") policy and ORSA report,
- before a decision to proceed is taken by the Board, review the inherent risks associated with any proposed strategic transactions, focusing in particular on risk aspects and implications on the Company's Solvency Standard and Risk Limits,
- meet on a regular basis with the Chief Risk Officer in a separate executive session,
- to review and recommend for approval to the Board, the Company's three-year business plan, focusing in particular on risk aspects and implications for the Company's Solvency Standard and Risk Limits.

The Risk Committee shall consist of no fewer than three directors, as determined by the Board of Directors. The Committee shall include a chairman who shall be a non-executive director.

Executive Committee ("ExCo")
The ExCo was established as a functional Committee used to assist the Chief Executive Officer and senior management to discuss matters of strategy or of significant importance to the Company.

The ExCo includes the Company executive's holding Pre-approval controlled function ("PCF") positions and other senior management:



The Exco has established a number of functional internal Committees to support the management and governance of the Company's activities. It is also supported by various AXIS Group committees including the Risk Management Committee, the Reinsurance Purchasing Group, the Reinsurance Security Committee and the Legal Entity Capital Committee.

Zurich Branch Management Committee
The Zurich Branch has a functional committee whose responsibilities include:
- effective, prudent and ethical oversight of the Zurich Branch, including managing the business activities and back office function of the Zurich Branch,
- implementing and monitoring the annual business plan of the Zurich Branch as approved by the Board of Directors,
- approve the Zurich Branch Underwriting guidelines; and
- managing the interaction and relationship with other management and AXIS Group committees.

The Zurich Branch Management Committee includes Zurich branch executives holding senior positions.

Reserving Committee
The purpose of the Reserving Committee is to determine Management's Best Estimate ("MBE") of the Reserves for Loss and Loss Expenses to be recorded in the financial statements.

Core responsibilities of the Reserving Committee include:
- determining MBE for Reserves for Loss and Loss Expenses to be recorded in the company financial statements in line with reserving policy as approved by the Company's Board of Directors,
- review of the MBE recommendations of the Company's Head of Actuarial Function and the sensitivities identified by the Segment Reserve Committees,
- critically evaluate the group and business segment analysis performed by the internal and external actuaries,
- review the sensitivities and make final decisions for the reserve estimates,
- discuss the process and methods used by the internal and external actuaries, including how the reserve calculations changed quarter over quarter; and
- review the catastrophic loss events and market share analysis to determine an appropriate reserve for events.

The Reserving Committee includes the Chief Executive Officer, Head of Finance, Head of Actuarial Function, Chief Risk Officer and Segment Chief Actuaries.

Risk Management Committee
The Risk Management Committee is a functional Committee whose main purpose is to oversee the integrity and effectiveness of the Company's enterprise risk management framework, and to ensure that the Company's risk assumption and risk mitigation activities are consistent with that framework.

The Risk Management Committee comprises the Chief Risk Officer, Chief Executive Officer, Head of Underwriting, Head of Finance and Head of Actuarial Function.

Solvency II Disclosure Committee
The purpose of the Solvency II Disclosure Committee is to provide a forum that ensures that Solvency II Reporting and Disclosures are accurate, complete and present fairly in all material respects the financial condition and results of operations of the Company and are made in a timely manner in accordance with applicable laws, rules and regulations. The Committee reviews annual Solvency II reporting and recommends board approval. On a quarterly basis, the Board of Directors has delegated authority to the Solvency II Disclosure Committee to approve the quarterly reporting.

The Solvency II Disclosure Committee comprises the Head of Finance, Chief Executive Officer, Head of Investments, Chief Risk Officer, Head of Compliance and Head of Actuarial Function.

Key Functions
Under Solvency II, the following are considered key functions:
- Risk management function,
- Compliance function,
- Internal audit function; and
- Actuarial function.

The Company ensures that key functions have the necessary authority, resources and operational independence to carry out their tasks and fulfil their obligations. All key functions present regular updates to the Board of Directors on a quarterly basis. The roles and responsibilities of each function are further described later in this section.

Conflicts of interest
Conflicts of interests, and the appearance of conflicts, are prohibited under the AXIS Code of Business Conduct. Each employee, officer and director of the Company is required to conduct business with integrity and to comply with all applicable laws.

B.1.2 Remuneration
An AXIS Europe Remuneration Policy has been established to cover AXIS Re SE and its sister company, AXIS Specialty Europe SE.

The remuneration policy and practices incorporate the following principles and shall:
- be in line with AXIS Re SE 's business and risk management strategy plan, its risk profile, objectives, risk management practices, its long-term interests and performance as a whole,
- ensure that conflicts of interest are avoided,
- promote sound and effective risk management and shall not encourage risk taking that exceeds AXIS Europe's risk appetite and risk tolerance limits,
- incorporate non-financial performance metrics as part of the annual performance management process,
- reward employees who demonstrate a significant contribution to the success of the business,
- remain competitive to attract, retain and motivate high performing staff with appropriate experience, qualifications and talent; and
- be non-discriminatory.

AXIS Europe's remuneration structure includes both fixed and variable components.

Fixed:
The fixed component of the remuneration structure shall be of a sufficiently high proportion of total remuneration to the effect that employees are not dependent on the variable remuneration component.

Variable:
- variable remuneration payments shall be flexible and discretionary,
- the variable component of remuneration shall be determined by a combination of individual performance and the performance of the AXIS Capital Group,
- employee's performance shall be evaluated based on achievement of both financial goals related to business targets and non-financial goals,
- metrics used to measure AXIS performance in determining the variable component of the remuneration shall allow for a downwards adjustment for exposure to current and future risks; and
- a portion of the variable remuneration applicable to employees at senior leader level and above shall be deferred over a period of not less than three years.

The variable component of remuneration of employees engaged in risk, compliance, internal audit and actuarial functions is not directly linked to the performance of the individual operational units they monitor and/or test.

Other Remuneration
Termination or severance payments shall be related to performance achieved over the employees entire period of activity and shall be designed not to reward failure.

Employees subject to this policy are prohibited from hedging the economic risk of owning AXIS Capital stock or pledging AXIS Capital stock for loans or other obligations in accordance with the AXIS Insider Trading Policy.

B.1.3 Material transactions with shareholders and the Board of Directors
There have been no material transactions during the reporting period with the company's sole shareholder ASHIL outside the normal course of business. There were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had a material interest, as defined by the Companies Act 2014, at any time during the reporting period.

Director emoluments include all payments made by the company to the Board of Directors. Fees paid by the Company to non-executive Directors are included in 'Aggregate emoluments in respect of qualifying services'.

	2019 USD'000	2018 USD'000
Aggregate emoluments in respect of qualifying services	339	1,029
Aggregate emoluments receivable under long-term incentive schemes	93	334
Company contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution retirement benefit scheme	22	81
Compensation paid or payable, in respect of loss of office or other termination payments to Directors of the Company in the financial year	—	—
	454	**1,444**

B.2 Fit and proper requirements

The Company has a Fitness and Probity ("F&P") policy which complies with Part 3 of the Central Bank Act, 2010 covering control functions ("CF") and PCFs. The policy also covers the CBI's SI No 437 of 2011 on 1 September 2011, SI No 615 of 2011 on 30 November 2011, SI No 394 of 2014 and SI No 485 of 2015.

F&P imposes a requirement on persons performing a CF or a PCF on behalf of the Company to comply with certain standards of competence, capability, honesty, integrity and financial prudence ("F&P Standards"). The policy sets out the approach to assessing the fitness & probity of existing staff and new hires.

In order to meet the F&P requirements, the Company applies the below criteria for CFs and PCFs and must satisfy itself on reasonable grounds that the person complies with the F&P Standards:

- an assessment of whether an individual's Conduct is deemed Competent and Capable,
- an assessment of whether an individual's Conduct is deemed Honest, Ethical and Acting with Integrity; and
- an assessment of an individual's Financial Soundness.

CFs and PCFs are requested annually to attest to continuing compliance with F&P Standards.

B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA")

B.3.1 Overview of the Risk Management Framework

AXIS has an established Group-Wide Enterprise Risk Management ("ERM") framework which provides a structured and consistent approach to ensuring that risks are appropriately identified, measured, monitored and controlled with clear ownership and appropriate levels of oversight. This framework is implemented consistently and proportionately across the AXIS Group and its legal entities, including the Company.

The mission of ERM at AXIS is to promptly identify, measure, report and monitor risks that affect the achievement of our strategic, operational and financial objectives. The key objectives of the risk management framework are to:

- Protect our capital base and earnings by monitoring our risks against our stated risk appetite and limits;
- Promote a sound risk management culture through disciplined and informed risk taking;
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for efficient capital deployment;
- Support our Group-wide decision-making process by providing reliable and timely risk information;
- Achieve our global legal and regulatory risk obligations;
- Support our external credit rating agency assessments; and
- Safeguard AXIS' reputation.

The ERM framework is an evolving framework which develops in response to changes in the Company's internal and external environment in order to remain relevant to the business and enhance value creation. The implementation and oversight of the framework is the responsibility of the Risk Function, which is led by the Chief Risk Officer.
The key elements of the ERM Framework are described in further detail below and include Risk Governance, Risk Strategy/Appetite Statement, the Risk Management Cycle and Risk Controls.

Risk Governance

At the heart of the ERM framework is a governance process with responsibilities for taking, managing, monitoring and reporting risks. Roles and responsibilities for risk management are articulated throughout the Company, from the Board and the Chief Executive Officer to the business and functional areas, thus embedding risk management throughout the business.

Risk governance is executed through a three lines of defence model, with the business units ("first line") responsible for the identification, assessment, management, mitigation and monitoring of risks on a day-to-day basis; the Risk Function ("second line") providing oversight and guidance on risk management across the business by supporting and challenging Risk Owners in their identification, assessment, management and mitigation of risk; and Internal Audit (“third line”) providing independent assurance on the effectiveness of governance, risk management and internal controls.

The Risk Committee of the Board ("Board Risk Committee" or “Risk Committee”) assists the Board of Directors in overseeing the integrity and effectiveness of the ERM framework, and ensuring that risk assumption and risk mitigation activities are consistent with that framework. The Board Risk Committee approves and monitors the risk strategy, including the Company’s solvency standards and key risk limits, and receives regular reports from the Company Chief Risk Officer (“CRO”) and Risk Function who provide assurance over the effectiveness of first line risk management.

The Executive Management Committee (“ExCo”) is responsible for the implementation of the Company’s ERM framework, with all identified material risks on the Company’s risk register assigned ownership to an ExCo member. This ensures that ownership of risks is at the highest level of the Company and that Risk Owners have the appropriate authority and resources to take management action where appropriate. The ExCo is supported by the Risk Management Committee (“RMC”), as well as various committees and working groups at Group and Company level (for example the Emerging Risk Working Group).

Risk Strategy/Appetite Statement
The Company’s risk strategy is developed by the Risk Function and is expressed through the Risk Appetite Statement (“RAS”) which articulates where and how much risk the Company is willing to take. The risk appetite framework includes limits by individual risk type which are defined based on the capital available and management’s preference for risk in line with the Company’s business strategy. The risk strategy also determines the framework within which risks are managed, setting out the Company’s approach to enterprise risk management.

The risk strategy and RAS are reviewed on an annual basis as part of the business planning process and are approved by the Board Risk Committee.

Risk Management Cycle
The Risk Function implements the ERM framework through a cyclical process of identifying, assessing, managing, monitoring and reporting of all material risks to which the Company is or could be exposed.

Ongoing risk identification activities are in place to identify new and/or changing risks to the achievement of the Company’s strategy and business objectives. A process is also in place for scanning the external environment to identify risks that present an emerging threat to the business environment, industry or Company. These are classified as emerging risks and are regularly discussed and reviewed by the Emerging Risk Working Group and at the Company’s Board Risk Committee.

Risk assessment and measurement activities are carried out on a regular basis in order to understand the severity of each risk through quantitative and/or qualitative measures and inform the Company’s own view of risk and assessment against risk appetite. Risk mitigation strategies and control activities are in place for each risk based on impact and materiality and are typically aimed at reducing or avoiding our exposure, in line with the Company’s risk appetite.

Changes in the internal and external environment are monitored on an on-going basis, ensuring that changes that may substantially affect the Company’s exposure to risks are identified, assessed and appropriately managed. The Risk Function engages in extensive risk reporting and communication in order to enable the Board in their risk oversight responsibility and support the Company’s decision-making process by providing reliable and timely risk information.

Risk controls
Each Risk Owner is responsible for designing and implementing an adequate and efficient internal control environment to manage their respective risks. The control environment consists of processes, policies, guidelines, standards of practice / procedures, collectively referred to as ‘risk controls’ deployed by the Risk Owner to manage risk. The effectiveness of internal controls is evaluated on a regular basis by first line control owners, the Risk Function and Internal Audit who provide overall assurance over the effectiveness of internal controls. All internal controls are documented and signed-off quarterly within AXIS’ Governance, Risk & Control (GRC) platform which facilitates control self-assessment and enforces individual ownership and accountability for risk controls.

B.3.2 Own Risk and Solvency Assessment
The Company currently sets its capital requirements based on the Solvency II Standard Formula SCR calculation, but ensures the ongoing appropriateness of this approach through a comparison with the outcome of its Own Risk and Solvency Assessment (ORSA). The ORSA is the overarching framework of processes employed by Management to establish an “own view” of the Company’s current and forward-looking risks and associated capital requirements.

At the centre of the ORSA is the Company’s ERM framework and Risk Management Cycle described above which provide a continuous assessment of all materials risks the Company is exposed to, with quarterly reporting to the Board on material changes to the risk profile and associated capital requirements. An important aspect of establishing an own view of solvency needs is the Company’s Internal Model SCR calculation which reflects the Company’s own view of risk capital required to protect its balance sheet in a 1 in 200 stressed scenario.

A core component of the ORSA is the forward-looking assessment performed in conjunction with the business planning process, whereby the impact of short and medium term business plans on the risk profile and capital needs of the Company is assessed. As part of this, the outputs from the Company's Internal Model and Solvency II Standard Formula are reviewed to analyse changes in risk composition, prospective risk exposures relative to the RAS and overall risk capital requirements. The ORSA also includes various forms of stress tests and scenario analysis whereby the resilience of the Company's solvency ratios to adverse stress scenarios over the planning horizon is assessed.

The ORSA results are formally documented into an annual ORSA report which includes a summary of the ORSA activity during the previous year and the outcome of the forward-looking assessment. The Board of Directors is responsible for overseeing the Company's ORSA, with the Board Risk Committee serving as the focal point for that oversight. The Board Risk Committee has a material input into the ORSA through reviewing and challenging the quarterly and annual (forward-looking) results and approving the annual ORSA report, as well as reviewing the selection and calibration of stress and scenario tests. The outcome of the ORSA informs the Company's RAS, including the ongoing appropriateness of its target solvency standards and capital contingency plans, and influences the Company's business strategy by being closely linked to the business planning process.

B.4 Internal control system

Internal control is defined as the processes, policies, guidelines, and standards of practice in place to mitigate and manage risk to acceptable levels.

The AXIS internal control framework is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1992, and updated in 2013.

The AXIS internal controls are documented and maintained in 'MyGRC', the AXIS risk and control repository, and individual control owners certify each quarter to the adequate design and continued operating effectiveness of their respective controls.

The internal control framework includes the following five interrelated components:

- Control Environment: The primary responsibility of the Board of Directors is to provide effective governance over the Company's affairs for the benefit of its shareholders, and to help broaden the perspective of executive management. The Board has established the Audit Committee to facilitate and assist in the execution of its responsibilities. In terms of internal control oversight, it is the responsibility of the Audit Committee to review and periodically discuss with the Board the adequacy and effectiveness of the Company's internal control structure. There are several oversight committees such as the RMC which help set the management tone in terms of the control environment. AXIS operates with a three lines of defence model.
- Risk Assessment: The Internal Controls policy lists the risks ('Risk universe') to which the Company is exposed, which the Risk Committee of the Board and Risk Management Committee annually evaluate. For each risk in the universe, there is a separate risk standard which affirms AXIS's group-wide approach and risk mitigation/control philosophy for managing each risk.
- Control Activities: Each risk policy identifies an individual Risk Owner, normally a member of the AXIS Group Executive Committee, having appropriate experience and knowledge of the risk. The Risk Owner is responsible for designing and implementing an adequate and efficient control environment to manage their respective risks. Activities include, but are not limited to, reconciliation's, documented roles and responsibilities, clear authority limits, peer reviews, appropriate segregation of duties and metrics reporting.
- Information and Communication: In terms of communication, AXIS has clear reporting and communication lines in place. Role profiles make clear each individual's role, their reporting lines and functional terms of reference set out responsibilities by function. Clear organizational and structure charts are also maintained. There is an escalation policy in place to ensure matters are reported upwards as required by employees. The AXIS Whistle-blower Policy also provides various lines of communication for reporting violations and concerns.
- Monitoring: The effectiveness of the internal control framework is independently validated via regular internal audit reviews which are conducted on a rotational basis with findings reported to the Audit Committee. There are also Management Initiated Audits ("MIAs") done on claims and underwriting transactions which are reported to the Management Audit Committee. There are various monitoring activities performed by the second line of defence Group Risk and Legal/Compliance.

The internal control framework is regularly reviewed and updated and annually assessed by the external auditors. The Internal Audit department also validate that the COSO 2013 framework is present and functioning as part of its annual internal audit plan.

Internal Compliance Function

The Company has a Compliance Function which is part of the Group Legal Department, predominantly staffed by lawyers and compliance experts.

The Board has appointed a Compliance Officer of the Company. The Compliance Officer is primarily responsible for ensuring the activities of the Company are conducted in compliance with the Regulations, and reporting to the Board and to the CBI and other Regulatory Authorities as applicable.

The Compliance Officer oversees the Compliance Function and ensures it is appropriately resourced and meets all material service level requirements. The Compliance Function has access to specialist external expertise to assist on particular matters or jurisdictions.

Principal responsibilities of the Compliance Officer include:
- obtaining the approval of the CEO and the Board for a Policy statement on compliance with the insurance acts and regulations, with guidelines issued by the CBI and with other applicable legislation,
- monitoring the implementation of compliance and reporting periodically, through the Compliance Function to the CEO and the Audit Committee,
- reviewing products, procedures and systems on a planned basis from the viewpoint of effective compliance and taking the necessary steps to ensure compliance; and
- reviewing staff training processes to ensure appropriate compliance capabilities.

In addition, the duties of the Compliance Function include assessing the adequacy of the measures adopted by the Company to prevent non-compliance.

In line with Article 279 of the Delegated Regulation and Article 46 of the Solvency II Directive, the Compliance Function maintains a Compliance Manual and Policy to track applicable law, regulation and corporate requirements.

The Compliance Officer reports functionally to the Audit Committee.

In line with Article 270 of the Delegated Regulation, the board reviews the Company Compliance Policy at least annually and ensures that recommendations for improvements are adequately incorporated and approve proposals for Policy amendment.

B.5 Internal audit function

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations, protect the assets and reputation of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal control.

The internal audit activity is established by the Audit Committee of the Board of Directors. The internal audit activity’s responsibilities are defined by the Audit Committee as part of their oversight role.

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing* (*Standards*). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to AXIS’ relevant policies and procedures and the internal audit activity's methodology.

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of AXIS records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee and full Board.

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor’s judgment.

Internal audits are performed across the Company’s audit universe, which encompasses all areas of the business and the Company, within a three-year cycle. Areas of higher risk will be audited more frequently. Audits selected for a forthcoming annual plan will be submitted for approval to the Audit Committee. Over the course of each year, auditors meet with key personnel to monitor performance, changes in the business, and emerging risks within the Company. Resulting midterm changes to the audit plan will be recommended and submitted to the Audit Committee for approval. The internal audit methodology is set out in the 'AXIS Internal Audit Methodology' document. The methodology is reviewed to ensure that it is up-to date after any changes to the business or updates to the IIA Standards.

The scope of each audit is determined using a risk based approach. At the conclusion of each audit, an audit report containing any issues requiring corrective action by management is published. Management is responsible for implementing these agreed upon action plans. Internal Audit is responsible for monitoring implementation of these action plans and verifying satisfactory performance. The Audit Committee is briefed quarterly on the status of internal audits in progress, completed audits, open corrective action plans, and any other important matters concerning the Company. Evidence supporting Internal Audit's conclusions is maintained in the "MyGRC" Governance, Risk and Compliance management tool.

B.6 Actuarial function

The main purpose of the Actuarial function is to effectively support the Company reserving framework and governance, including principles, policies, standards of practice, processes and controls and reporting.

The Actuarial function has the following duties and responsibilities:
- calculation and recommendation of the technical provisions,
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions,
- peer reviewing and signing off on work product and recommendations that relate to governance and control function responsibilities. This includes the peer reviewing of pricing and planning loss ratios as necessary,
- ensuring the sufficiency and quality of the data used in the calculation of technical provisions,
- informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions,
- ensuring the sufficiency of processes and controls supporting the AXIS reserving framework and maintaining comprehensive documentation for all aspects of this framework,
- expressing an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements,
- contributing to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements,
- establishing and maintaining a reserving platform, infrastructure and reporting capabilities to support US GAAP, local statutory and management needs; and
- ensuring that the reserving framework is applied effectively in the Company.

The Head of Actuarial function provides a written report to the Board presenting the tasks undertaken by the Actuarial function and their results, as well as any deficiencies identified and recommendations on how such deficiencies should be remedied. A full Actuarial report is provided at least annually, with updates addressing specific aspects of the work of the Actuarial function provided on a more regular basis.

B.7 Outsourcing

Outsourcing is an arrangement of any kind between the Company and a service provider by which that service provider performs a process, a service or an activity that would otherwise be undertaken by the Company itself. Where appropriate, the Company uses service providers when it is more efficient and more cost effective than utilising its own resources.

The Company is subject to the AXIS European Group Outsourcing Policy which is derived from Directive 2009/138/EC (the "Solvency II Directive"), Commission Delegated Regulation (EU) 2015/35 (the "Delegated Regulation"), the EIOPA Guidelines on System of Governance and the Central Bank of Ireland Guidelines on Preparing for Solvency II – System of Governance.

The Company determines whether an outsourced function or activity is 'critical or important', giving primary consideration to the protection of policyholders. Where policyholders are sufficiently removed from an outsourced function so as not to be affected should a breakdown in the process occur, the function or activity is not classified as one of critical importance.

The Board of Directors is ultimately responsible for ensuring that there is adequate oversight and governance in relation to outsourcing. The outsourcing of a 'critical or important' activity must be approved by a PCF holder ("Business Leader") prior to the commencement of an outsourcing arrangement. Business leaders are responsible for carrying out appropriate due diligence on service providers in accordance with the outsourcing policy.

The AXIS Group Vendor Management Office ("VMO") has established an enterprise wide standard methodology to assess performance and risk of outsourced services (excluding underwriting and claims which are monitored by the relevant business leader). Outsourcing arrangements are managed effectively through Service Level Agreements ("SLAs") which are reported to and monitored by the VMO reporting relevant issues to the business leader. The VMO ensures that all relevant aspects of a service providers risk management, financial resources and internal control systems are adequate and robust, in addition to ensuring that the outsourcing activities do not impact AXIS governance or operational risk.

The table below outlines outsourced 'critical or important' activities and the jurisdiction of where the service provider is located:

Function	Description of Service Provided	Jurisdiction
Internal		
Cross function	The Company benefits from the support services offered by the AXIS group. Group shared services provide access to necessary skills and resources enabling the Company to operate effectively to meet regulatory and business requirements. Shared services include Underwriting management, Reinsurance, Claims, Exposure management, Risk management, Actuarial, Compliance & legal, Internal Audit, Finance, Human Resources, Investment management, Operations & IT.	Multi-jurisdictional
External		
Finance	Finance Outsourcing includes provision of accounting and reconciliation services	Multi-jurisdictional
Internal Audit	Internal audit support	Multi-jurisdictional
Investments	Investment services outsourcing includes investment management of assets, custodian and trustee services, accounting and risk solutions.	Multi-jurisdictional
IT	IT services outsourcing includes provision of data storage and IT application development and maintenance	Multi-jurisdictional
Underwriting	Underwriting outsourcing includes authority to write business and issue policies	Multi-jurisdictional
Claims Operations	Claims operations outsourcing includes claims business process and modelling support	Multi-jurisdictional

B.8 Assessment of governance

The Board of Directors is responsible for ensuring sound governance, that the operational effectiveness of the risk management and control environment is maintained and that effective risk management policies are adhered to within the risk management framework. Risk assessment and evaluation takes place as an integral part of the annual planning and budgeting process, the results of which are reviewed by senior management and the Board of Directors. There is also an ongoing program of operational reviews and audits and annual self assessment of financial controls. The results of these reviews are reported to the Audit Committee, whose purpose is to assist the Board of Directors in the oversight of the effectiveness, adequacy and performance of the Company's internal controls.

B.9 Any other information

All material information regarding system of governance is disclosed in sections B.1 - B.8.

C. RISK PROFILE

The Company's risk profile comprises insurance, credit, market, operational, liquidity, strategic and other risks that arise as a result of doing business. Ongoing risk identification activities are in place to identify new, emerging and changing risks to the achievement of the Company's strategy and business objectives. Risk assessment activities are carried out on a regular basis in order to understand the severity of each risk through quantitative and/or qualitative measures and inform the Company's own view of risk. The following sections provide definitions of the above risk categories as well as the Company's related risk management practices.

C.1 Insurance Risk

The insurance risk category encompasses the underwriting risks in all lines of business including the marine, transit, property, liability, accident and health, motor and credit and surety classes of treaty and facultative reinsurance business. Insurance risk is the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities transferred to the Company through the underwriting process. The two main components are underwriting risk and reserve risk. Underwriting risk represents the risk that premiums will not be sufficient to cover future incurred losses. Reserving risk represents the risk that loss reserves established to cover losses already incurred are insufficient.

C.1.1 Underwriting risk

Underwriting risk is managed through the Company's underwriting risk governance framework. A key component of this is the peer review process which allows for a collaborative review of risk and pricing by management, and ensures underwriting is within established protocols and guidelines. Underwriting guidelines are in place to provide a framework for consistent pricing and risk analysis. Limits are set on underwriting capacity, and cascade authority to individuals based on their specific roles and expertise.
A key component of the Company's mitigation of underwriting risk is the purchase of reinsurance/retro protection. AXIS has a centralized Risk Funding team which coordinates external treaty reinsurance/retro purchasing across the group and is overseen by the Reinsurance Purchasing Group, in conjunction with the Reinsurance Security Committee. The Company also benefits from internal quota share and stop loss agreements with AXIS Specialty Limited ("ASL").

Accumulation risk

Accumulation risk represents the risk of additional, unexpected losses due to having unknown / unintended risk concentrations where aggregation of risk exposure is not understood or managed appropriately. The majority of the Company's accumulation risk exposure arises from natural catastrophes (e.g. earthquakes, storms and floods) and man-made catastrophes (such risks as train collisions, airplane crashes, terrorism or cyber-attacks).

Natural catastrophes represent a challenge for risk management due to their accumulation potential and volatility as well as the uncertainty around the potential impacts of climate change. Natural catastrophe risk is mitigated through diversification (i.e. offering a variety of products across different geographic regions), the purchase of significant reinsurance protections and the Company's exposure management framework and governance. In managing natural catastrophe risk, the internal risk tolerance framework for the Company aims to limit the impact to the Company's Solvency II SCR coverage ratio from an aggregation of natural peril catastrophe events. The Board approved risk limit for natural catastrophes sets out the maximum acceptable losses for the Company calibrated to a 1% annual probability (1 in 100 year event). There have been no breaches of the Company's natural catastrophe risk limit during the year.

Similar to the management of natural peril catastrophe exposures, an analytical approach is taken for the management of man-made catastrophes. For these risks, bespoke models developed internally by the risk and actuarial teams are used. These are supplemented with underwriting judgment, expertise and external vendor models (where available).

Through the effective monitoring and reporting of accumulation risk, the Company is able to effectively intervene and mitigate the risk on a timely basis. Mitigation actions might include abstaining from additional underwriting commitments (or non-renewing existing commitments upon expiry) or purchasing additional treaty or facultative reinsurance for peak exposures.

Stress and scenario testing is performed to enhance the understanding of the Company's exposure to Accumulation risk and measure the potential impact of stress scenarios to the Company's solvency ratios. Stress testing performed covers natural catastrophe peril exposures and Realistic Disaster Scenario (RDS) stresses measuring the loss impact to the business on man-made catastrophe scenarios covering accumulations and clashes across all classes of business. Results are reported to the Risk Management Committee and Board Risk Committee

Special Purpose Vehicles

In June 2017, AXIS sponsored a catastrophe bond, Northshore Re II Limited, Series 2017-1 which provides the Group with multi-year risk occurrence cover capacity of USD 350 million for US named storms and US & Canada earthquake events. The risk period is from June 30, 2017 to June 30, 2020.

In July 2018, AXIS sponsored a catastrophe bond, Northshore Re II Limited, Series 2018-1 which provides the Group with multi-year annual aggregate cover capacity of USD 200 million for US named storms (incl. Puerto Rico & US Virgin Islands), US and Canada earthquake, and European windstorm events. The risk period is from July 7, 2018 to June 30, 2022.

In June 2019, AXIS sponsored a new catastrophe bond, Northshore Re II Limited, Series 2019-1 which provides the Group with multi-year annual aggregate cover capacity of USD 165 million for US named storms (incl. Puerto Rico & US Virgin Islands), US and Canada earthquake and European windstorm events. The risk period is from June 27, 2019 to June 30, 2023.

The catastrophe bonds operate on index triggers and losses are calculated through usage of pay-out factors. The vehicles are fully funded at the inception of the risk period, ensuring full collateralization of the covers throughout the risk period.

On January 1, 2019, AXIS launched a fully collateralized sidecar vehicle, Alturas Re Ltd. From January 1, 2020, the sidecar provides the Group with USD 183.2 million capacity for the insurance and reinsurance risk portfolios through its separate tranches. The Series 2019-3 tranche provides USD 39 million of collateralized reinsurance support for AXIS Re's property catastrophe reinsurance portfolio from July 1, 2019 to June 30, 2020. The Series 2020-2 tranche provides USD 90.2 million of collateralized reinsurance support for AXIS Re's property catastrophe reinsurance portfolio from January 1, 2020 to December 31, 2020.

C.1.2 Reserving risk

The estimation of reserves is subject to uncertainty due to the fact that the settlement of claims that have arisen before the balance sheet date is dependent on future events and developments. New information, events or circumstances, unknown at the original estimation date, may lead to future developments in the Company's ultimate losses being significantly greater (or less) than the reserves currently provided. There are many factors that would cause reserves to increase or decrease, which include, but are not limited to, changes in claim severity, changes in the expected level of reported claims, judicial action changing the scope and / or liability of coverage, changes in the legislative, regulatory, social and economic environment, unexpected changes in loss inflation and the emergence of new systemic risks.

The AXIS reserve framework is designed to ensure that the process of establishing reserves is supported by appropriate governance structure and reserving risk management practices including robust governance, processes and controls over the reserving cycle and internal and external independent assessment of the adequacy of loss reserves. Reserves are calculated in accordance with actuarial practice based on substantiated assumptions, methods and assessments and selected through a quarterly reserving process which involves the collaboration of underwriting, claims, actuarial, legal, risk funding and finance departments.

Sensitivity analysis of the reserves for unpaid losses and loss expenses

Expected loss ratios are a key assumption in the estimate of ultimate losses for business at an early stage of development. All else remaining equal, a higher expected loss ratio would result in a higher ultimate loss estimate, and vice versa. Assumed loss development patterns are another significant assumption in estimating the loss reserves. The uncertainty in the timing of the emergence of claims (i.e. the length of the development pattern) is generally greater for a company with a limited operating history which, therefore, must rely on industry benchmarks to a certain extent when establishing loss reserve estimates.

The following tables show the effect on the estimate of gross and net loss reserves of reasonably likely changes in the two key assumptions used to estimate our gross and net loss reserves at 31 December 2019 and 31 December 2018. When projecting the estimated effect on reserves of changes in expected loss ratios, we have increased and decreased our aviation, credit and political risk, marine and property and other class expected loss ratios by +5% and -5% respectively, and our credit and surety, liability, motor and professional lines class loss ratios by +10% and -10% respectively. When projecting the estimated effect on reserves of changes in the loss development patterns, we have increased (i.e., moved to a slower pattern) and decreased (i.e., moved to a faster pattern) our aviation, credit and political risk, marine and property and other class assumed loss development by three months in each direction, and our credit and surety, liability, motor and professional lines class assumed loss development by six months in each direction.

31 December 2019	**Estimated Effect on Gross Reserves**	**Estimated Effect on Net Reserves**
Reserve Sensitivity Scenario	**USD'000**	**USD'000**
Higher expected loss ratios with no change in loss development factors	106,902	24,267
Higher expected loss ratios with lower loss development factors (i.e., faster pattern)	14,950	3,394
Higher expected loss ratios with higher loss development factors (i.e., slower pattern)	284,856	64,662
No change in expected loss ratios with lower development factors (i.e., faster pattern)	(89,170)	(20,242)
No change in expected loss ratios with higher development factors (i.e., slower pattern)	171,373	38,902
Lower expected loss ratios with no change in loss development factors	(102,515)	(23,271)
Lower expected loss ratios with lower loss development factors (i.e., faster pattern)	(187,378)	(42,535)
Lower expected loss ratios with higher loss development factors (i.e., slower pattern)	61,171	13,886

31 December 2018	Estimated Effect on Gross Reserves	Estimated Effect on Net Reserves
Reserve Sensitivity Scenario	**USD'000**	**USD'000**
Higher expected loss ratios with no change in loss development factors	84,381	20,842
Higher expected loss ratios with lower loss development factors (i.e., faster pattern)	7,030	1,736
Higher expected loss ratios with higher loss development factors (i.e., slower pattern)	242,684	59,943
No change in expected loss ratios with lower development factors (i.e., faster pattern)	(75,834)	(18,731)
No change in expected loss ratios with higher development factors (i.e., slower pattern)	153,506	37,916
Lower expected loss ratios with no change in loss development factors	(78,895)	(19,487)
Lower expected loss ratios with lower loss development factors (i.e., faster pattern)	(155,483)	(38,404)
Lower expected loss ratios with higher loss development factors (i.e., slower pattern)	64,756	15,995

SCR Coverage Scenario Testing - Insurance Risk
SII SCR coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios. A summary of the stress testing for insurance risk as at 31 December 2019 is provided in section C.8. The resulting SCR and SCR coverage impact was in line with expectations and none of the scenarios tested resulted in a breach of 100% of the SCR Solvency Ratio.

The Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. This includes changing gross exposures or external reinsurance arrangements, changing the internal reinsurance arrangements or other traditional forms of capital management (e.g. capital injections, cease dividend payments etc.).

C.2 Credit Risk

Credit risk represents the risk of incurring financial loss due to the diminished creditworthiness (eroding credit rating and, ultimately, default) of the Company's third party counterparties. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance program, amounts due from policyholders and intermediaries, and credit risk assumed through reinsurance contracts such as Credit and Surety business.

Investment portfolio
The Company is exposed to potential losses arising from the diminished creditworthiness of issuers of bonds as well as third party counterparties such as custodians. Exposure to such credit risk is limited through diversification, issuer exposure limitation and, with respect to custodians, through contractual and other legal remedies

The fixed term maturity portfolio represents approximately USD 1,141.0 million or 21.5% of the Company's total assets (2018: USD 997.8 million or 19.7% of its total assets). Excluding U.S. Treasury and Agency securities, the Company limits its concentration of credit risk to any single corporate issuer to 1.4% or less of the investment grade fixed maturities portfolio for securities rated A- or above and 0.7% or less of the investment grade fixed maturities portfolio for securities rated below A-. No more than 1.5% of total cash and invested assets can be invested in any single corporate issuer.

The credit ratings of fixed term maturities are shown below at 31 December 2019 and 31 December 2018. The methodology for assigning credit ratings to fixed term maturities is in line with the methodology used for the Barclays U.S Aggregate Bond Index. This methodology uses the middle of Standard & Poor's (S&P), Moody's and Fitch ratings. When ratings from only two of these agencies are available, the lower rating is used.

	2019	2018
	USD '000	USD '000
Rating		
AAA	451,508	368,902
AA	136,336	133,540
A	250,278	218,298
BBB	240,784	220,357
Below BBB	61,798	56,686
	1,140,704	**997,783**

The Company also has credit risk relating to cash and cash equivalents. Cash and cash equivalents comprise cash at bank and investment in money market funds. In order to mitigate concentration and operational risks related to cash and cash equivalents, the maximum amount of cash that can be deposited with a single counterparty is limited and the Company invests in acceptable counterparties based on current rating, outlook and other relevant factors.

The table below provides a breakdown of the Company's cash and cash equivalents by credit rating at 31 December 2019 and 31 December 2018:

		2019	2018
		USD '000	USD '000
Rating	**Rating Agency**		
AAAm	S&P	51,804	30,512
P-1	Moody's	34,187	130,867
		85,991	**161,379**

Reinsurance recoverable assets

As a result of its reinsurance/retro purchasing activities, the Company is exposed to the credit risk of a reinsurer failing to meet its obligations under the reinsurance/retro contracts. To help mitigate this, all reinsurance purchasing is subject to financial security requirements specified by the Reinsurance Security Committee (RSC). The RSC maintains a list of approved reinsurers, reviews credit risk assessments for potential new reinsurers, regularly monitors approved reinsurers with consideration for events which may have a material impact on their creditworthiness, recommends counterparty limits for different types of ceded business and monitors concentrations of credit risk.

The table below provides a breakdown of the Company's reinsurance recoverable balances by credit rating at 31 December 2019 and 31 December 2018:

	2019	2018
	USD '000	USD '000
Rating		
A++	839	994
A+	2,361,145	2,304,993
A	68,913	49,952
A-	85,145	62,056
Not rated	56,745	100,866
	2,572,788	**2,518,861**

The A+ balance includes USD 2,314.3million (2018: USD 2,267.6 million) recoverable from ASL, a related party.

Premium receivables

The largest credit risk exposure to receivables is from brokers and other intermediaries. The risk arises where they collect premiums from customers or pay claims to customers on behalf of the Company. There are policies and standards in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions and overdue debt collection.

Underwriting portfolio
The Company provides reinsurance of credit and bond insurers exposed to the risks of financial loss arising from non-payment of trade receivables covered by a policy (credit insurance) or non-performance (bonding). The Company's credit reinsurance exposures are concentrated primarily within developed economies, while the surety bond exposures are concentrated primarily within Latin American and developed economies. The underlying risk associated with the Company's credit related business is governed through the underwriting risk management framework described in C1.1.

SCR Coverage Scenario Testing - Credit Risk
SII SCR Coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios. A summary of the stress testing for credit risk as at 31 December 2019 is provided in section C.8. The resulting SCR and SCR coverage impact was in line with expectations and none of the scenarios tested resulted in a breach of 100% of the SCR Solvency Ratio.

The Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. This includes changing gross exposures or external reinsurance arrangements, changing the internal reinsurance arrangements or other traditional forms of capital management (e.g. capital injections, cease dividend payments etc.).

C.3 Market Risk
Market risk is the risk that the Company's financial instruments may be negatively impacted by movements in financial market prices or rates such as equity prices, interest rates, credit spreads and foreign exchange rates. Fluctuations in market rates primarily affect the Company's investment portfolio.

Through asset and liability management, the Company aims to ensure that certain market risks influence both the economic value of investments and underwriting liabilities in a similar manner, thus minimizing the effect of market fluctuations. For example, important features of liabilities are reflected, such as maturity patterns and currency structures, on the asset side of the balance sheet by acquiring investments with similar characteristics.

Asset-liability management is supplemented with various internal policies and limits. The management of asset classes is centralised to control aggregation of risk, and provide a consistent approach to constructing portfolios as well as the selection process of external asset managers. As part of the annual Strategic Asset Allocation process, whereby target allocation ranges for the various asset classes are set for the forthcoming period, different asset strategies are simulated and stressed in order to assess an appropriate portfolio (given return objectives and risk constraints). Limits are set on the concentration of investments by single issuers and certain asset classes and on the level of illiquid investments. Further, the Company's investment guidelines do not permit the use of leverage in any of the fixed maturity portfolios.

Investment portfolios are stress tested using historical and hypothetical scenarios to analyse the impact of unusual market conditions and to ensure potential investment losses remain within risk appetite.

The Balance Sheet includes a substantial amount of assets whose fair values are subject to market risks. The following sections provide information on the primary market risk exposures at 31 December 2019. The Company does not currently anticipate significant changes in primary market risk exposures or in how these exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods.

Equity price risk
The portfolio of equity securities has exposure to equity price risk. This risk is defined as the potential loss in fair value resulting from adverse changes in stock prices. The global equity portfolio is managed to a benchmark composite index, which consists of a blend of the S&P500 and MSCI World Indices. Changes in the underlying indices have a corresponding impact on the overall portfolio. The fair value of equity securities at 31 December 2019 was USD 106.7 million (2018: USD 85.8 million). At 31 December 2019, the impact of a 20% increase or decrease in the overall market prices of the equity exposures would be USD 21.3 million (2018: USD 17.2 million) increase or decrease, on a pre-tax basis.

The fair value of hedge funds at 31 December 2019 was USD 37.4 million (2018: USD 63.7 million). Investments in hedge funds have significant exposure to equity strategies with net long positions. At 31 December 2019, the impact of an instantaneous 15% increase or decrease in the fair value of the investment in hedge funds would be USD 5.6 million (2018: USD 9.6 million) increase or decrease, on a pre-tax basis.

Interest rate and credit spread risk
Interest rate risk includes fluctuations in interest rates and credit spreads that have a direct impact on the fair value of fixed term maturities. As interest rates rise and credit spreads widen, the fair value of fixed term maturities falls, and the converse is also true. Sensitivity to interest rate changes and credit spread changes is monitored by revaluing fixed maturities using a variety of different interest rates (inclusive of credit spreads). Duration and convexity is used at the security level to estimate the change in fair value that would result from a change in each security's yield. Duration measures the price sensitivity of an asset to changes in yield rates. Convexity measures how the duration of the security changes with interest rates. The duration and convexity analysis takes into

account changes in prepayment expectations for MBS and ABS securities. The analysis is performed at the security level and aggregated up to the asset category levels.

The following table presents the estimated pre-tax impact on the fair value of fixed maturities at 31 December 2019 due to an instantaneous increase or decrease in the U.S. yield curve of 100 basis points and an additional 100 basis point credit spread widening or narrowing for corporate debt, non-agency residential and commercial MBS, ABS and municipal bond securities.

		Potential Change in Fair Value			
	Fair Value	**Increase in Interest rate by 100 basis points**	**Decrease in Interest rate by 100 basis points**	**Widening of Credit Spreads of 100 basis points**	**Narrowing Credit Spreads of 100 basis points**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
As at 31 December 2019					
U.S. government and agency	272,798	(6,029)	6,029	—	—
Non U.S. government	91,795	(3,693)	3,693	—	—
Agency MBS	129,265	(4,307)	4,307	—	—
Securities exposed to credit spreads:					
Corporates	617,959	(18,110)	18,110	(18,382)	18,382
Non Agency CMBS	18,466	(1,171)	1,171	(1,180)	1,180
Non Agency RMBS	55	(1)	1	(2)	2
Asset-backed securities	—	—	—	—	—
U.S. State and municipals	10,366	(795)	795	(803)	803
	1,140,704	**(34,106)**	**34,106**	**(20,367)**	**20,367**

		Potential Change in Fair Value			
	Fair Value	**Increase in Interest rate by 100 basis points**	**Decrease in Interest rate by 100 basis points**	**Widening in Interest Rates by 100 basis points**	**Narrowing in Interest Rates by 100 basis points**
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
As at 31 December 2018					
U.S. government and agency	204,567	(3,926)	3,926	—	—
Non U.S. government	82,621	(3,227)	3,227	—	—
Agency MBS	106,200	(4,053)	4,053	—	—
Securities exposed to credit spreads:					
Corporates	573,588	(17,044)	17,044	(17,751)	17,751
Non Agency CMBS	29,306	(2,074)	2,074	(2,101)	2,101
Non Agency RMBS	141	(1)	1	(2)	2
Asset-backed securities	67	(1)	1	(1)	1
U.S. State and municipals	226	(3)	3	(3)	3
	996,716	**(30,329)**	**30,329**	**(19,858)**	**19,858**

Foreign exchange risk
Foreign exchange or currency risk represents the risk that the fair value of future cash flows, assets and liabilities will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is managed by seeking to match the estimated insurance liabilities payable in foreign currencies with assets, including cash and investments that are also denominated in such currencies. The table below provides a breakdown of the Company's exposure to foreign currencies at 31 December 2019 and 31 December 2018:

As at 31 December 2019	**AED USD'000**	**BRL USD'000**	**CHF USD'000**	**EUR USD'000**	**GBP USD'000**	**JPY USD'000**	**Other USD'000**	**Total**
Invested assets	6,344	—	3,920	187,261	162,370	293	8,595	368,783
Other net assets/(liabilities)	(45,036)	(14,909)	(13,141)	(341,879)	(332,466)	(2,796)	(34,484)	(784,711)
Total Foreign Currency Exposure	**(38,692)**	**(14,909)**	**(9,221)**	**(154,618)**	**(170,096)**	**(2,503)**	**(25,889)**	**(415,928)**
Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement	(3,869)	(1,491)	(922)	(15,462)	(17,010)	(250)	(2,589)	(41,593)

As at 31 December 2018	**AED USD'000**	**BRL USD'000**	**CHF USD'000**	**EUR USD'000**	**GBP USD'000**	**AUD USD'000**	**Other USD'000**	**Total**
Invested assets	83	—	2,256	151,934	146,523	2,162	9,022	311,980
Other net assets/liabilities	5,532	(11,389)	(1,758)	(185,400)	(60,963)	(795)	25,181	(229,592)
Total Foreign Currency Exposure	**5,615**	**(11,389)**	**498**	**(33,466)**	**85,560**	**1,367**	**34,203**	**82,388**
Pre-tax impact of net foreign currency exposure on shareholders' equity given a hypothetical 10% rate movement	562	(1,139)	50	(3,347)	8,556	137	3,420	8,239

C3.1 SCR Coverage Scenario Testing - Market Risk
SII SCR coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios. A summary of the stress testing for market risk as at 31 December 2019 is provided in section C.8. The resulting SCR and SCR coverage impact was in line with expectations and none of the scenarios tested resulted in a breach of 100% of the SCR Solvency Ratio.

The Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. This includes changing gross exposures or external reinsurance arrangements, changing the internal reinsurance arrangements or other traditional forms of capital management (e.g. capital injections, cease dividend payments etc.).

C.4 Prudent person principle and investments

The Company is required to invest in assets in accordance with the 'prudent person principle'. As part of its prudent person approach, when the Company invests its assets it considers the following:
a) takes into account the type of business carried on by the undertaking, in particular the nature, the amount and the duration of the expected claims payments, in such a way as to secure sufficiency, liquidity, security, quality, profitability and matching of the undertaking's investments,
b) diversification and adequate spread of assets so as to enable appropriate response to changing economic circumstances, in particular developments in the financial markets and real estate markets or large impact catastrophic events,
c) keeps to a prudent level of investments in assets that are not traded on a regulated financial market,
d) proper diversification of the assets so as to avoid excessive reliance on any particular asset, issuer or group of undertakings and accumulations of risk in the portfolio as a whole,
e) not invest in assets issued by the same issuer, or by issuers belonging to the same group, in such a way as to expose the undertaking to excessive risk concentration; and
f) assess the impact of irregular market circumstances on its assets and diversify those assets to ensure that the impact is reduced.

The Company may invest in derivative instruments to the extent that they help to reduce investment risks or facilitate efficient portfolio management. However, the Company shall value those investments on a prudent basis, taking into account the underlying assets and must include a valuation of the relevant institution's assets. The Company will also avoid excessive risk exposure to a single counterparty and to other derivative operations.

The requirements specified in paragraph (d) and (e) above do not apply to investment in government bonds.

C.5 Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. As an insurer, the core business generates liquidity primarily through premium and investment income. Exposure to liquidity risk stems mainly from the need to cover potential extreme loss events.

The Company aims to ensure it maintains adequate liquidity to meet its liquidity needs under both normal and stressed conditions. To manage liquidity risk, a range of policies and measures are in place including maintaining cash and cash equivalents and high quality, liquid investment portfolios to meet expected outflows, as well as those that could result from a range of potential stress events. Forecasts are also prepared regularly to predict required liquidity levels over both the short- and medium-term.
There are set internal limits on the minimum percentage of the investment portfolio to mature within a defined timeframe. The Company further undertakes stress testing to ensure that it would be able to withstand extreme loss events and still remain liquid.

Expected profit in future premium

The expected profit included in future premiums is calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received for any reason other than the insured event having occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.
At 31 December 2019, the expected profit in future premiums is USD 72.9 million. (2018: USD 42.5 million).

C.6 Operational Risk

Operational risk represents the risk of financial or non-financial loss as a result of inadequate processes, system failures, human error or external events. The Company manages operational risk through sound corporate and risk governance, including the application of effective systems and controls. The Group Risk Function is responsible for coordinating and overseeing a Group-wide framework for operational risk management, which includes:

- clearly defined ownership of all operational risks in the risk register, with a regular risk and control assessment process for assessing the residual operational risk for each risk;
- an internal control framework consistent with the principles of the COSO framework, including the maintenance of appropriate process and control documentation;
- clearly defined ownership for processes and controls, with a quarterly self-assessment (certification) process that those processes and controls are designed and operating effectively;
- an operational loss-event database which helps better monitor and analyse potential operational risk, identify any trends, and, where necessary, put in place improvement actions to avoid occurrence or recurrence of operational loss events.
- key risk indicators and other metrics to help monitor the Company's operational risk profile; and
- appropriate governance and monitoring with respect to any operational risk associated with major new or change initiatives within the Company.

Specific processes and systems are in place to focus on high priority operational matters such as managing business continuity, information and cyber security, and third party vendor risk:

- Major failures and disasters which could cause a severe disruption to working environments, facilities and personnel, represent a significant operational risk to the Company. The Business Continuity Management framework strives to protect critical business functions from these effects to enable them to carry out their core tasks in time and at the quality required. Each year, Business Continuity Planning procedures are reviewed through cyclical planned tests.
- The Company may be the target of attempted cyber and other security threats and continuously monitors and develops information technology networks and infrastructure to prevent, detect, address and mitigate the risk of threats to our data and systems as well as having a dedicated cyber security team.
- The use of third party vendors exposes the Company to a number of increased operational risks, including the risk of security breaches, fraud, non-compliance with laws and regulations or internal guidelines and inadequate service. Material third party vendor risk is managed, by, among other things, performing a thorough risk assessment on potential large vendors, reviewing a vendor's financial stability, ability to provide ongoing service and business continuity planning.

C.7 Other material risks

Recent Development

The ongoing Coronavirus (COVID-19) crisis, and related operating and investment market impacts, is an emerging and evolving risk to which the Company is exposed from an asset and liability perspective.

The Company is monitoring the situation closely, including stress and scenario testing on existing underwriting exposure and taking into consideration the possible severity and duration of the outbreak. It is assessing the impact on premium, product, rate and future plans. A range of economic impacts and external pressures across individual product lines are being considered.

The Company has implemented business continuity plans to ensure that it will continue to operate effectively, ensuring the safety and well-being of our employees, the continued support of and engagement with our clients and alignment with Government Guidelines and Regulatory requirements. We are actively engaged with key service providers to ensure continuity of services.

Business continuity plans have been activated successfully, with employees working remotely to service our clients and fulfil our regulatory obligations. The robust nature of our remote working tools, and the positive engagement of all stakeholders has allowed us to continue to trade effectively in all relevant markets. At the date of approval of the financial statements, the Company has observed no material adverse operational impact.

Covid-19 is impacting global economies and markets, and has had an adverse impact on the Company's investment portfolio, which could impact on the Company's performance in the current year. The impact will depend on future developments, which are highly uncertain.

We have robust governance structures and monitoring processes in place, which support the on-going monitoring of the company's solvency position based on the latest available market information including our interpretation of our exposures and likely impacts on our business and on our reinsurance counterparties.

The solvency cover at 31 December 2019 was 140% (2018: 132%) of the Standard Formulae Solvency Capital Requirement, which is the mid-point of our Target Solvency range. As part of our ORSA process, we undertake stress tests across key risks and across combined risk areas to test the adequacy of Own Funds, on an ongoing basis. We are reviewing these scenarios in light of the emerging impact of this event. The full impact on capital and business plans is currently unknown, but is being constantly assessed. The Company has a Capital Management Committee and will consider all options including parental support to ensure the availability of additional capital should market developments lead to a reduction of coverage below the Target Solvency Range, in line with the Capital Management Plan

Strategic risk
Strategic risk is the risk of an unexpected negative change in the company value arising from the adverse effect of management decisions regarding business strategies and their implementation. This includes the risk that business strategy is not adapted to changes in the internal and external environment.
To ensure proper implementation of strategic goals in the current business plan, management monitors market and competitive conditions, regulatory conditions, etc. to decide whether to make strategic adjustments.

Group contagion risk
Group contagion risk is the risk of financial or non-financial loss in the Company due to linkages or interdependencies with other parts of the AXIS Group. Group contagion risk is primarily managed through AXIS' Group wide Risk Management Framework which ensures that each entity operates within its defined solvency standards and risk limits, thus limiting their exposure to the above risks.

Reputational risk
Reputational risk is the risk of a loss resulting from damage to the Company's public image. The Company is potentially exposed to reputational risk stemming from an act or omission by the Company or an employee, or from an event from within the broader AXIS Group. Any damage to the Company's reputation may result in a loss of trust among its clients and stakeholders.

Every risk type has potential consequences on the Company's reputation, and therefore, effectively managing each type of risk helps reduce threats to reputation. The Company's risk assessment process covering all risks in the risk register considers reputational impacts to the Company. Additionally, the Company endeavours to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles in the AXIS Code of Conduct, which includes integrity and good business practices. Mitigation of legal or regulatory breach is undertaken by the skilled and qualified compliance team, by ongoing monitoring of the regulatory landscape, through business conduct standards and policies, implementation of background and compliance checks and staff training. Effectiveness of the processes and governance to mitigate legal and compliance risk is monitored through the Company risk register. The AXIS Group centrally manages certain aspects of reputation risk, for example, communications, through dedicated functions with appropriate expertise.

Emerging Risks
AXIS has in place a process for scanning the external environment to identify risks that present an emerging threat to the business environment, industry or Company. These are classified as emerging risks and are regularly discussed and reviewed by the Emerging Risk Working Group and at the Company's Board.

C.8 Any other information

SII SCR Coverage scenario testing

SII SCR Coverage scenario testing is performed on an annual basis to assess the sensitivity of the SCR and the SCR coverage ratio to various scenarios stressing the Company's material risks. A summary of the scenario testing results has been provided by risk category below and in each relevant risk category section above. The resulting SCR impact and SCR coverage reduction were in line with expectations, and none of the scenarios tested resulted in a breach of 100% of the SCR solvency Ratio. Two scenarios result in ratios below the Company's target SCR solvency ratio range (130% - 150%). No future management actions are assumed in any of the scenarios.

Scenario	Scenario Description	Risk Category	Risk Category SCR Impact	Overall SCR Impact	SCR Coverage
Baseline	**Based on 2019 Annual SCR**				140%
Increase in net premium volume by $20m	Increase next year plan net earned premium by $20m	Underwriting Risk	$22.1m	$20.9m	134%
Increase in net claims provision by $50m	Increase net claims provision by $50m, and the corresponding ceded claims provision accordingly	Underwriting Risk Counterparty Default Risk	$25.7m $5.7m	$41.5m	120%
Increase man-made fire net exposure by $50m	Increase the top 200m radius fire / terror scenario such that the net exposure increases by $50m	Underwriting Risk	$7.6m	$6.6m	138%
Increase yield curve by 100bp	Increase the yield curve across all periods by 100bp	Underwriting Risk Counterparty Default Market Risk	-$10.3m -$3.5m $1m	-$10.6m	137%
Equity valuations decrease by 40%	Reduce equity investment values by 40%	Market Risk	-$18.6m	-$2.5m	131%
Increase in overdue >3 month receivable by $50m	Increase in overdue >3 month receivable by $50m	Counterparty Default Risk	$40.2m	$31.2m	132%
Reduce rating of largest reinsurance counterparty by 1 credit quality step	Reduce the Credit Quality Step of AXIS Specialty Limited by 1, from CQS 2 to 3	Counterparty Default Risk	$103.3m	$84.9m	118%

In the event of a breach, the Company has a number of ways by which it can manage its solvency coverage and ensure that it returns within target. This includes changing gross exposures or external reinsurance arrangements, changing the internal reinsurance arrangements or other traditional forms of capital management (e.g. capital injections, cease dividend payments etc.).

All material information regarding the Company's risk profile is disclosed in sections C.1 - C.7.

D. VALUATION FOR SOLVENCY PURPOSES

The Company's financial statements including the balance sheet have been prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, and comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

The Solvency II balance sheet recognises assets and liabilities in conformity with the international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 (IFRS as adopted by the EU) unless otherwise stated within Solvency II.

D.1 Assets

	Solvency II 2019 USD'000	GAAP 2019 USD'000	Difference 2019 USD'000	Adjustment Type
Deferred acquisition costs		23,499	(23,499)	Valuation
Deferred tax asset (net)	15,002	2,163	12,839	Valuation
Property, plant & equipment held for own use	11,707	7,761	3,946	Valuation
Holdings in related undertakings, including participations	96	96	—	
Government Bonds	367,564	375,060	(7,496)	Reclassification
Corporate Bonds	628,752	617,959	10,793	Reclassification
Collateralised securities	148,535	147,786	749	Reclassification
Collective Investments Undertakings	278,553	158,360	120,193	Reclassification
Derivatives	1,698	1,698	—	Reclassification
Deposits other than cash equivalents	5,000	—	5,000	Reclassification
Other investments	96,585	214,040	(117,455)	Reclassification
Other loans and mortgages	3,492	—	3,492	Reclassification
Investments	**1,530,275**	**1,514,999**	**15,276**	
Deposits to cedants	230,644	230,644	—	Valuation
Insurance and intermediaries receivables	67,161	711,399	(644,238)	Valuation
Reinsurance receivables	43,265	43,265	—	
Cash and cash equivalents	27,390	34,395	(7,005)	Reclassification
Any other assets, not elsewhere shown	47,243	55,074	(7,831)	Reclassification
	1,972,686	**2,623,199**	**(650,512)**	

	Solvency II 2018 USD'000	GAAP 2018 USD'000	Difference 2018 USD'000	Adjustment Type
Deferred acquisition costs		32,863	(32,863)	Valuation
Deferred tax asset (net)	9,104		9,104	Valuation
Property, plant & equipment held for own use	—	8,894	(8,894)	Valuation
Holdings in related undertakings, including participations	96	96	—	
Government Bonds	285,740	288,482	(2,742)	Reclassification
Corporate Bonds	681,191	573,588	107,603	Reclassification
Collateralised securities	136,293	135,714	579	Reclassification
Collective Investments Undertakings	215,002	116,212	98,790	Reclassification
Derivatives	958	—	958	Reclassification
Deposits other than cash equivalents	5,130	—	5,130	Reclassification
Other investments	109,724	207,958	(98,234)	Reclassification
Other loans and mortgages	5,694	—	5,694	Reclassification
Investments	**1,439,827**	**1,322,050**	**117,778**	
Deposits to cedants	277,885	282,178	(4,293)	Valuation
Insurance and intermediaries receivables	61,101	603,061	(541,960)	Valuation
Reinsurance receivables	(1,402)	(1,402)	—	
Cash and cash equivalents	22,019	130,967	(108,948)	Reclassification
Any other assets, not elsewhere shown	8,209	16,080	(7,871)	Reclassification
	1,816,742	**2,394,691**	**(577,947)**	

Reclassification for solvency purposes are differences in classifications of balances between GAAP and Solvency II balance sheet line items. Valuation adjustments are valuation differences between GAAP and Solvency II.

D.1.1 Deferred acquisition costs
Acquisition costs vary with and are directly related to the acquisition of reinsurance contracts and consist primarily of fees and commissions paid to brokers and premium taxes.

Under Solvency II, cash flow projections used in the calculation of Solvency II Technical Provisions include acquisition costs associated with reinsurance contracts. Deferred acquisition costs are valued at nil in order to avoid double counting as acquisition costs are considered in the Solvency II Technical Provision calculations.

Under GAAP, acquisition costs are deferred over the period during which the Company is exposed to the underlying risk which is generally one to two years with the exception of multi year contracts.

D.1.2 Deferred tax
The balance sheet is restated from GAAP to a Solvency II valuation for all assets and liabilities. The restated assets and liabilities are analysed for permanent differences arising between Solvency II restated accounts and tax accounts. All material differences are considered and deferred tax is provided on any temporary differences arising. Current tax legislation and rates are applied to calculate the deferred tax.

Under GAAP, deferred taxation is calculated on the differences between the Company's taxable profits and the results as stated in the financial statements. These differences arise as a result of timing differences on restricted stock units and capital allowances.

D.1.3 Property, plant and equipment
Property, plant and equipment includes software & computer equipment, fixtures & fittings, leaseholds improvement.

Under Solvency II, the Company must apply the revaluation model of IAS 16 when valuing property, plant and equipment. Property, plant and equipment are valued at USD 11.7 million on the SII economic balance sheet.

IFRS 16 brings in new accounting for leases which means most operating leases are now treated like finance leases with a right of use asset recognised along with a lease liability. While GAAP has not brought in this change, the guidance coming out from EIOPA is that IFRS 16 is the appropriate measurement basis for leases under Solvency II. The right of lease asset is included in the Property, plant & equipment classification.

Under GAAP, property, plant and equipment is measured at cost less depreciation. The Company provides depreciation at cost less estimated residual value in equal annual instalments over the estimated useful lives of the assets.

D.1.4 Investments
The Company's investments comprise debt, equity and other investments.

Under Solvency II, investments are measured in accordance with IAS 39 at fair value through profit & loss. Fair value measurement is consistent with GAAP except for the recognition of accrued interest. Under Solvency II, accrued interest is included in the valuation of debt and cash instruments. Under GAAP, accrued interest is recognised separately in 'Any other assets'.

Fair Value Measurement
Under GAAP, investments are measured in accordance with FRS 102 section 11 and section 12. The Company determines the classification of its investments at initial recognition and re-evaluates this at each reporting date. The Company classifies its investments on a portfolio by portfolio basis and has designated all investment portfolios as at fair value through profit and loss. These portfolios are managed and their performance evaluated on a fair value basis. Short-term investments comprise debt securities that, at purchase, have a maturity greater than three months but less than one year. Due to the short-term nature of these investments amortized cost is used to approximate fair value. All purchases and sales of investments are recorded on the trade date, which is the date that the Company commits to purchase or sell the assets. The fair values of listed investments are based on closing bid prices. For investments not traded on an active market, the Company establishes fair value based on quoted market prices of similar instruments or on other valuation techniques.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The fair value hierarchy used gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level A - The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.
- Level B - When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- Level C - If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Classification
Under GAAP, classification of investments is in accordance with FRS 102 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015. Under Solvency II, certain investments have been reclassified where necessary in order to conform to Solvency II asset categories.

Holdings in related undertakings
According to Article 13(20) of the SII directive, the term "participation" means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking.

The Company holds 99.99% of the share of the Brazil Subsidiary with the remaining 0.01% held by ASHIL. Under GAAP, the Company recognizes the investment at cost valued at USD 95,849.

Article 13 of the Delegated Regulation (EU) 2015/35 sets out the valuation methods for related undertakings providing three options:
- the default valuation method (quoted market prices)

- the adjusted equity method; and
- the valuation method using market prices for a similar asset or liability.

Considering the materiality of the investment in the Brazil Subsidiary, the investment in subsidiary has not been revalued under Solvency II and is recognized at cost.

D.1.5 Deposits to Cedents

Amounts relate to funds withheld balances held by the cedent. For a number of reinsurance contracts, it is agreed within the contract wording that a percentage of the premium or a loss reserve deposit will be held on the cedent's balance sheet, on which the Company will generally earn interest of between 2-3%. A revolving deposit is maintained until cessation of the contract and is normally reimbursed and recalculated on a quarterly basis based on the quarters premium and claims reserves. As the calculations are carried out and balances are normally settled quarterly, they are deemed to be at fair value at the reporting period end.

Funds withheld include balances related to retroactive contracts. Retroactive contracts are agreements under which the Company agrees to reimburse a ceding company for liabilities incurred as a result of past insurable events. Under GAAP, initial gains in connection with retroactive reinsurance contracts are deferred and earned over the settlement period while losses are recognised immediately. When changes in the estimated amount payable to the cedent or in the timing of payments related to that amount occur, a cumulative amortisation adjustment is recognised in the period of the change so that the deferred gain reflects the balance that would have existed had the revised estimate been available at the inception of the reinsurance transaction. No adjustments have been made to the 2019 deposits to cedents balance as during the year the retroactive contract held in ARe was liquidated.

Under Solvency II, the best estimate calculation includes all expected cash flows. For Solvency II, GAAP balances related to retroactive contracts are re-allocated and booked as part of technical provisions.

D.1.6 Insurance and intermediaries receivables

Under Solvency II, premium and commission receivable balances past due are recognised at fair value. Balances past due greater than one year are discounted using the risk free interest rate curve. Under Solvency II, technical provisions are calculated on a cash-flow basis. Premiums and commission receivable balances not yet due are included in technical provision best estimate calculations and eliminated from the GAAP Insurance and intermediaries receivable balance. A balance is deemed not yet due at the balance sheet date, if the receivable is not aged (overdue) and will become due for payment by the client sometime after the balance sheet date.

Under GAAP, premium and commission receivable balances arising under insurance contracts are recognised when due and measured at cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

D.1.7 Reinsurance receivables

Under GAAP, ceded premium advances and losses paid recoverable are recognised at cost with a provision for impairment if identified.

Under Solvency II, similar to Insurance and intermediaries receivables, balances deemed not yet due are included in best estimate calculation in technical provisions and removed from the GAAP reinsurance receivable balance.

D.1.8 Cash and Cash Equivalents

Cash and cash equivalents are carried at face value and include fixed income securities that, at purchase have a maturity 3 months or less.

Under Solvency II, certain cash deposits have been reclassified to investments where necessary in order to conform to Solvency II asset categories. As noted in 'Investments' under Solvency II, accrued interest is included in the valuation of cash and cash equivalents. Under GAAP, accrued interest is recognised separately in 'Any Other Assets'.

D.1.9 Any other assets

Any other assets includes amounts such as amounts due from group companies, prepaid expenses, accrued interest and other taxes receivable in the GAAP balance sheet. The amounts are measured at a value for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction. As noted above, under Solvency II, accrued interest is included in the valuation of debt and cash instruments. Under GAAP, accrued interest is recognised in 'Any Other Assets'.

D.2 Technical provisions

The valuation methodology for technical provisions in accordance with Solvency II differs significantly from the valuation in the financial statements.

	Solvency II			GAAP
	2019	**2019**	**2019**	**2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Net technical provisions	**Best Estimate**	**Risk Margin**	**Total**	**Total**
Direct business and accepted proportional reinsurance				
Medical expense	16,713	4,668	**21,381**	**32,709**
Income protection	963	481	**1,444**	**3,389**
Motor vehicle liability	58,957	18,116	**77,073**	**89,655**
Other motor	16,518	5,076	**21,594**	**38,387**
Marine, aviation and transport	164	34	**198**	**4,805**
Fire and other damage to property	65,110	17,922	**83,032**	**121,401**
General liability	30,786	7,905	**38,691**	**42,678**
Credit and suretyship	40,561	8,845	**49,406**	**56,742**
Assistance	1,027	158	**1,185**	**1,364**
Accepted non-proportional reinsurance				
Health	4,706	1,475	**6,181**	**8,286**
Casualty	264,645	57,030	**321,675**	**286,596**
Marine, aviation and transport	4,110	934	**5,044**	**201**
Property	51,510	13,995	**65,505**	**60,024**
Total Non-Life obligation	555,770	136,639	**692,410**	**746,239**
Accepted Life reinsurance	7,432	1,677	**9,109**	**—**
Total	**563,202**	**138,316**	**701,519**	**746,239**

*Accepted Life reinsurance relates to reserves for claims which are settled using at least in part, structured annuity payments known as Periodical Payment Orders ("PPOs").

Net technical provisions	Solvency II 2018 USD'000 Best Estimate	2018 USD'000 Risk Margin	2018 USD'000 Total	GAAP 2018 USD'000 Total
Direct business and accepted proportional reinsurance				
Medical expense	10,758	2,827	**13,585**	**24,734**
Income protection	(82)	208	**126**	**3,124**
Motor vehicle liability	68,835	15,220	**84,055**	**97,317**
Other motor	24,448	5,406	**29,854**	**41,311**
Marine, aviation and transport	608	133	**741**	**6,782**
Fire and other damage to property	46,904	12,240	**59,144**	**101,537**
General liability	25,048	6,287	**31,335**	**38,088**
Credit and suretyship	45,029	10,510	**55,539**	**81,642**
Assistance	739	318	**1,057**	**1,951**
Accepted non-proportional reinsurance				
Health	5,717	1,459	**7,176**	**7,998**
Casualty	229,556	47,810	**277,366**	**266,303**
Marine, aviation, transport	5,421	1,243	**6,664**	**599**
Property	54,499	14,108	**68,607**	**58,904**
Total Non-Life obligation	517,480	117,769	**635,249**	**730,290**
Accepted Life reinsurance	8,755	1,921	**10,676**	**—**
Total	**526,235**	**119,690**	**645,925**	**730,290**

*Accepted Life reinsurance relates to reserves for claims which are settled using at least in part, structured annuity payments known as Periodical Payment Orders ("PPOs").

D.2.1 GAAP technical provisions

Claims reserves

Claims Reserves represent an estimate of the unpaid portion of the ultimate liability for losses and loss expenses for reinsureds events that have occurred at or before the balance sheet date. The balance reflects both claims that have been reported ('case reserves') and claims that have been incurred but not yet reported ("IBNR"). These amounts are reduced for estimated amounts of salvage and subrogation recoveries.

Reserves for losses and loss expenses are reviewed on a quarterly basis. Case reserves are primarily established based on amounts reported from insureds, reassureds and/or brokers. Management estimates IBNR after reviewing detailed actuarial analyses and applying informed judgement regarding qualitative factors that may not be fully captured in the actuarial estimates. A variety of actuarial methods are utilised in this process, including the Expected Loss Ratio, Bornhuetter-Ferguson and Chain Ladder methods. The Company estimate is highly dependent on management's critical judgement as to which method(s) are most appropriate for a particular accident year and class of business. The Company's historical claims data is often supplemented with industry benchmarks when applying these methodologies.

Initial Expected Loss Ratio (“IELR”) Method: This indication of ultimate claim cost is based on applying an expected loss ratio for the accident period to an exposure measure, normally the earned or written premium. The expected loss ratio is normally calibrated based on the historical loss ratios of the class of business, adjusted for changes in the underwriting environment such as premium rates and terms and conditions as well as qualitative information such as shifts in the mix of business. Where the history is not considered fully credible, an external benchmark may also be given some weight.

Development Factor (“DF”) Method (also termed Chain Ladder Method): The indication of ultimate claim cost is based on grossing up the cumulative reported (or paid) claims according to a factor representing the expected percentage of claims assumed to have been reported (or paid) given the delay period that has elapsed since the start of the accident period (‘percentage developed’). This ‘development profile’ is normally calibrated by considering the percentage of the ultimate claims cost that has emerged in older, more mature, accident periods at each delay period. Where the history is not considered fully credible, an external benchmark may also be given some weight.

Bornhuetter-Ferguson ("BF") Method: The BF method is a weighted average of the IELR and DFM methods. It gives more weight to the IELR method in the earlier stages of a year's development before progressively weighting more towards experience indications (i.e., DFM) as the year matures.

Any adjustments to previous reserves for losses and loss expenses are recognised in the period they are determined. While management believes that reserves for losses and loss expenses are adequate, this estimate requires significant judgement and new information, events or circumstances may result in ultimate losses that are materially greater or less than provided for in the balance sheet.

The current reserving process is based on historic statistics which may or may not be borne out in future. There is uncertainty around claims inflation which may be higher or lower in future than seen in the historic data. Some classes of business assume a certain number of claims to be reported in future which may turn out to be different in reality. The stability of the claims process can also affect reserving estimates. Should the claims process speed up through automation or slow down due to processing delays, even taking these into account, there will be particularly uncertainty in the reserving estimates.

Unearned premium reserves
Insurance premiums written are recorded in accordance with the terms of the underlying policies. Insurance premiums are earned over the period during which the Company is exposed to the underlying risk which is generally one to two years with the exception of multi year contracts. Insurance unearned premiums represent the portion of insurance premiums written which is applicable to the unexpired risks under contracts in force.

D.2.2 Solvency II technical provisions
Technical provisions on a Solvency II basis combine the data and results from the GAAP based reserving process with additional information and calculations.

The calculation of the Solvency II technical provisions is split into three parts:

i. **Provisions relating to earned business ('Claims Provision')**: The best estimate amount of earned, unpaid claims (i.e., reported outstanding claims and earned IBNR from the standard reserving process) and associated runoff expenses. Under Solvency II it is also necessary to ensure that the technical provisions include an allowance for 'Events not in Data' ("ENIDs"). The best estimate of ultimate claims under the traditional GAAP basis generally only reflects actual historic losses and development patterns. The Technical Provisions for Solvency II require that allowance is also made for events or circumstances that are not reasonably foreseeable (i.e., have low probabilities) and are at levels not contained in the historical data (i.e., have potentially large severities). This additional reserve amount is referred to as 'Events not in Data'.
ii. **Provisions relating to unearned business ('Premium Provision'):** Unearned business comprises unearned business already incepted, as well as business that is not yet incepted but has been already been bound before the valuation date. As with the earned provision, the claim amount is also loaded for ENIDs that could impact unearned business, includes associated runoff expenses and is offset by future premiums to be received.
iii. **Risk Margin:** A Risk Margin is then applied to reflect the premium that would be required by a third party assuming the business at the valuation date.

Both the earned and unearned provisions take account of the expected reinsurance recoveries to be received in respect of this business, reduced for reinsurance bad debt.

All elements of the provisions take account of the assumed cash flow pattern on a best estimate basis (i.e., excluding margins for prudence) and are discounted at the EIOPA provided discount rates. It is intended that the Best Estimate captures a probability-weighted average of all future outcomes, including the possibility of claim events that have not been seen in the Company's history.

D.2.3 Differences between Solvency II and GAAP valuation bases
The main changes from the methodology used to derive the technical provisions on a GAAP basis are as follows:

i. Standard Solvency II classes of business are used for reporting in addition to the standard reserving classes and also at the original currency level, with all minor currencies being grouped into an 'Other' category.
ii. The reserves held for future claims are calculated on a best-estimate basis with an explicit risk margin added onto this best estimate. This is different from the GAAP basis where booked reserves may include some implicit margin for uncertainty.
iii. The technical provisions also contain an allowance for ENIDs representing low frequency/high severity events.
iv. Future premium income and claims outgoing are all discounted for the time value of money using the relevant risk free interest rate term structure.
v. Bound unincepted business is included in the analysis, with the expected claims offset by the future premium income for this business.
vi. Unearned claims are estimated rather than 100% unearned premium reserve being held.
vii. The expected cost of future claims is offset by the future premium income.
viii. All calculations are based on a cash flow basis. This means that any transactions that have taken place but where the cash has not yet been paid or received will be included as a future cash flow.

ix. Additional allowance for expenses is made on the basis that the provision includes the expected expense amount needed to service all existing policies throughout their lifetime.

D.2.4 Level of uncertainty
The level of the technical provisions on both a GAAP and on a Solvency II basis is heavily dependent on the reliability and accuracy of the underlying reserving process. In particular, future claims development is inherently uncertain and subject to future events that cannot be known accurately at the present time. The best estimate of ultimate claims, while considered to have been derived using a reasonable methodology and set of assumptions, may still differ, potentially significantly, from the eventual cost of ultimate claims.

D.2.5 Recoverables from reinsurance contracts
The Company purchases reinsurance to reduce the risk of exposure to loss. Four types of reinsurance cover are purchased; facultative, excess of loss, quota share and stop loss. Facultative covers are typically individual risk purchases. Excess of loss covers provide a contractually set amount of cover after an excess point has been reached. This excess point can be based on the size of an industry loss or a fixed monetary amount. Generally these covers are purchased on a package policy basis, and they may provide cover for a number of lines of business within one contract. Quota share covers provide a proportional amount of coverage from the first dollar of loss and stop loss cover protects the Company's net ultimate loss ratio.

All of these reinsurance covers provide for recovery of a portion of losses paid and loss reserves from reinsurers. Under its reinsurance security policy, the Company predominantly cedes business with reinsurers rated A- or better by Standard & Poors and/or AM Best Company. The Company remains liable to the extent that reinsurers do not meet their obligations under these agreements either due to solvency issues, contractual disputes or some other reason. Included within the Company's GAAP reinsurance recoverable as at 31 December 2019 were amounts of USD 2,314.3 million (2018: USD 2,267.6 million) recoverable from ASL.

D.2.6 Any other information
The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure of the transitional deduction in calculating Solvency II technical provisions.

D.3 Other Liabilities

	Solvency II 2019 USD'000	GAAP 2019 USD'000	Difference 2019 USD'000	Adjustment Type
Derivatives	—	—	—	Reclassification
Insurance & intermediaries payables	54,214	83,930	(29,716)	Valuation
Reinsurance payables	195,175	686,405	(491,230)	Valuation
Any other liabilities, not elsewhere shown	87,531	74,745	12,786	
	336,920	**845,080**	**(508,160)**	

	Solvency II 2018 USD'000	GAAP 2018 USD'000	Difference 2018 USD'000	Adjustment Type
Derivatives	412	(546)	958	Reclassification
Insurance & intermediaries payables	25,509	43,275	(17,766)	Valuation
Reinsurance payables	172,368	592,328	(419,960)	Valuation
Any other liabilities, not elsewhere shown	96,949	96,949	—	
	295,238	**732,006**	**(436,768)**	

D.3.1 Insurance & intermediaries payable
Under Solvency II, similar to insurance and intermediaries receivable, balances not yet due for payment are recognised in technical provisions and removed from insurance and intermediaries payable. A balance is deemed not yet due at the balance sheet date, if payment will become due after the balance sheet date.

Under GAAP, amounts payable to policyholders, insurers and other business linked to reinsurance such as commissions due to intermediaries but not yet paid are recognised at cost.

D.3.2 Reinsurance payables
Similar to 'Insurance and intermediaries payable', under Solvency II, balances not yet due for payment are removed and recognised in technical provisions.

Under GAAP, premium payables are recognised at cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

D.3.3 Any Other Liabilities

Under Solvency II, any other liabilities are recognised at fair value. Cost is considered to approximate fair value on the basis that duration is less than one year and no discounting is required.

IFRS 16 brings in new accounting for leases which means most operating leases are now treated like finance leases with a right of use asset recognised along with a lease liability. While GAAP has not brought in this change, the guidance coming out from EIOPA is that IFRS 16 is the appropriate measurement basis for leases under Solvency II. The lease liability is included in Other Liabilities.

Under GAAP, 'Amounts payable to group companies', 'Net payable for investments purchased', 'Other taxes payable' and 'Accrued expenses' are recognised at cost and payable in less than one year.

D.4 Any other information

All material information regarding valuation is disclosed in sections D.1 - D.3.

E. CAPITAL MANAGEMENT

Capital management is a business process that links risk and return preferences with strategy setting and business planning. It requires cross functional collaboration, and involves a significant commitment from business segments, corporate functions, risk management and the Board of Directors.

The Company's Capital Management objective is to ensure that the Company maintains an appropriate level of capital, in terms of both quantity and quality, at all times, in line with its risk appetite and capital requirements, and that it fulfils its obligations to monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements.

Business strategy, capital and risk are closely integrated within decision making, and embedded through the ORSA process which assess that the prospective risk profile is in line with the Company's risk appetite framework. The SCR projections performed as part of the ORSA process provide input into the Company's capital management strategy.

E.1 Own Funds

Eligible Own funds
For Solvency II, own funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest. 98.0% of the Company's own funds are classified as Tier 1.

	2019 USD'000 Total	**2019 USD'000 Tier 1**	**2019 USD'000 Tier 2**	**2019 USD'000 Tier 3**
Ordinary share capital	1,011	1,011	—	—
Reconciliation reserve	741,712	741,712	—	—
Net deferred tax asset	15,002	—	—	15,002
Eligible own funds	**757,725**	**742,723**	**—**	**15,002**

	2018 USD'000 Total	**2018 USD'000 Tier 1**	**2018 USD'000 Tier 2**	**2018 USD'000 Tier 3**
Ordinary share capital	1,011	1,011	—	—
Reconciliation reserve	653,398	653,398	—	—
Net deferred tax asset	9,104	—	—	9,104
Eligible own funds	**663,513**	**654,409**	**—**	**9,104**

The reconciliation reserve includes the following:

- shareholders' equity on a GAAP basis as per the financial statements,
- revaluation reserve (adjustments from GAAP to Solvency II economic valuation basis); and
- deduction for restricted own fund items.

A reconciliation of shareholders' equity to eligible own funds is as follows:

	2019 USD'000	**2018 USD'000**
GAAP shareholders' equity	860,359	727,441
Revaluation reserve	(97,634)	(58,797)
Restricted own fund item	(5,000)	(5,130)
Eligible own funds	**757,725**	**663,513**

The increase in eligible own funds is driven by an increase in the SII revaluation reserve arising from GAAP to SII valuation adjustments, USD 107.9 million profit recognised in the year, and a reduction in restricted own fund items. Restricted own fund items relate to USD 5 million restricted cash balances (2018: USD 5.1 million) held by the Company.

On 15 February 2019, the Company received a capital contribution of USD 60 million from its parent company, AXIS Specialty Holdings Ireland Limited to bring its SCR coverage back to the mid-point of its target range of 130-150%.

E.2 Solvency capital requirement and Minimum capital requirement

The 2019 and 2018 results presented are based on the 2019 Annual and prior year returns submitted to the CBI respectively.

The SCR has been calculated using the standard formula.

Solvency Capital Requirement	**2019**	**2018**
	USD'000	**USD'000**
Market risk	148,687	133,785
Counterparty default risk	160,171	126,884
Life underwriting risk	921	1,661
Health underwriting risk	42,359	12,451
Non-life underwriting risk	297,080	309,400
Diversification	(173,724)	(136,771)
Basic solvency capital requirement	**475,494**	**447,410**
Operational risk	70,104	65,883
Loss-absorbing capacity of deferred taxes	(3,050)	(11,296)
Solvency capital requirement	**542,549**	**501,997**
Eligible own funds	757,725	**663,513**
Ratio of eligible own funds to SCR	**139.7%**	**132.2%**

The movement in the SCR in 2019 is mainly driven by an increase in counterparty risk and market risk, partly offset by a decrease in Non-Life underwriting risk.

Use of simplifications and undertaking specific parameters

Simplified calculation of the risk mitigating effect for reinsurance arrangements
The Company has applied a simplified calculation of the risk-mitigating effect for reinsurance, which computes the risk mitigating effect on underwriting risk of the reinsurance arrangements for all counterparties as the difference between the following capital requirements:

- the hypothetical capital requirement for underwriting risk of the Company if none of the reinsurance arrangements exist;
- the capital requirements for underwriting risk of the Company.

The risk mitigating effect on underwriting risk of a particular reinsurance arrangement is then calculated based on its share of the total best estimate amount recoverable from all counterparties. Applying the simplification approach has no material impact on the SCR.

Undertaking specific parameters
The Company does not use any undertaking specific parameters in the calculation of the SCR.

MCR

The MCR is calculated in accordance with Solvency II requirements using a factor-based formula calibrated using a Value-at-Risk measure with an 85% confidence level over a one-year period. The Company is required to maintain the higher of the minimum required capital (imposed by the regulations) of EUR 3.6 million or the MCR at all times during the year.

	2019 Total USD'000	2019 Tier 1 USD'000	2019 Tier 2 USD'000
Eligible own funds to meet the MCR	742,723	742,723	—
MCR	**135,637**		
Ratio of eligible own funds to MCR	**547.6%**		

	2018 Total USD'000	2018 Tier 1 USD'000	2018 Tier 2 USD'000
Eligible own funds to meet the MCR	654,409	654,409	—
MCR	**125,499**		
Ratio of Eligible own funds to MCR	**521.4%**		

The inputs used to calculate the MCR of the Company are as follows:

	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole 2019 USD'000	Net (of reinsurance) written premiums in the last 12 months 2019 USD'000
Direct business and accepted proportional reinsurance		
Medical expense	16,713	20,407
Income protection	963	1,625
Motor vehicle liability	58,957	37,061
Other motor	16,518	10,384
Marine, aviation and transport	164	206
Fire and other damage to property	65,110	41,454
General liability	30,786	12,864
Credit and suretyship	40,561	15,916
Assistance	1,027	1,212
Accepted non-proportional reinsurance		
Health	4,706	6,187
Casualty	264,645	43,423
Marine, aviation, transport	4,110	720
Property	51,510	33,344

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

Duration based equity risk sub module was not used in the calculation of the SCR.

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

No internal or partial internal model was used for the calculation of the SCR.

E.5 Non Compliance with SCR and MCR

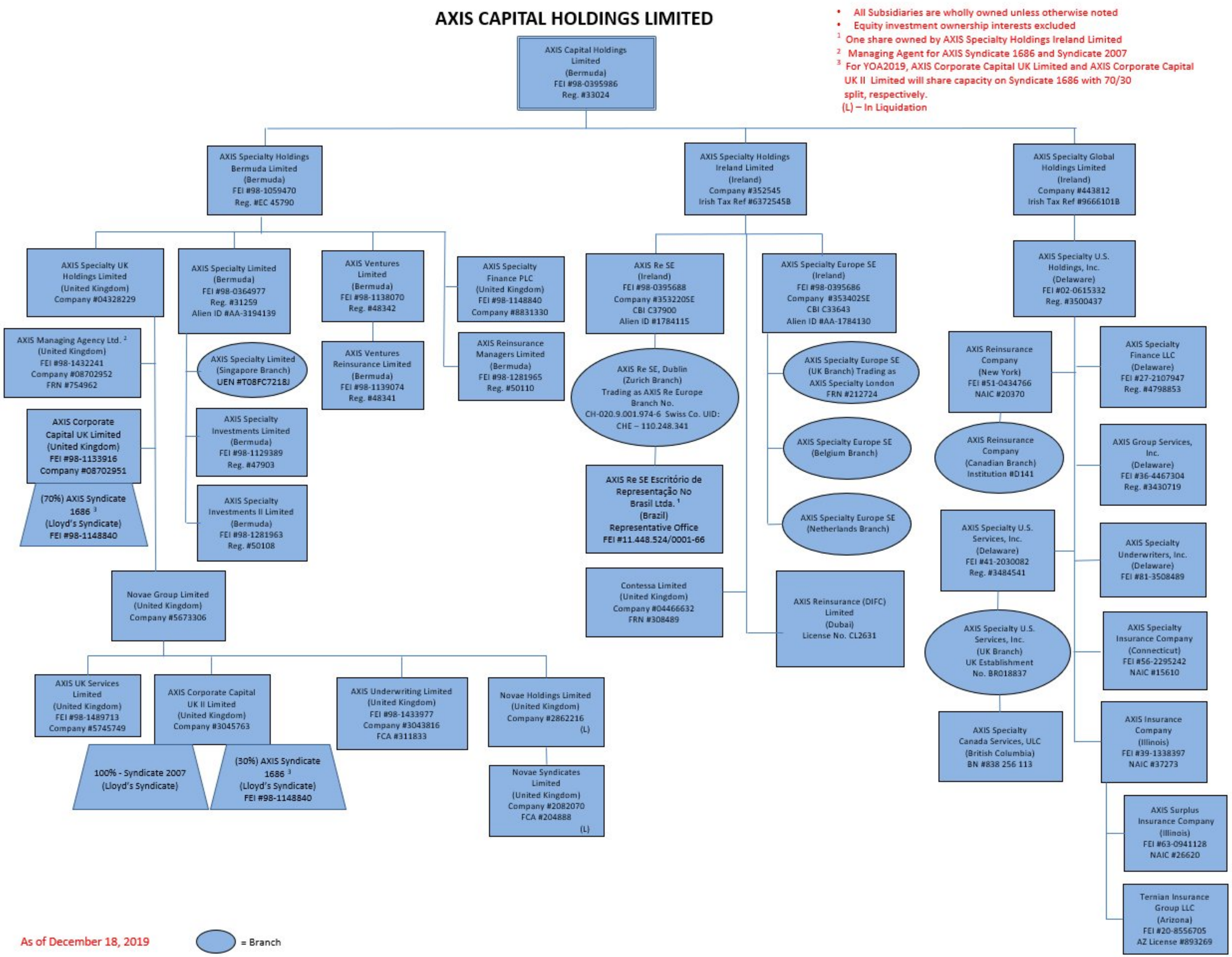
The Company has maintained capital sufficient to meet its SCR and MCR over the reporting period.

The final SCR and MCR amounts remain subject to supervisory assessment.

E.6 Any other information

All material information regarding capital management has been disclosed in Sections E.1 - E.5 above.

APPENDIX I - GROUP STRUCTURE



SE.02.01.16 Balance Sheet (USD'000s)

		Solvency II value
Assets		**C0010**
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	—
Deferred tax assets	R0040	205,330
Pension benefit surplus	R0050	—
Property, plant & equipment held for own use	R0060	11,707
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,526,783
Property (other than for own use)	R0080	—
Holdings in related undertakings, including participations	R0090	96
Equities	R0100	—
Equities - listed	R0110	—
Equities - unlisted	R0120	—
Bonds	R0130	1,144,851
Government Bonds	R0140	367,564
Corporate Bonds	R0150	628,752
Structured notes	R0160	—
Collateralised securities	R0170	148,535
Collective Investments Undertakings	R0180	278,553
Derivatives	R0190	1,698
Deposits other than cash equivalents	R0200	5,000
Other investments	R0210	96,585
Assets held for index-linked and unit-linked contracts	R0220	—
Loans and mortgages	R0230	3,492
Loans on policies	R0240	—
Loans and mortgages to individuals	R0250	—
Other loans and mortgages	R0260	3,492
Reinsurance recoverables from:	R0270	1,839,905
Non-life and health similar to non-life	R0280	1,769,319
Non-life excluding health	R0290	1,701,029
Health similar to non-life	R0300	68,289
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	70,587
Health similar to life	R0320	—
Life excluding health and index-linked and unit-linked	R0330	70,587
Life index-linked and unit-linked	R0340	—
Deposits to cedants	R0350	230,644
Insurance and intermediaries receivables	R0360	67,161
Reinsurance receivables	R0370	43,265
Receivables (trade, not insurance)	R0380	—
Own shares (held directly)	R0390	—
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	—
Cash and cash equivalents	R0410	27,390
Any other assets, not elsewhere shown	R0420	47,243
Total assets	**R0500**	**4,002,919**

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	2,461,729
Technical provisions – non-life (excluding health)	R0520	2,364,433
Technical Provisions calculated as a whole	R0530	—
Best Estimate	R0540	2,234,418
Risk margin	R0550	130,015
Technical provisions - health (similar to non-life)	R0560	97,296
Technical Provisions calculated as a whole	R0570	—
Best Estimate	R0580	90,672
Risk margin	R0590	6,624
Technical provisions - life (excluding index-linked and unit-linked)	R0600	79,696
Technical provisions - health (similar to life)	R0610	—
Technical Provisions calculated as a whole	R0620	—
Best Estimate	R0630	—
Risk margin	R0640	—
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	79,696
Technical Provisions calculated as a whole	R0660	—
Best Estimate	R0670	78,019
Risk margin	R0680	1,677
Technical provisions – index-linked and unit-linked	R0690	—
Technical Provisions calculated as a whole	R0700	—
Best Estimate	R0710	—
Risk margin	R0720	—
Contingent liabilities	R0740	—
Provisions other than technical provisions	R0750	—
Pension benefit obligations	R0760	—
Deposits from reinsurers	R0770	171,521
Deferred tax liabilities	R0780	190,328
Derivatives	R0790	—
Debts owed to credit institutions	R0800	—
Insurance & intermediaries payables	R0820	54,214
Reinsurance payables	R0830	195,175
Payables (trade, not insurance)	R0840	—
Subordinated Liabilities	R0850	—
Subordinated liabilities not in Basic Own Funds	R0860	—
Subordinated liabilities in Basic Own Funds	R0870	—
Any other liabilities, not elsewhere shown	R0880	87,531
Total liabilities	**R0900**	**3,240,194**
Excess of assets over liabilities	**R1000**	**762,725**

S.05.01.01 - Premiums, claims and expenses by line of business (USD'000s)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of business for: accepted non-proportional reinsurance				
		Medical expense	Income protection	Motor vehicle liability	Other motor	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Assistance	Health	Casualty	Marine, aviation and transport	Property	Total
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0090	C0110	C0130	C0140	C0150	C0160	C0200
Premiums written															
Gross - Direct Business	R0110	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0120	89,448	7,351	165,255	46,309	75	203,984	64,985	154,219	5,194	—	—	—	—	736,820
Gross - Non-proportional reinsurance accepted	R0130										27,147	202,537	4,574	174,203	408,461
Reinsurers' share	R0140	69,041	5,726	128,196	35,924	58	162,530	52,121	138,304	3,982	20,960	159,100	3,655	140,868	920,465
Net	R0200	20,407	1,625	37,059	10,385	17	41,454	12,864	15,916	1,212	6,187	43,436	918	33,334	224,814
Premiums earned															
Gross - Direct Business	R0210	—	—	—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0220	88,536	11,076	229,975	64,446	75	212,564	64,081	188,242	4,675					863,670
Gross - Non-proportional reinsurance accepted	R0230										25,726	208,556	4,380	168,336	406,998
Reinsurers' share	R0240	68,358	8,520	176,736	49,527	58	171,378	51,287	159,860	3,593	19,894	163,522	3,508	136,766	1,013,007
Net	R0300	20,179	2,556	53,239	14,919	17	41,186	12,794	28,382	1,082	5,832	45,035	872	31,570	257,663
Claims incurred															
Gross - Direct Business	R0310	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0320	80,864	8,532	182,873	51,246	(164)	220,853	45,627	63,994	3,114	—	—	—	—	656,939
Gross - Non-proportional reinsurance accepted	R0330										13,714	121,582	(5,146)	44,676	174,826
Reinsurers' share	R0340	60,963	6,399	137,155	38,435	(123)	177,991	36,433	57,322	2,297	10,290	94,203	(4,009)	35,701	653,057
Net	R0400	19,900	2,133	45,718	12,812	(41)	42,862	9,194	6,672	818	3,423	27,379	(1,136)	8,975	178,709

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of business for: accepted non-proportional reinsurance				
		Medical expense	**Income protection**	**Motor vehicle liability**	**Other motor**	**Marine, aviation and transport**	**Fire and other damage to property**	**General liability**	**Credit and suretyship**	**Assistance**	**Health**	**Casualty**	**Marine, aviation and transport**	**Property**	**Total**
		C0010	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0110**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Changes in other technical provisions															
Gross - Direct Business	R0410	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Proportional reinsurance accepted	R0420	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0430										—	—	—	—	—
Reinsurers'share	R0440	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net	R0500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expenses incurred	**R0550**	**3,813**	**479**	**12,983**	**3,638**	**5**	**13,022**	**5,268**	**12,662**	**409**	**830**	**7,215**	**541**	**6,566**	**67,431**
Administrative expenses															
Gross - Direct Business	R0610	—	—	—	—	—	—	—	—	—					
Gross - Proportional reinsurance accepted	R0620	1,953	234	1,922	538	1	1,776	535	1,573	106					8,638
Gross - Non-proportional reinsurance accepted	R0630	—	—	—	—	—	—	—	—	—	373	1,744	94	1,443	3,654
Reinsurers' share	R0640	1,465	175	1,441	404	—	1,332	402	1,180	79	280	1,308	70	1,082	9,218
Net	R0700	488	58	480	135	—	444	134	393	26	93	436	23	361	3,071
Investment management expenses															
Gross - Direct Business	R0710	—	—	—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0720	1,319	154	77	21	—	71	21	63	72					1,798
Gross - Non-proportional reinsurance accepted	R0730										177	71	62	95	405
Reinsurers' share	R0740	—	—	—	—	—	—	—	—	—	—	—	—	—	—

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of business for: accepted non-proportional reinsurance				
		Medical expense	**Income protection**	**Motor vehicle liability**	**Other motor**	**Marine, aviation and transport**	**Fire and other damage to property**	**General liability**	**Credit and suretyship**	**Assistance**	**Health**	**Casualty**	**Marine, aviation and transport**	**Property**	**Total**
Net	R0800	1,319	154	77	21	—	71	21	63	72	177	71	62	95	2,203
Claims management expenses															
Gross - Direct Business	R0810	—	—	—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0820	—	—	616	173	1	1,127	175	820	—					2,912
Gross - Non-proportional reinsurance accepted	R0830										9	544	218	53	824
Reinsurers' share	R0840	—	—	462	129	1	845	131	615	—	6	408	164	40	2,801
Net	R0900	—	—	154	43	—	282	44	205	—	2	136	55	13	934
Acquisition expenses															
Gross - Direct Business	R0910	—	—	—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R0920	10,234	1,170	43,405	12,163	27	43,953	18,175	87,695	1,855					218,677
Gross - Non-proportional reinsurance accepted	R0930										2,427	20,655	1,526	21,514	46,122
Reinsurers' share	R0940	9,275	1,035	33,869	9,491	23	34,256	13,868	77,933	1,600	2,174	16,563	1,177	17,420	218,683
Net	R1000	959	136	9,536	2,672	4	9,697	4,306	9,762	255	253	4,092	349	4,095	46,114
Overhead expenses															
Gross - Direct Business	R1010	—	—	—	—	—	—	—	—	—					—
Gross - Proportional reinsurance accepted	R1020	4,190	524	10,943	3,067	4	10,114	3,049	8,957	221					41,069
Gross - Non-proportional reinsurance accepted	R1030										1,221	9,924	207	8,009	19,361
Reinsurers' share	R1040	3,142	393	8,207	2,300	3	7,586	2,287	6,718	166	916	7,443	156	6,007	45,324
Net	R1100	1,047	131	2,736	767	1	2,529	762	2,239	55	305	2,481	52	2,002	15,107

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of business for: accepted non-proportional reinsurance				
		Medical expense	Income protection	Motor vehicle liability	Other motor	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Assistance	Health	Casualty	Marine, aviation and transport	Property	Total
Other expenses	**R1200**	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses	**R1300**	—	—	—	—	—	—	—	—	—	—	—	—	—	74,201,648

S.05.02.01 - Premiums, claims and expenses by country (USD'000s)

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
			UNITED KINGDOM	FRANCE	NETHERLANDS	SWITZERLAND	GERMANY	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross - Direct Business	R0110	—						
Gross - Proportional reinsurance accepted	R0120	367	183,954	39,610	83,454	86,535	28,889	422,809
Gross - Non-proportional reinsurance accepted	R0130	9,137	137,799	99,498	7,224	(371)	51,885	305,171
Reinsurers' share	R0140	7,638	258,594	111,802	72,878	69,250	64,918	585,080
Net	R0200	1,866	63,159	27,306	17,800	16,914	15,856	142,900
Premiums earned								
Gross - Direct Business	R0210	—						
Gross - Proportional reinsurance accepted	R0220	1,533	248,235	41,399	88,341	79,187	32,286	490,980
Gross - Non-proportional reinsurance accepted	R0230	13,900	108,745	57,526	12,265	716	57,331	250,483
Reinsurers' share	R0240	12,303	284,592	78,865	80,205	63,701	71,444	591,111
Net	R0300	3,129	72,387	20,060	20,401	16,203	18,172	150,352
Claims incurred								
Gross - Direct Business	R0310	—						
Gross - Proportional reinsurance accepted	R0320	5,391	170,912	20,027	16,215	71,091	22,920	306,557
Gross - Non-proportional reinsurance accepted	R0330	1,331	90,705	18,215	19,449	3,852	11,852	145,404
Reinsurers' share	R0340	5,278	205,408	30,025	28,002	58,841	27,301	354,855
Net	R0400	1,444	56,210	8,216	7,663	16,102	7,471	97,106
Changes in other technical provisions								
Gross - Direct Business	R0410	—						—
Gross - Proportional reinsurance accepted	R0420	—						—
Gross - Non-proportional reinsurance accepted	R0430	—						—
Reinsurers' share	R0440	—						—
Net	R0500	—						—
Expenses incurred	R0550	490	12,523	6,009	9,191	3,001	2,733	33,948
Other expenses	R1200							—
Total expenses	R1300							33,948

S.12.01.02 Life and Health SLT Technical Provisions (USD'000s)

		Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
					Contracts without options and guarantees	Contracts with options or guarantees			
		C0100	C0150	C0160	C0170	C0180	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 as a whole	R0020	—	—	—	—	—	—	—	—
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	R0030	78,019	78,019	—	—	—	—	—	—
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	70,587	70,587	—	—	—	—	—	—
Best estimate minus recoverables from reinsurance/ SPV and Finite Re	R0090	7,432	7,432	—	—	—	—	—	—
Risk Margin	R0100	1,677	1,677	—	—	—	—	—	—
Amount of the transitional on Technical Provisions		—							
Technical Provisions calculated as a whole	R0110	—	—	—	—	—	—	—	—
Best estimate	R0120	—	—	—	—	—	—	—	—
Risk margin	R0130	—	—	—	—	—	—	—	—
Technical provisions - total	R0200	**79,696**	**79,696**	—	—	—	—	—	—

S.17.01.01 Non-life Technical Provisions (USD'000s)

		Direct business and accepted proportional reinsurance									accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	**Income Protection 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**	**Assistance**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	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 calculated as a whole	R0050														—
Technical provisions calculated as a sum of BE and RM															
Best estimate															
Premium provisions															
Gross - Total	R0060	(15,186)	(4,524)	(85,655)	(23,998)	52	(66,586)	(19,773)	(13,648)	1,312	(7,511)	48,893	(864)	(54,633)	(242,122)
Gross - direct business	R0070	—	—	—	—	—	—	—	—	—					
Gross - accepted proportional reinsurance business	R0080	(15,186)	(4,524)	(85,655)	(23,998)	52	(66,586)	(19,773)	(13,648)	1,312					(228,007)
Gross - accepted non-proportional reinsurance business	R0090										(7,511)	48,893	(864)	(54,633)	(14,116)
Total recoverable from reinsurance/ SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	(11,181)	(3,343)	(63,730)	(17,855)	39	(51,695)	(15,299)	(14,670)	986	(5,645)	37,676	(829)	(43,803)	(189,349)
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	(11,181)	(3,343)	(63,730)	(17,855)	39	(51,695)	(15,299)	(14,670)	986	(5,645)	37,676	(829)	(43,803)	(189,349)

		Direct business and accepted proportional reinsurance									accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income Protection 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	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0140	C0150	C0160	C0170	C0180
Recoverables from SPV before adjustment for expected losses	R0120														
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130														
Total recoverable from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(11,208)	(3,356)	(64,310)	(18,018)	39	(52,252)	(15,520)	(15,004)	985	(5,678)	37,041	(833)	(44,108)	(192,222)
Net Best Estimate of Premium Provisions	R0150	(3,978)	(1,168)	(21,344)	(5,980)	12	(14,333)	(4,253)	1,356	326	(1,834)	11,853	(31)	(10,525)	(49,900)
Claims provisions															
Gross - Total	R0160	83,441	8,507	317,349	88,913	602	353,825	148,354	191,273	2,796	25,947	1,042,999	20,838	282,369	2,567,212
Gross - direct business	R0170														
Gross - accepted proportional reinsurance business	R0180	83,441	8,507	317,349	88,913	602	353,825	148,354	191,273	2,796					1,195,058
Gross - accepted non-proportional reinsurance business	R0190										25,947	1,042,999	20,838	282,369	1,372,153
Total recoverable from reinsurance/ SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	62,792	6,381	238,143	66,721	452	275,647	113,834	152,771	2,097	19,467	793,707	16,710	221,152	1,969,874
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	62,792	6,381	238,143	66,721	452	275,647	113,834	152,771	2,097	19,467	793,707	16,710	221,152	1,969,874

		Direct business and accepted proportional reinsurance									accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income Protection 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	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0140	C0150	C0160	C0170	C0180
Recoverables from SPV before adjustment for expected losses	R0220														
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230														
Total recoverable from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	62,749	6,375	237,047	66,414	450	274,382	113,314	152,068	2,096	19,407	790,207	16,697	220,334	1,961,541
Net Best Estimate of Claims Provisions	R0250	20,692	2,132	80,302	22,498	152	79,443	35,039	39,205	700	6,539	252,793	4,141	62,035	605,671
Total Best estimate - gross	R0260	68,254	3,982	231,694	64,915	654	287,239	128,581	177,626	4,107	18,435	1,091,892	19,974	227,736	2,325,089
Total Best estimate - net	R0270	16,713	963	58,957	16,518	164	65,110	30,786	40,561	1,027	4,706	264,645	4,110	51,510	555,771
Risk margin	R0280	4,668	481	18,116	5,076	34	17,922	7,905	8,845	158	1,475	57,030	934	13,995	136,640
Amount of the transitional on Technical Provisions															
TP as a whole	R0290														—
Best estimate	R0300														—
Risk margin	R0310														—
Technical provisions - total															
Technical provisions - total	R0320	72,922	4,463	249,810	69,990	688	305,161	136,486	186,470	4,265	19,911	1,148,923	20,908	241,731	2,461,729
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	51,541	3,019	172,737	48,396	490	222,129	97,795	137,064	3,081	13,730	827,247	15,864	176,227	1,769,319
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	21,381	1,444	77,074	21,594	198	83,032	38,691	49,406	1,185	6,181	321,675	5,044	65,505	692,410
Line of Business: further segmentation (Homogeneous Risk Groups)															

		Direct business and accepted proportional reinsurance									accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income Protection 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	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0140	C0150	C0160	C0170	C0180
Premium provisions - Total number of homogeneous risk groups	R0350	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Claims provisions - Total number of homogeneous risk groups	R0360	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash-flows of the Best estimate of Premium Provisions (Gross)															
Cash out-flows															
Future benefits and claims	R0370	52,252	16,898	165,840	46,464	119	152,060	60,730	89,687	1,649	15,012	179,822	2,122	83,402	866,059
Future expenses and other cash-out flows	R0380	10,234	1,669	58,903	16,503	14	69,506	31,912	90,413	183	2,330	29,876	987	18,234	330,765
Cash in-flows															
Future premiums	R0390	77,673	23,092	310,398	86,965	82	288,152	112,414	193,748	521	24,853	160,805	3,973	156,270	1,438,946
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash-flows of the Best estimate of Claims Provisions (Gross)															
Cash out-flows															

		Direct business and accepted proportional reinsurance									accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income Protection 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	Assistance	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0140	C0150	C0160	C0170	C0180
Future benefits and claims	R0410	82,966	8,446	314,550	88,129	597	349,897	145,823	189,441	2,780	25,818	1,010,430	20,568	279,817	2,519,259
Future expenses and other cash-out flows	R0420	475	61	2,798	784	6	3,928	2,530	1,832	16	129	32,569	270	2,553	47,952
Cash in-flows															
Future premiums	R0430	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Percentage of gross Best Estimate calculated using approximations	R0450	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Best estimate subject to transitional of the interest rate	R0460	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Technical provisions without transitional on interest rate	R0470	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Best estimate subject to volatility adjustment	R0480	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Technical provisions without volatility adjustment and without others transitional measures	R0490	—	—	—	—	—	—	—	—	—	—	—	—	—	—

S.19.01.21 Non-life insurance claims (USD'000s)

Accident year/ Underwriting year	Z0010	Accident Year														
Gross Claims Paid (non-cumulative)																
(absolute amount)		Development Year														
	Year	0	1	2	3	4	5	6	7	8	9	10 &+			In current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100	—	—	—	—	—	—	—	—	—	—	10,525,583		R0100	10,525,583	10,525,583
N-9	R0160	77,981,418	75,739,355	47,091,149	30,877,926	27,143,736	15,443,957	8,714,388	4,704,769	1,542,820	4,884,538			R0160	4,884,538	294,124,055
N-8	R0170	96,382,857	150,163,042	82,164,027	50,831,714	13,808,874	16,189,440	16,088,327	5,697,845	10,524,704				R0170	10,524,704	441,850,831
N-7	R0180	142,390,157	133,490,705	70,808,581	30,828,177	26,553,847	37,191,358	9,815,338	11,565,111					R0180	11,565,111	462,643,275
N-6	R0190	135,496,632	217,738,197	107,718,718	48,790,110	39,242,759	24,725,321	11,656,072						R0190	11,656,072	585,367,809
N-5	R0200	137,460,687	145,459,232	112,263,017	38,214,801	32,283,555	24,705,145							R0200	24,705,145	490,386,437
N-4	R0210	125,159,761	144,827,017	157,770,905	63,759,521	40,073,118								R0210	40,073,118	531,590,322
N-3	R0220	143,781,832	159,700,188	101,515,910	56,989,904									R0220	56,989,904	461,987,833
N-2	R0230	176,593,448	242,908,256	159,765,490										R0230	159,765,490	579,267,194
N-1	R0240	187,846,601	192,046,484											R0240	192,046,484	379,893,085
N	R0250	174,898,505												R0250	174,898,505	174,898,505
													Total	R0260	697,634,654	4,412,534,928

Gross undiscounted Best Estimate Claims Provisions															
(absolute amount)	**Z0010**														
		Development Year													
		0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			**Year end (discounted data)**
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100	—	—	—	—	—	—	—	—	—	—	217,362,039		R0100	210,583,287
N-9	R0160	—	—	—	—	—	—	70,797,033	77,830,998	69,827,066	50,747,097			R0160	48,855,952
N-8	R0170	—	—	—	—	—	104,762,696	116,399,207	100,530,782	78,042,557				R0170	75,338,802
N-7	R0180	—	—	—	—	204,458,777	167,994,380	141,323,145	109,772,946					R0180	106,579,830
N-6	R0190	—	—	—	197,450,966	161,632,878	117,179,268	78,812,876						R0190	75,349,799
N-5	R0200	—	—	212,077,011	193,727,438	156,895,441	113,900,195							R0200	109,289,357
N-4	R0210	—	436,730,919	312,079,197	233,423,793	166,478,330								R0210	159,198,285
N-3	R0220	663,454,177	413,813,377	300,242,481	216,378,669									R0220	207,207,111
N-2	R0230	676,678,878	458,604,860	379,897,489										R0230	365,390,420
N-1	R0240	676,950,931	515,324,637											R0240	497,749,618
N	R0250	735,872,015												R0250	711,669,046
													Total	R0260	2,567,211,505

S.23.01.01 Own Funds (USD'000s)

		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	1,011	1,011		—	
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	741,712	741,712			
Subordinated liabilities	R0140	—		—	—	—
An amount equal to the value of net deferred tax assets	R0160	15,002				15,002
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	—	—	—	—	—
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	757,725	742,723	—	—	15,002
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	—			—	—

		Total	Tier 1 - Unrestricted	Tier 1 - Restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400	—			—	—
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	757,725	742,723	—	—	15,002
Total available own funds to meet the MCR	R0510	742,723	742,723	—	—	
Total eligible own funds to meet the SCR	R0540	757,725	742,723	—	—	15,002
Total eligible own funds to meet the MCR	R0550	742,723	742,723	—	—	
SCR	R0580	542,549				
MCR	R0600	135,637				
Ratio of Eligible own funds to SCR	R0620	139.7%				
Ratio of Eligible own funds to MCR	R0640	547.6%				
		Total				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	762,725				
Own shares (held directly and indirectly)	R0710	—				
Foreseeable dividends, distributions and charges	R0720	—				
Other basic own fund items	R0730	16,013				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	5,000				
Reconciliation reserve	R0760	741,712				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	—				
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	72,912				

S.25.01.01 Solvency Capital Requirement for undertakings on Standard Formula (USD'000s)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	148,687		—
Counterparty default risk	R0020	160,171		
Life underwriting risk	R0030	921	—	—
Health underwriting risk	R0040	42,359	—	—
Non-life underwriting risk	R0050	297,080	—	—
Diversification	R0060	(173,724)		
Intangible asset risk	R0070	—		
Basic solvency capital requirement	R0100	475,494		
Calculation of Solvency Capital Requirement				
Operational risk	R0130	70,104		
Loss-absorbing capacity of technical provisions	R0140	—		
Loss-absorbing capacity of deferred taxes	R0150	(3,050)		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160			
Solvency Capital Requirement excluding capital add-on	R0200	542,549		
Capital add-on already set	R0210			
Solvency capital requirement	R0220	542,549		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400			
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 Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			

S.28.01.01 Minimum Capital Requirement - Only life or non-life insurance or reinsurance activity (USD'000s)
Linear formula component for non-life insurance and reinsurance obligations

		C0010	
	R0010	109,673	
MCR_{NL} Result			
		Non-life activities	
		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	R0020	16,713	20,407
Income protection	R0030	963	1,625
Motor vehicle liability	R0050	58,957	37,061
Other motor insurance	R0060	16,518	10,384
Marine, aviation and transport	R0070	164	206
Fire and other damage to property	R0080	65,110	41,454
General liability insurance	R0090	30,786	12,864
Credit and suretyship	R0100	40,561	15,916
Assistance	R0120	1,027	1,212
Non-proportional health	R0140	4,706	6,187
Non-proportional casualty	R0150	264,645	43,423
Non-proportional marine, aviation and transport reinsurance	R0160	4,110	720
Non-proportional property reinsurance	R0170	51,510	33,344

Linear formula for life insurance and reinsurance obligations

		C0040	
MCR_L Result	R0200	156,077	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	**Net (of reinsurance/SPV) total capital at risk**
		C0090	C0100
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	7,432	
Total capital at risk for all life (re)insurance obligations	R0250		—
Overall MCR calculation			
		C0070	
Linear MCR	R0300	109,829	
SCR	R0310	542,549	
MCR cap	R0320	244,147	
MCR floor	R0330	135,637	
Combined MCR	R0340	135,637	
Absolute floor of the MCR	R0350	4,042	
		C0070	
Minimum Capital Requirement	R0400	135,637	